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**RFP 23-01 ESA Financial Solutions**  
**Questions and Answers**

**Questions are in no particular order. State's responses are in RED.**

1. Under #7 on page 11, it states that notice of a Pre-Offer Conference will be noted on the cover sheet or elsewhere. Confirmation: Will you please confirm the ASTO will not be holding a Pre-Offer Conference? **There will not be a pre-offer conference.**
2. The Commercial Crime Policy or Blanket Fidelity Bond of \$35M for this \$500M+ program seems undersized. Do you have plans to scale the various insurance requirements to align them with the size of the ESA program? (Page 20, part 7, and also page 18 parts 2 and 4; page 19 parts 5 and 6; and page 20-21 parts 7, 8, and 9). **No. This is a standard used by the Arizona State Treasurer's Office, including for similar sized programs.**
3. Please define "all reasonable steps and precautions" (Page 25, 'CONFIDENTIALITY OF RECORDS' paragraph). **At minimum, "all reasonable steps and precautions" should follow all requirements located on pages 25-29 under Warranties and Requirements Related to Arizona Information Technology Statewide Policies, Standards, and Procedures and all other requirements set forth within the RFP.**
4. What specific actions does this solicitation require of the Contractor in the event of a loss of confidential PII, Health Information, and/or Financial Account data? (Page 30, full page). **Any loss of data will be handled per federal and state law, Arizona Revised Statutes and the Arizona Procurement Code.**
5. Please define "appropriate system management and maintenance, fraud prevention and detection, and encryption application and tools". (Page 32, Paragraph 1). **This refers to the processes by which the vendor and their IT team maintain essential technical and network operations. This can include but is not limited to keeping systems up to date with updates and patches, maintaining effective and up-to-date methods of detecting and preventing fraud and proper encryption tools to prevent information from being hacked.**
6. Please clarify "Contractor is responsible to State for ensuring that hardware, software, data, information, and that has been provided by State...". (Page 32, Paragraph 3). **The contractor is responsible for ensuring that only personnel of the vendor or subcontractor of the vendor shall have access when they are specifically doing work in relation to this contract.**



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7. Given the past security breaches and data leaks, is there an acceptable ID Number or Account Number alternative that can be used in place of using (partial) social security numbers (SSNs), as that seems to be a security risk for ESA participants? \*. (Pages 57-59). **This is dependent on the solution selected.**
8. The ESA program is not a voucher. Does a closed system with pre-identified allowable merchants allow parents a genuine choice in how funds are spent? \*\* Would this be considered endorsement of the selected vendors and/or control of an ESA student's education? \*\*\*. (Page 54, Paragraph 3). **The ideal solution will provide tools to facilitate spending. Vendor status does not constitute endorsement.**
9. Is ASTO concerned about ACH reversals by the Contractor, and what measures are included in the Solicitation to prevent this with future vendors? (Page 55). **ACH transactions, including reversals, will be dependent on the solution selected.**
10. Does the solicitation allow for Contractor volunteers to be used to supplement staff within the Arizona Department of Education? (Page 61, full page and Page 63, Implementation). **Page 61 (Transition and Training) and Page 63 (Implementation) discuss implementation of the system and initial training of ADE staff. The contractor staff will train and oversee /participate in the implementation/conversion process. Training also refers to online training for vendors and parents.**
11. Please describe the expected methodology for auditing the business process to detect and remediate fraudulent transactions. Please include the methodology and expected frequencies, along with the expected approach for incident recovery and remediation, including SLAs. **Audits will be conducted and performed as required by state law and per the Arizona Revised Statutes under A.R.S. § 15-2403(B).**
12. There are no specifications included for uploading/storage/access of required transaction documentation, like highlighted curriculum/materials lists, therapist letters, pre-approvals, etc. The current contractor provides this service for up to 5 pages per upload file. Will the new Contractor not be required to provide this service? **The new contractor will be required to provide that service.**
13. RFP page 8: Minimum Criteria Arizona Risk and Authorization Management Program (AZRamp).
  - a. So that the State receives all that is required, please provide when/how the assessment of the AZRamp will be conducted. **Each bidder must submit with their proposal the Arizona Baseline Infrastructure Security Controls assessment by the deadline, per page 26.**



