

**NEW JERSEY DEPARTMENT OF THE TREASURY**  
**DIVISION OF ADMINISTRATION**  
**OFFICE OF FISCAL AND RESOURCES**

**DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT**  
**COLLECTION AND DISBURSEMENT SERVICES**  
**REQUEST FOR PROPOSAL**

April 22, 2021

To: All Interested Respondents

Re: RFP – Labor 2021

**Addendum #1**

The following constitutes Addendum #1 to the above-referenced solicitation.

- 1) Responses to Questions: Please see attached

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Page # RFP Section	Question	Answer
<p><b>Page 9</b>  <b>Section A.</b>  <b>Applicable Rules and Regulations</b></p> <p>JP Morgan Chase</p>	<p>1. We notice that there are new terms included in the choice of law provision. Recognizing that certain banks are federally regulated and subject to federal law jurisdiction, is the State amenable to modification of this new language as follows (or otherwise) to account for a national bank’s unique status among State vendors:</p> <p>This Contract and any and all litigation arising therefrom or related thereto shall be governed by the applicable laws, regulations, and rules of evidence of the <b>United States of America</b> or State of New Jersey without reference to conflict of law principles and shall be filed in the appropriate courts <b>located in</b> Mercer County <del>Division of the New Jersey Superior Mercer County.</del></p>	<p>The State does not agree to the proposed changes.</p>
<p><b>Page 9</b>  <b>Section A.</b>  <b>Applicable Rules and Regulations</b></p>	<p>2. Can you <b>please remove</b> the requirement stating “<u>The State will not enter into any agreements with subcontractors</u>” from page 9 <b>or amend</b> the RFP to allow a bidder to submit their bid with a debit card solution that exists via a referral contract relationship? Both the bidder and referral partner would have direct terms and conditions with the State of New Jersey. The state would sign agreements for the bidder for banking services and the referral partner for alternative debit card services.</p> <p><b>Justification:</b> The SCOPE OF WORK can conflict with last sentence from page 9, Section I- Terms and Conditions, Section A- Applicable Rules and Regulations- “<u>The State will not enter into any agreements with subcontractors</u>”.</p> <p>Approving this request would generate more competition for this RFP because large banks have been departing from Government benefit disbursements on debit cards and this RFP also require NJ branches for the bidder.</p>	<p>No. The State will not remove the requirement stating, “<u>The State will not enter into any agreements with subcontractors.</u>”</p> <p>As stated on pages 9 and 10 of this RFP, <b>Section A. Applicable Rules and Regulations</b> AND pages 19 and 20 of this RFP, <b>Section Q. Subcontracting:</b></p> <p>The Vendor <u>must</u> be a state or nationally chartered bank, with a branch presence in the State of New Jersey, employ New Jersey residents, and be in compliance with all Federal and/or New Jersey State laws governing all services to be awarded.</p> <p>The State will not enter into any agreements with subcontractors.</p> <p>(Continued on next page)</p>

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**Page 9**  
**Section A.**  
**Applicable Rules**  
**and Regulations**

2. (Continued)

The State defines a subcontractor as a third party that is specifically engaged by the Vendor to provide services under this contract to the State.

Nothing contained in these specifications or subsequent specifications shall be construed as creating any contractual responsibility between the subcontractor(s) and the State.

The prime Contractor is totally responsible for adherence by the subcontractor to all

provisions of the contract between the bank and the State.

The Scope of Work is not in conflict with RFP, **Section I. Terms and Conditions**, as any qualified state or nationally chartered bank can choose to enlist, as its "subcontractor," any third party vendor necessary to provide the full scope of services requested in this RFP. The State of New Jersey will **ONLY** enter into a contract with a state or nationally chartered bank.

Fiserv.

