



Request for Proposal (RFP)

- Issue Date: Monday, May 5, 2008
- Title: Payroll Processing Services
- Purpose: To solicit responses from vendors capable of providing a payroll system, with compatible time labor management system and human resource information system (HRIS) as options.
- Proposal Deadline: Responses must be received by 12:00 p.m. (EDT), Wednesday, May 21, 2008.
- Contact Name: All inquiries regarding this proposal must be in writing (via fax, e-mail or mail) by 4:30 p.m. (EDT), Friday, May 9, 2008 and should be directed to:

Elaine Prescott, Administrative Services Manager
Kentucky Higher Education Student Loan Corporation
10180 Linn Station Road, Suite C200
Louisville, KY 40223
E-mail: eprescott@kheslc.com
Phone: (502) 329-7134
Fax: (502) 329-7208
- Response to Inquiries: Responses to all submitted inquiries will be provided to all RFP recipients by 4:30 p.m. (EDT), Wednesday, May 14, 2008.
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I. Organizational Overview

II. Product/Service Requirements

A. General

KHESLC is requesting proposals from qualified vendors for software to process payroll. The current system is ADP PC/Payroll for Windows software version 5.30-08. The system must interface with ADP ezLabor Manager and ADP HR/Perspective version 5.3 on Oracle 10g or Vendor must provide time keeping system and/or human resource information system with functionality as specified outlined below under “Specifications”. KHESLC currently processes payroll biweekly for a staff of approximately 400 employees. Approximately 5 payroll staff use the payroll processing system and 5 human resource staff use the human resource information system. The expected conversion date is January 1, 2009.

B. Specifications

1) Payroll

A) Processing

- Comprehensive payroll processing, including a quick paycheck entry, an import for payroll hours from time keeping system, manual payroll check processing, posting voids, ability to override payroll hours and dollars and multiple batches
- Easy to navigate and user friendly for data entry process
- Ability to check processed payroll before releasing final run
- Web-based or PC-based
- Minimum of 40 earning codes and 55 deduction fields
- Capability to print pay stubs
- Be able to deliver live checks overnight
- Capability to review and make manual changes to payroll information
- Direct deposit into multiple accounts
- Capability for employee to electronically access and print pay stubs

B) Tax Services

- Accurate, on time, penalty free, full tax service
- Automatically calculate, deduct, pay and file all payroll taxes- federal, multi-state (current filings include Kentucky, Indiana, Alabama and Mississippi) and a minimum of 30 local jurisdictions
- Quarterly Reports
- Yearly Reports



- W-2 processing and submission to Social Security Administration
- Electronic access to W-2's for employer and employee
- Maintain multiple local tax parameters for each employee

C) Reporting

- Standard and unlimited customized reporting
- Simple and flexible reporting capabilities
- Electronic payroll reports including, but not limited to, check register, deduction reports, tax liability and summary reports
- Management reports including, but not limited to, compensatory, sick and vacation reports that include beginning and ending balances and activity for pay period
- Retirement reporting must meet requirements for the Kentucky Retirement System
- Capability to save all reports in a standard format that can be easily customized, printed on site and archived via electronic storage, using widely available tools such as Microsoft Excel, Adobe or Word

D) Optional Items

- Employee Pay Cards (debit cards)
- Capability to interface with Microsoft Great Plains Dynamics software
- Capability to process wage garnishments
- User friendly electronic Employee Self Service in which employee has the ability to change personal information such as but not limited to address, marital status and tax information
- Online viewing of current and historical reports
- Time off requests for dates in the future and the past

2) Time Keeping System (if available)

- Web hosted with access available via any internet connection or server hosted with access available via KHESLC's intranet
- Easy to navigate and user friendly
- Able to integrate with payroll system
- Multiple managers ability to see and approve timesheets
- Ability to schedule company holidays in advance
- Minimum of 25 earnings codes
- Password protected access to timesheets
- Ability for administrators to lock payroll so no other changes can be made
- Ability for administrators to make changes and approve timecards if needed



- Customized reporting available for administrators and supervisors
- Ability to save and print reports for administrators and supervisors
- Ability to view historical reports and timecards
- Electronic payroll reports including, but not limited to, edit audit, timecard, timecard with notes, employee daily totals, employee total hours, department detail, department summary, employee list by supervisor, user list, payroll detail, and payroll summary
- Ability to access terminated employees information
- Ability to apply KHESLC's rounding rules, total earning codes and calculate overtime
- Customer service representatives available for immediate assistance
- Accrue and track leave time-vacation, sick and compensatory
- Employee self service to access leave balances
- Ability to enter summary hours and/or clock in and out
- Ability to account for shift differential
- Ability to account for hourly employee based on 37.5 hours worked weekly