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- b. Please provide the timeline: will the completion of the requirements be prior to the award?  
After the award, per page 27: "All contract awards are contingent on the successful completion of the AZRamp 125 Low Impact (public information) or the AZRamp 325 Moderate (Confidential, PII, or PHI) Impact Control spreadsheet titled "Arizona Infrastructure Security Controls 2017 (Excel)," to be determined by the Enterprise Security, Privacy & Risk Compliance team. Low (Column E) and Moderate (Column F) Impact controls spreadsheet can be located here: <https://azdohs.gov/file/4356>."
- c. If no, will there be a contingency period after the time of the award? There is a time period after the award that the vendor must complete and successfully fulfill the requirements of AZRamp.
14. RFP page 9: Social Activism.
- a. Is Social Activism a requirement to do business in the State of Arizona? No.
- b. Does the Social Activism section weigh into the scoring of the RFP responses? No.
15. RFP page 14: Submission of Offer, 3. Public Record.
- a. In the case that the State determines that the identified information is NOT confidential pursuant to the Arizona Procurement Code, will the bidder be provided the opportunity to modify the proposal and resubmit a revised proposal? No. Please refer to R2-7-103 of the Arizona Procurement Code and Arizona Revised Statutes (A.R.S.) § 41-2534.
- b. Can a redacted version be submitted in advance? In accordance with R2-7-103 of the Arizona Procurement Code and A.R.S. § 41-2534, the bidder may identify the portions of its proposal that it believes are confidential and should be redacted when the procurement file is made available for public inspection. As stated in the RFP, page 14, the State shall determine whether the identified redactions are confidential pursuant to the Arizona Procurement Code and other Arizona law.
16. RFP page 18: Insurance. 2. Commercial General Liability.
- a. If services do not require individuals to be on-site, are all coverages listed in the table required? If the bidder has an exception to any of the content contained in the proposal, it should be indicated in Exhibit F: Conformance Statements.
17. RFP page 18: Insurance 4. Business Automobile Liability.
- a. If services do not require the use of an automobile, is this coverage still required? If the bidder has an exception to any of the content contained in the proposal, it should be indicated in Exhibit F: Conformance Statements.



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18. RFP page 26: WARRANTIES AND REQUIREMENTS RELATED TO ARIZONA INFORMATION TECHNOLOGY STATEWIDE POLICIES, STANDARDS, AND PROCEDURES AZRamp Section.
- Please provide a timeline. **This is dependent on the AZRamp security team.**
  - Will the completion of the requirements be prior to the award? **Each bidder must submit with their proposal the Arizona Baseline Infrastructure Security Controls assessment by the deadline, per page 26.**
  - If no, will there be a contingency period after the time of the award? **After the award, per page 27: "All contract awards are contingent on the successful completion of the AZRamp 125 Low Impact (public information) or the AZRamp 325 Moderate (Confidential, PII, or PHI) Impact Control spreadsheet titled "Arizona Infrastructure Security Controls 2017 (Excel)," to be determined by the Enterprise Security, Privacy & Risk Compliance team. Low (Column E) and Moderate (Column F) Impact controls spreadsheet can be located here: <https://azdohs.gov/file/4356>."**
19. RFP page 26: WARRANTIES AND REQUIREMENTS RELATED TO ARIZONA INFORMATION TECHNOLOGY STATEWIDE POLICIES, STANDARDS, AND PROCEDURES AZRamp Section.
- If the state is qualifying the families and therefore has the data of which students would be receiving funding, can the State describe a scenario in which the state would NOT be providing the data? **If the state decided to outsource this process of qualifying families.**
20. RFP page 26: WARRANTIES AND REQUIREMENTS RELATED TO ARIZONA INFORMATION TECHNOLOGY STATEWIDE POLICIES, STANDARDS, AND PROCEDURES AZRamp Section.
- Can the State confirm it plans to retain the responsibilities of qualifying the families? **Yes**
  - If no, is the state seeking to outsource that responsibility? **N/A.**
21. RFP page 26: WARRANTIES AND REQUIREMENTS RELATED TO ARIZONA INFORMATION TECHNOLOGY STATEWIDE POLICIES, STANDARDS, AND PROCEDURES FedRamp and StateRamp Certifications.
- Would a letter by another state verifying that the bidder has successfully completed a RAMP audit suffice as evidence that the AZRamp assessment requirement has been met? **No**
22. RFP page 31: Information Technology Work Background Checks.
- Is this section applicable to the Contractor who installs personnel with the State? **No.**
  - Can you clarify what is meant by "an applicant for an information technology position?" **A.R.S. § 41-710 applies to prospective employees of the Arizona Department of Administration, not to contractors of state agencies generally. Accordingly, prospective contractors and their employees would not qualify as "applicants for an information technology position".**