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<p><b>Page 9</b>  <b>Section A.</b>  <b>Applicable Rules and Regulations</b></p> <p>JP Morgan Chase</p>	<p>3. The RFP states that the State of New Jersey will not modify its terms and conditions or execute separate bank agreements but also establishes precedence of the RFP requirements over any bank agreements. <u>Will the Bank be disqualified if it submits additional bank terms/schedules that do not require separate execution and that incorporate regulatory requirements applicable to the services requested and/or incorporate provisions acceptable to the State in contracts for IT services?</u> As clarification, the Bank understands that being part of its Proposal, any such additional terms have the lowest order of precedence and, therefore, by definition, are superseded to the extent they conflict or would otherwise modify the RFP terms and conditions.</p>	<p>Yes, the bank will be disqualified if it submits additional bank terms/schedules that do not require separate execution and that incorporate regulatory requirements applicable to the services requested and/or incorporate provisions acceptable to the State in contracts for IT services.</p>
<p><b>Page 13</b>  <b>Section G.</b>  <b>Proposal Requirements</b></p> <p>Wells Fargo Bank, N.A.</p>	<p>4. For the emailed submission of the RFP response, can the DOL accept secured emails protected by ZIX?</p>	<p>Yes, the Department of the Treasury, Division of Administration, Office of Fiscal and Resources will accept bid proposals in this format.</p>
<p><b>Page 25</b>  <b>Section BB.</b>  <b>Public Records</b></p> <p>Wells Fargo Bank, N.A.</p>	<p>5. There is mention of a 'cover letter.' Is that something that should have been provided to the bidders or a document we create?</p>	<p>The cover sheet referenced relates to the cover sheet or cover letter included as part of a bank's proposal. As such, this would be a document created by the proposing bank.</p>
<p><b>Page 28</b>  <b>Section D.</b>  <b>Collateralization of Deposits</b></p> <p>Garden State Community Bank, a division of New York Community Bank</p>	<p>6. There is a collateralization process described for State funds. Since NYCB participates in the State of NJ GUDPA program, and has been for many years, would we also be able to collateralize the NJ DOL accounts through GUDPA?</p>	<p>No. The collateralization requirement for the Department of Labor accounts that are part of this contract is defined on page 28 of this RFP, <b>Section D. Collateralization of Deposits and EXHIBIT C Policy Statement: Department of the Treasury Collateralization Requirements for State Held Deposits.</b></p> <p>Collateralization, through GUDPA, of the Department of the Labor accounts required by this contract is <u>not</u> an approved alternative.</p>

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<p><b>Page 39</b>  <b>Section IV.</b>  <b>PURPOSE AND INTENT</b></p>	<p>7. As stated, on page 39 SCOPE OF WORK of this RFP, preference will be given to the bidder that can provide the services outlined, including the capability to perform ACH transactions and issue debit cards. If the bidder cannot provide debit cards, the bidder can provide details about how it would provide both ACH transactions and an alternate to debit cards to provide benefits.</p> <p>In addition, the State reserves the right to separately procure individual requirements that are the subject of the Contract during the Contract term, when deemed by the Treasurer, State of New Jersey, to be in the State's best interest.</p> <p>Can the State please remove the clause "<u>preference will be given to the bidder that can provide the services outlined, including the capability to perform ACH transactions and issue debit cards.</u>"?</p> <p><b>Justification:</b> Approving this request will be in the State's best interest as indicated in the stated requirement above directly from the RFP. This will allow bidders that are a state or nationally chartered bank with branch presence in the State of New Jersey to supply banking services requested in this RFP and allow bidders to propose an alternative approach partner with a service provider team that is comprised of a Government debit card Program Manager and debit card issuing bank.</p>	<p>No. The State will not remove the clause "<u>preference will be given to the bidder that can provide the services outlined, including the capability to perform ACH transactions and issue debit cards.</u>"</p> <p>The State of New Jersey's preference is to obtain services as outlined in this RFP. This includes a bidder's ability to provide both ACH and debit card services. In this case, any bidder (must be a state or nationally chartered bank) can, at their own discretion, choose to enlist, as its "subcontractor," any third party necessary to provide the full scope of services as requested in this RFP.</p> <p>Additionally, note, as stated on pages 19 and 20 of this RFP, <b>Section Q. Subcontracting:</b></p> <p style="padding-left: 40px;">Nothing contained in these specifications or subsequent specifications shall be construed as creating any contractual responsibility between the vendor's chosen subcontractor(s) and the State.</p>
<p><b>Page 41</b>  <b>Section A.</b>  <b>General Account Requirements</b></p> <p><b>Fiserv.</b></p> <p><b>JP Morgan Chase</b></p>	<p>8. What is the number of checks cashed at bank branches?</p>	<p>This information is unavailable.</p>