3) Human Resource Information System (if available)

- User friendly, with data entry a simple process
- Simple, flexible, powerful reporting/query capability
- Calculate benefit premiums, and automatically calculate scheduled premium changes, such as life insurance premium increases due to age
- Integrate or interface with the payroll system
- Changes and updates should be a simple, easy process
- Conversion of current data from HR Perspective
- Ability to maintain historical data (all records are retained indefinitely, and database should be sized accordingly)
- Solution must contain access controls which prevent unauthorized parties from gaining access to HRIS system
- Self-service benefit selection system for open enrollment and new hires

4) Technical Requirements

The proposed solution should work within one or more of the following Technical Hardware and Software Environments-

A) Production Environment

- Hardware - IBM iSeries Model 570, IBM xSeries Intel Servers, VMWare Virtual Guests on VMWare ESX 2.5.3



- Operating System - OS/400 5.4 (as of next week), Windows Server 2003 SP1, Windows XP Professional SP2 Clients
- Software - COBOL, Java, JSP, Java Servlets, CL, All Microsoft supported programming/scripting languages.
- Database - OS/400 DB/2, Microsoft SQL 2005
- Application Server - Websphere Advanced Edition 5.1 on iSeries, IIS 6.0 on Windows Server 2003
- HTTP Server - Apache, IIS 6.0 on Windows Server 2003

B) Development Environment

- Hardware - IBM iSeries Model 570, IBM xSeries Intel Servers, VMWare Virtual Guests on VMWare ESX 2.5.3
- Operating System - OS/400 5.4, Windows Server 2003 SP1, Windows XP Professional SP2 Clients
- Software - COBOL, Java, JSP, Java Servlets, CL, All Microsoft supported programming/scripting languages.
- Database - OS/400 DB/2, Microsoft SQL 2005
- Application Server - Websphere Advanced Edition 5.1 on iSeries, IIS 6.0 on Windows Server 2003
- HTTP Server - Apache, IIS 6.0 on Windows Server 2003
- Imaging System-Filenet Panagon on IBM RS/6000 Model H70

C) Network

- Hardware - Nortel switches and routers, DS3 WAN link between Louisville clients and majority of servers
- Transport - TCP/IP only

5) Customer Service

- Describe your turnaround response time for a typical customer service call
- Describe the level of ongoing customer service your company will provide to support KHESLC's payroll and human resource departments
- Describe in detail the training services offered, cost involved and location of trainings for each product

C. Questions/Additional Information

- Describe installation and implementation procedures and timeline for each product.
- Specify how long reports are kept on your server
- How long has your system been in a production environment?
- Does your system provide multiple levels of security to protect all vendor data from unauthorized access?



- What type of password parameters can be defined by the administrator (i.e., minimum length, expiration, words prohibited, etc.)?
- Does your system provide the capability to automatically log the user out after a specified period of time?
- Detail all hardware and software beyond those currently listed in the KHESLC environment necessary to support your proposed solution
- Describe in detail your maintenance and support services
- How often and what are your procedures for rolling out software upgrades?
- What user, system, and technical documentation are provided with your proposed solution?
- What is your company's strategic plan or planned future enhancements for this product?
- What makes your product different than other vendors doing the same thing?
- Describe your data backup method for both the server(s) and database(s).
- Describe your user security functionality for all systems (internally stored security, Active Director/iSeries-Integrated, etc.)
- What is the price for your payroll, timekeeping and HRIS system (price each component separately)?
- If multiple products meet the minimum specifications, list the differences in each product and quote separate price for each product.
- Fee schedule for impementation costs, monthly costs and upgrades

I. Proposal Requirements

A. General

The proposal must provide the following minimal information to demonstrate the capability of the Vendor to provide the required product and services or it may be rejected as noncompliant. The Vendor is encouraged to provide any other information that will be beneficial in reviewing product and service capabilities.

1. Vendor's related experience and a minimum of three references.
2. Vendor's most recent annual report, audited financial statements and computer security or service provider audit report (if available).
3. Description of Vendor's liability insurance coverage.
4. Vendor's company profile, including mission/value statement and background information.
5. Vendor must provide answers and/or information to all questions and requirements as specified in this proposal in order to be considered for contract award. All questions must be answered in sufficient detail for



effective evaluation of the Vendor's product, service, and system. Proposals that contain a Vendor's own special terms and conditions in conflict with terms of the proposal and/or state statutes and regulations may be rejected.