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23. RFP page 36: "Cloud Applications Section" Contractor must submit a copy of system logs from the cloud system to the State of Arizona security team on a regular basis to be added to the State SIEM (Security Information Event Monitor) or IDS (Intrusion Detection System).
- Which statute drives this requirement? **This derives from an Arizona Department of Administration policy (P1100) that ADOA has enacted through its statutory authority.**
24. RFP page 43: 10. Offshore Performance of Work Prohibited Paragraph.
- Please provide further insight on what it considers to be indirect services, "overhead services," or services that are incidental to the contract. **Indirect services and overhead services are not directly related to a company's production of goods or services being provided per this contract. Incidental services mean any service ancillary to the supply or goods or services.**
25. RFP page 49: Contract Termination Cancellation for Conflict of Interest.
- If the Contractor is currently a contractor to a member of the State Board of Education for a non-state-related activity, would that constitute a conflict of interest? **Not a conflict within the meaning of A.R.S. 38-511.**
  - Would it require that the Contractor disclose such a contractual relationship within the bid submission? **Bidders should disclose all potential conflicts, per page 64. Depending on the specific facts, the scenario described might qualify as a potential conflict.**
26. RFP page 54: Exhibit B: Scope of Work 'Alternative Banking Services'.
- Can the State define "alternative banking services?" **Alternative banking services are those that are not included or available in our main servicing banking contract.**
  - Does the RFP title "Empowerment Scholarship Account Financial Services" refer to a "financial solution" or something different? **Empowerment Scholarship Account Financial Services is a financial solution to the scope of services described within the RFP.**
27. RFP page 55: Transaction Processing and Reconciliation. A process for client repayment of funds.
- Can the state further define "repayment?" **Returning funds that may have been overpaid or paid in error.**
28. RFP page 55: Transaction Processing and Reconciliation The card/solution/account must be supported for all outstanding balances after the contract period.
- Is the State requesting access or visibility to account holders after the contract period? **This is regarding account holders who have graduated from the program but still have funds remaining.**



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29. RFP page 55: Transaction Processing and Reconciliation; Prepaid Card.
- Must the prepaid card solution be available at the time of the contract? **If a prepaid card solution is part of the access to funds, then it must be available at the time of the contract.**
30. RFP page 55: Transaction Processing and Reconciliation; Prepaid Card.
- Does the prepaid card need the ability to restrict (i.e., whitelist and blacklist) certain merchants? **Yes.**
  - Does it need the ability to restrict merchants beyond MCC Code restrictions? **Yes.**
  - Does the card allow users to make changes without ever requiring them to upload receipts? **This question requires clarification.**
  - Must the card have functionality that if the user does not upload receipts after a certain count of transactions, the card will automatically deactivate? **Yes.**
31. RFP page 56: Activity Reporting Section.
- Are prepaid card transaction types required to be included in these reports? **Yes. These reports must include all transactions for that user.**
32. RFP page 56: Activity Reporting Section, Online Audit Log Subsection, Account risk profile (low/moderate/high) which would include several criteria to determine risk.
- Can the State elaborate on the problem that this ask is intended to solve? **Statute requires that audits be conducted of accounts and transactions. Accounts and transactions may be audited on a risk basis. To assist with risk-based audits, it will be helpful if accounts can be assigned a risk profile or level ranging from low to moderate to high. An accounts risk profile or level will be determined based on factors that AZ ADE ESA would identify, such as historical transactions associated with the account that were unallowable, frequent changes in home address, etc.**
33. RFP page 57: Activity Reporting Daily Reports.
- Page 55 states, "If the solution involves a prepaid card..."
  - On pages 57-59, numbers 1-6 of the daily report requirements specifically speak to prepaid card transactions. **These reports would include all transactions affecting the user's balance, prepaid card included.**
  - If these reports are required as part of the deliverable, it implies that prepaid card functionality is required. **Functionality is required, not necessarily a card.**
  - Can the State clarify, is a prepaid card functionality required as part of the Contractor's deliverables? **Functionality is required, not necessarily a card.**