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<p><b>Page 41</b>  <b>Section A.</b>  <b>General Account Requirements</b></p> <p>JP Morgan Chase</p>	<p>9. What is the average dollar amount of checks cashed at bank branches?</p>	<p>Amount cashed at branches is unavailable.</p> <ul style="list-style-type: none"> <li>• Average of 2019 checks: \$3,344</li> <li>• Average of 2019 checks issued to claimants: \$779</li> <li>• Average of 2020 checks: \$3,511</li> <li>• Average of 2020 checks issued to claimants: \$700</li> </ul>
<p><b>Page 58</b>  <b>Section D.</b>  <b>ACH Requirements</b></p> <p>Wells Fargo Bank, N.A.</p>	<p>10. Please advise of the estimated dollar value of the ACH files and the frequency of the files.</p>	<p>ACH files are sent to the bank seven (7) days per week.</p> <ul style="list-style-type: none"> <li>• Calendar Year 2019 average benefit file: \$1,835,000</li> <li>• Calendar Year 2020 average benefit file: \$10,000,000</li> </ul>
<p><b>Page 64</b>  <b>Section b.</b>  <b>ACH Notifications of Change (NOCs) Requirements</b></p> <p>JP Morgan Chase</p>	<p>11. Does the State include social security numbers in any data fields on check issuance or ACH payment files?</p>	<p>No, the State does not include social security numbers in any data fields on check issuance or ACH payment files.</p>
<p><b>Page 64</b>  <b>Section b.</b>  <b>ACH Notifications of Change (NOCs) Requirements</b></p> <p>JP Morgan Chase</p>	<p>12. If the State does include social security numbers in any data fields on check or ACH files, are they masked (meaning you are sending in less than 9 digits)?</p>	<p>Not applicable, please refer to this Addendum's answer to question 11.</p>
<p><b>Page 64</b>  <b>Section b.</b>  <b>ACH Notifications of Change (NOCs) Requirements</b></p> <p>JP Morgan Chase</p>	<p>13. If the State does include social security numbers in any data fields on check or ACH files, can you specify what fields and locations in the files you are including this data?</p>	<p>Not applicable, please refer to this Addendum's answer to question 11.</p>

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<p><b>Page 64</b>  <b>Section b.</b>  <b>ACH Notifications of Change (NOCs) Requirements</b></p> <p>JP Morgan Chase</p>	<p>14. If the State is using unmasked SSNs in your data files, would you consider using an alternate number or sending in only the last 4 or 5 digits of the social security number for each transaction?</p>	<p>Not applicable, please refer to this Addendum's answer to question 11.</p>
<p><b>Page 64</b>  <b>Section E.</b>  <b>Suspicious Account Activity</b></p> <p>JP Morgan Chase</p>	<p>15. What suspicious account activity reports do you receive today?</p>	<p>The incumbent bank provides the Department of Labor with the following suspicious account activity reports:</p> <ul style="list-style-type: none"> <li>• Suspicious Mailing Address, including Out of State Debit Cards</li> <li>• Suspicious ACH/Direct Deposit Activity</li> <li>• Accounts blocked/hold by the bank</li> <li>• Frozen Accounts</li> </ul>
<p><b>Page 86</b>  <b>Section 3.</b>  <b>Payee Positive Pay</b></p> <p>JP Morgan Chase</p>	<p>16. Why do you not use positive payee verification today?</p>	<p>Since paper checks are used infrequently, as opposed to ACH and/or debit cards, that it currently has had a lower priority for consideration.</p> <p>Plases note, however, that three of the RFP accounts will utilize the Payee Positive Pay service, as referenced on page 86 of this RFP, <b>Section 3. Payee Positive Pay</b>, the Department of Labor is working to move all check disbursement accounts related to this contract to payee verification services over the period of the contract.</p>