6. Price quotation including both unit pricing and maintenance charges based on the information listed in Product/Service Requirements.
7. Name/contact information and experience of the primary individual who would work with KHESLC staff.
8. Vendor shall submit one response only to a proposal and shall not propose more than one price for each item listed in the proposal. Multiple or alternate offers of more than one price in total (or by line item) shall be cause for rejection unless specifically called for in special provisions elsewhere in this solicitation. Offers not conforming to this requirement shall be rejected.
9. Provide firm prices unless otherwise stated in the proposal. KHESLC is exempt from Federal Excise Taxes and State Sales Tax.
10. The Vendor shall provide a Federal Identification Number and/or Social Security Number (if an individual).
11. A completed, signed and notarized Required Affidavit for Bidders or Offerors (*Attachment A*).
12. A completed, signed and notarized Vendor Business Practice Statement (*Attachment B*).
13. The proposal must be signed by an officer or person with authority to bind the company.

IV. Contract Information

1. *Subcontracting*: If the Vendor intends to subcontract any part of this service, the Vendor must provide full disclosure of the subcontractor's name and a description of the relationship. KHESLC must approve such an agreement. The Vendor remains fully liable for all work performed.
2. *Confidentiality*: The Vendor shall comply with the provisions of the Privacy Act of 1974 and consumer privacy and data security provisions of the Gramm-Leach-Bliley Act and any other applicable Federal or State privacy laws. Additionally, the Vendor will instruct its employees to use the same degree of care as it uses with its own data to keep information concerning client data and the financial affairs of KHESLC confidential.
3. *Conflict of Interest*: The Vendor covenants that it will have no interest, direct or indirect, that will conflict in any manner or degree with the performance of its contract services. The Vendor further covenants that, in the performance of the contract, the Vendor shall employ no person having any such known interests.



4. *Contract Requirements:* Any requirements contained in this proposal must be agreed upon contractually. The Vendor and any subcontractor(s) must be authorized to do business in Kentucky and have all required licenses. The contract will be administered by the laws of the Commonwealth of Kentucky and any suit will be filed in Kentucky. If a contract is awarded, it may be subject to Government Service Contract Committee requirements and may require a 30-day cancellation provision.

5. *Timeline Requirements:*

RFP Issued: Monday, May 5, 2008

Deadline for Submitting Questions: Friday, May 9, 2008

Questions Answered: Wednesday, May 14, 2008

Proposal Deadline: Wednesday, May 21, 2008

Product Demonstrations/Oral Presentations (tentative): Week of May 26, 2008

V. Selection

The selection of a Vendor will be based upon KHESLC's review of the documentation submitted in response to this RFP. The Vendor must submit all documentation as specified in "Proposal Requirements" and may submit additional written information. No oral or faxed information will be considered. The terms and provisions of the proposal must be valid for a period of 60 days from the proposal deadline.

One (1) original, six (6) copies and one (1) CD copy of the proposal must be received by KHESLC no later than 12:00 p.m. (EDT), Wednesday, May 21, 2008.

KHESLC reserves the right to request additional information from a Vendor to assist in understanding or clarifying a proposal. This information may be considered in the evaluation of the proposal. With the exception of written inquiries regarding this RFP, no visits, electronic mail, telephone calls, or facsimiles with respect to the RFP will be accepted by the KHESLC contact from the issuance date of the RFP through the completion of the evaluation period unless such contact is initiated by KHESLC. Any answers to written questions about the RFP will be provided to all RFP recipients.

KHESLC staff will independently review all compliant proposals. A selection, if any, will be made no later than Friday, June 13, 2008.

The following criteria, as requested in the proposal, will be considered in selecting a Vendor:

1. Capability of Vendor to meet product/service requirements as specified under "Product/Service Requirements". (30%)
2. Capability of Vendor to perform the required services based on Vendor's



background, experience, references and oral presentation (if applicable).
(35%)

3. Fee structure. (35%)

While we intend to obtain a payroll processing system from a single source, we reserve the right to accept or reject any or all proposals received, as deemed in the best interest of KHESLC. Each respondent submitting a proposal will receive notification of the selection, if any.

There is no expressed or implied obligation for KHESLC to reimburse Vendors for any expenses incurred while preparing proposals in response to this request.

KHESLC reserves the right to retain all proposals submitted. All proposals will be subject to the Kentucky Open Records law, KRS 61.870-61.884.

KHESLC will ensure that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity. Accordingly, it is further the intent of KHESLC to conduct its business in accordance with the purpose of Title VI of the Civil Rights Act of 1964.

KHESLC reserves the right to change any procedure as stated in this proposal.