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- e. If no, please confirm the prepaid card functionality is not required as part of the Contractor's deliverables. **Functionality is required, not necessarily a card.**
34. RFP page 59: Technology, Direct real-time access to banking information.
    - a. Can the State define what is meant by "banking information?" **Banking information refers to the transactions by the account or solution holder.**
  35. RFP page 59: Technology Integration with ADFS and SAML.
    - a. Does the State require the Contractor to provide information about current clients using such interactions with the Contractor? **No.**
    - b. Is an attestation that the Contractor can implement such an integration suffice? **The bidder should provide the access methods to be used for integration and all other information requested within the RFP.**
  36. RFP page 62: Exhibit C: Method of Approach Outsourcing Section. Are any applications outsourced to a third party?
    - a. What does the State mean by "applications?"  
**Applications refers to software or applications that are used to perform the services and scope of work within this RFP.**
  37. RFP page 64: Exhibit D: Experience of Company, Conflicts of Interest.
    - a. If the contractor is a contractor with a tax credit scholarship organization that is either certified by the State or is undergoing a certification process, would that require full disclosure? **Per page 64, bidders should fully disclose any potential conflicts. Depending on the specific facts, the scenario described might qualify as a potential conflict.**
    - b. If yes, what would be the required content of the full disclosure?
  38. RFP page 64: Exhibit D: Experience of Company, Conflicts of Interest.
    - a. If the Contractor has a contract with an organization controlled by a member of the State Board of Education, would that require full disclosure? **Per page 64, bidders should fully disclose any potential conflicts. Depending on the specific facts, the scenario described might qualify as a potential conflict.**
    - b. If yes, what would be the content of the full disclosure?
  39. RFP page 64: Exhibit D: Experience of Company, Pending Litigation.
    - a. If the Contractor is a party to an administrative review hearing conducted by a State Department of Inspections and Appeals, Division of Administrative Hearing, does that rise to the





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level of "open and pending litigation" such that the Contractor would have to submit a statement of explanation included in its response? **Administrative hearings can constitute open and pending litigation.**

40. RFP page 64: Exhibit D: Experience of Company, Business Length of Time.
- Can the State clarify whether this question means how long the Contractor has been in existence (i.e., the date the corporation was formed through the date of bid submission). **How long has the business been providing this service to clients.**
  - Or does this refer to how long the Contractor service has been used commercially (i.e., the date of the first business customer using this service)? **See a.**
  - If the latter, would it be required that the Contractor identify the date and the customer? **Refer to question #8 in this section of the RFP.**
41. RFP page 64: Exhibit D: Experience of Company, Government/Business Customers.
- By the service, is the State asking for the number of customers that have contracted for the service? **"Service" means the scope of work and service being requested within the RFP.**
  - If not, is the State asking for the number of customers that have not only contracted for the service but also have implemented the service? **N/A**
42. RFP page 64: Exhibit D: Experience of Company, References.
- Can the State define "by using this service?" **"Service" means the scope of work and service being requested within the RFP.**
  - Would that include references that have been contracted for the service and not yet implemented? **"Service" means that clients are currently using the product.**
43. Please provide the Scoring Rubric that will be utilized by the reviewers. **Weighting is on page 8 in figure 2.**
44. RFP page 26: Additional Security Requirements.
- Do bidders need to complete the Arizona Baseline Infrastructure Security Controls assessment spreadsheet with the RFP response, or as part of the contract award process?  
**Per page 26, "Contractor shall submit a completed Arizona Baseline Infrastructure Security Controls assessment spreadsheet with its Offer."**