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<p><b>Page 86</b>  <b>Section 3.</b>  <b>Payee Positive Pay</b></p> <p>JP Morgan Chase</p>	<p>17. How many return items were removed to accommodate a new check issue using the same check number? Were any claims presented to the bank subsequently negotiated?</p>	<p>There were 45 replacement checks issued in Calendar Year 2020, as referenced on page 100 of this RFP, <b>Section I. Web-based Inquiry Communication System, 3. Web-based Check Cancel and Replacement Checks.</b> At this time, the Department of Labor cannot confirm if these checks were subsequently negotiated.</p>
<p><b>Page 89</b>  <b>Section 6.</b>  <b>Check Forgery Investigations</b></p> <p>JP Morgan Chase</p>	<p>18. How many forgery claims were submitted during calendar year 2020? What were the total dollars and average dollar of a claim?</p>	<p>Out of the 45 replacement checks issued, 19 were from claimant benefit payment accounts. At this time, the Department of Labor cannot confirm if all of the 19 were a result of forgery claims, or for other reasons.</p>
<p><b>Page 90</b>  <b>Section 6.</b>  <b>Check Forgery Investigations</b></p> <p>Garden State Community Bank, a division of New York Community Bank</p>	<p>19. To cash checks and protect from fraud, the DOL wants the bank to monitor for fraud. Please confirm where the bank will be supplied with the names of any check payees.</p>	<p>Currently, the Department of Labor only provides check files with names for the Wage and Hour accounts (accounts 19-23). The request of fraud protection in this RFP refers to ACH payments.</p> <p>Please note, the Department of Labor does want fraud monitoring where ever possible. In UI operations, most checks are payments for "Estate of" because the claimant passed away and was due retro payment(s).</p>
<p><b>Page 90</b>  <b>Section 6.</b>  <b>Check Forgery Investigations</b></p> <p>JP Morgan Chase</p>	<p>20. How many checks were improperly endorsed? How many improperly endorsed checks were credited back to the state? Why was the total amount of improperly endorsed checks credited back to the state for calendar year 2021?</p>	<p>This information is unavailable.</p>



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<p><b>Page 91</b>  <b>Section 6.</b>  <b>Check Forgery</b>  <b>Investigations</b></p> <p>JP Morgan Chase</p>	<p>21. Please provide a listing of every daylight overdraft from all 23 accounts?</p>	<p>There is daylight over draft on every benefit payment account every day. The UI Master Account (account 14) is funded at approx. 10:15 AM, after the 2nd presentation of the controlled disbursement report of checks cashed. The money from the Master Account is then moved to fund the other federal accounts, PUA (#11), EB (#16), FPUC (#17) &amp; PEUC (#18).</p> <p>The TRA account (#13) is funded before business hours.</p> <p>The State Plan Disability (#7) &amp; Family Leave (#6) accounts are funded at approx. 1:00 PM from the State's Cash Management Fund. The days the accounts are funded from the Labor Suspense account (#1) the money is moved into the accounts at approx. 10:30 AM.</p> <p>See Exhibit A.</p>
<p><b>Page 104</b>  <b>Section 3.</b>  <b>Account</b>  <b>Reconciliation</b>  <b>Solution</b></p> <p>JP Morgan Chase</p>	<p>22. What is a holiday date as noted in file spec?</p>	<p>A holiday date, are holidays that the banks are open, but the State of New Jersey is closed.</p>

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<b>Page 124</b> <b>Section VII.</b> <b>Vendor Response</b> <b>Question 9.</b>  JP Morgan Chase	23. What was the expected volume <u>and</u> cost of check stock for calendar year 2021?	It is expected that check volumes should remain at or below 2020 levels. In Calendar Year 2020, approximately 8,000 checks were issued at a check stock cost of approximately \$0.10 per item.
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Written responses contained in the Addendum will amend the RFP and control. Vendors must sign this Addendum below and submit it with your bid proposal. Proposals are due on May 6, 2021, by 4:00 PM E.T.

\_\_\_\_\_  
Authorized Signature Date

\_\_\_\_\_  
Print Name Date

**NJ DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT  
 DAYLIGHT OVERDRAFT BY ACCOUNT  
 CALENDAR YEARS 2020 & 2021**

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT NAME</b>	<b>FUNDING SOURCE</b>	<b>MAX. DAYLIGHT OVERDRAFT CY 2020</b>	<b>MAX. DAYLIGHT OVERDRAFT CY 2021</b>
6	Family Leave	NJ CMF or Labor Suspense (#1)	\$ 2.8	\$ 4.1
7	State Plan Disability	NJ CMF or Labor Suspense (#1)	4.3	6.5
11	Pandemic Unemployment Assistance	Master Account (#14)	47.2	46.9
15	Unemployment Compensation Benefit	Master Account (#14)	138.6	24.0
16	Extended Benefits	Master Account (#14)	7.0	14.4
17	Federal Pandemic Unemployment Compensation	Master Account (#14)	635.2	295.3
18	Federal Extended Unemployment Compensation	Master Account (#14)	31.9	54.3
			<b>(in millions)</b>	