**Per page 27, "All contract awards are contingent on the successful completion of the AZRamp 125 Low Impact (public information) or the AZRamp 325 Moderate (Confidential, PII, or PHI)**





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Impact Control spreadsheet titled "Arizona Infrastructure Security Controls 2017 (Excel)," to be determined by the Enterprise Security, Privacy & Risk Compliance team."

45. RFP page 1: Background & Purpose.
- Are service and product expenses allowable after tuition or fees, or are their program expectations regarding prioritization of expense types? **There is no hierarchy with regard to expense approval.**
  - Will the state agency have a role in setting quality metrics for appropriate service providers and products? **Yes.**
  - Will the state agency approve purchases of service or products at a provider or line-item level? **Approval is at line-item level.**
46. RFP page 58: Activity Reporting.
- There is language in the RFP regarding "if" a card is part of the solution. What is/is not working for Arizona families in existing payment structures and is the card a boon or detriment? **"If" is included as there maybe be proposals submitted that do not contain a card solution.**
47. RFP page 55: Transaction Processing & Reconciliation.
- There is language in the RFP regarding "ability to assign orders/tasks to various user queues". Can the state clarify the intent to this element? **Allow a task/order/transaction to become the responsibility of an internal operator/specialist for approval/resolution purposes.**
48. It is our understanding that currently the ADE currently hosts the application for the ESA. What is the interest in the chosen vendor hosting the student application, eligibility verification elements, and review processes to create a streamlined, end-to-end ESA product? **None.**
49. RFP page 33: Pass Through Indemnity.
- Does the RFP's language regarding "pass-through indemnity" suggest that the chosen vendor will hold the funds leveraged by families, as opposed to the ADE reimbursing the chosen vendor? **No. The pass-through indemnity provision allows for the third-party to directly indemnify the State, rather than the contractor, in the event a claim is brought against the State. It does not allow the contractor to hold onto funds that families would otherwise be entitled to use.**
50. RFP page 61: Support.



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- a. Is it the state agency's intention to leverage the chosen vendor's customer service structures for both programmatic and technical (platform & digital wallet) support questions, or only technical? **Both.**
  
51. What appetite, on a scale from 1-10, does the state have for additional services to support the ESA's success such as grassroots awareness campaigns and paid marketing services to increase parent engagement and adoption? **Zero (0).**
  
52. The state has expressed the need to continue to support debit cards, is it the expectation that the new 3rd party provider mainly just transfers the current card holders to the new solution or does the department anticipate a large number of new cards? **If a prepaid debit card is part of the offering of the bidder, then they need to be able to transfer current card holders and have the availability for new cards, if directed.**



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\* <https://www.justice.gov/opcl/overview-privacy-act-1974-2020-edition/ssn>

(a)(1) It shall be unlawful for any Federal, State or local government agency to deny to any individual any right, benefit, or privilege provided by law because of such individual's refusal to disclose his social security account number.

b) Any Federal, State, or local government agency which requests an individual to disclose his social security account number shall inform that individual whether that disclosure is mandatory or voluntary, by what statutory or other authority such number is solicited, and what uses will be made of it." Section 7 of the Privacy Act of 1974, as amended, 5 U.S.C. § 552a note (Disclosure of Social Security Number))

\*\* Page 7, paragraph 1: <https://ij.org/wp-content/uploads/2011/09/niehaus-response-to-petition-for-review.pdf>

\*\*\* ARS 15-2404. (A) ...does not permit any government agency to exercise control or supervision over any nonpublic school or homeschool