**Attachment A
Required Affidavit for Bidders or Offerors**

- A. In accordance with the provisions of KRS 45A.110 and KRS 45A.115, each bidder or offeror shall swear or affirm under penalty of perjury that:
 - (1) neither the bidder or offeror as defined in KRS 45A.070(6), nor the entity which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth of Kentucky, and
 - (2) the award of a contract to the bidder or offeror or the entity which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.
- B. I also hereby swear and affirm under penalty of perjury that the entity bidding is properly authorized under the laws of the Commonwealth of Kentucky to conduct business in the state; is duly registered with Kentucky Secretary of State to the extent required by Kentucky law; and will remain in good standing to do business in the Commonwealth of Kentucky for the duration of any contract awarded.
- C. I hereby swear and affirm under penalty of perjury that the entity bidding, and all subcontractors therein, are aware of the requirements and penalties outlined in KRS 45A.485; have properly disclosed all information required by this statute; and will continue to comply with such requirements for the duration of any contract awarded.
- D. I hereby swear and affirm under penalty of perjury that the entity bidding is not delinquent on any state taxes or fees owed to the Commonwealth of Kentucky and will remain in good standing for the duration of any contract awarded.

I have fully informed myself regarding the accuracy of the statement made above.

_____ Signature	_____ Printed Name
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_____ Title	_____ Date
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Company Name: _____

Address: _____

Subscribed and sworn to before me by _____,

(Affiant)

(Title)

of _____ this _____ day of _____ 20__.

(Company Name)

My commission expires: _____

(Notary Public)

[*seal of notary*]



Attachment B
Vendor Business Practice Statement

THE UNDERSIGNED _____ (“VENDOR”) understands that Kentucky Higher Education Student Loan Corporation (the “Corporation”) will not do business with any vendor that violates KRS 45A.343 (2) and (3) or 45A.455 and does not comply with this Vendor Business Practice Statement (the “Statement”).

COMPLIANCE WITH KRS 45A.343 (2) AND (3):

KRS 45A.343 (2) and (3) provide as follows:

- (2) After July 15, 1994, any contract entered into by a local public agency, whether under KRS 45A.345 to 45A.460 or any other authority, shall require the contractor to:
 - (a) Reveal any final determination of a violation by the contractor within the previous (5) year period pursuant to KRS Chapters 136, 139, 141, 337, 338, 341, and 342 that apply to the contractor; and
 - (b) Be in continuous compliance with the provisions of KRS Chapters 136, 139, 141, 337, 341, and 342 that apply to the contractor for the duration of the contract.

- (3) A contractor’s failure to reveal a final determination of a violation of KRS Chapters 136, 139, 141, 337, 338, 341, and 342 or to comply with these statutes for the duration of the contract shall be grounds for the local public agency’s:
 - (a) Cancellation of the contract; and
 - (b) Disqualification of the contractor from eligibility for future contracts awarded by the local public agency for a period of two (2) years.

Other statutes referenced in those sections are as follows:

KRS Chapters

136 REVENUE AND TAXATION - CORPORATION AND UTILITY TAXES

139 REVENUE AND TAXATION - SALES AND USE TAXES

141 REVENUE AND TAXATION - INCOME TAXES

337 LABOR AND HUMAN RIGHTS - WAGES AND HOURS



338 LABOR AND HUMAN RIGHTS - OCCUPATIONAL SAFETY AND HEALTH OF EMPLOYEES

341 LABOR AND HUMAN RIGHTS - UNEMPLOYMENT COMPENSATION

342 LABOR AND HUMAN RIGHTS – WORKERS’ COMPENSATION

VENDOR REPRESENTS AND COVENANTS that (check one): There has been no final determination of violation; or The attached list reflects all final determinations of violations of KRS Chapters 136, 139, 141, 337, 338, 341, and 342 which have been rendered against the Vendor within the five (5) years preceding this certification.

COMPLIANCE WITH KRS 45A.450 AND 45A.455:

VENDOR REPRESENTS AND COVENANTS that will not directly or indirectly offer or give any personal benefit, including but not limited to commissions, kickbacks, payments, loans, gratuities (including travel and entertainment), bribes, gifts, samples, services, promises of future employment or personal considerations, (hereinafter collectively referred to as “benefits”), in connections with any Corporation contract or work, to any Corporation director, officer or employee or their families, to any entity in which VENDOR knows a Corporation director, officer, or employee or member of the Corporation director, officer or employee’s family own a direct or indirect interest, or to any person affiliated with any subcontractor or consultant for the Corporation. VENDOR further understands that Corporation directors, officers, or employees are not permitted to accept any benefit and are required to comply with KRS 45A.450 and 45A.455 (See: <http://www.lrc.ky.gov/KRS/045A00/CHAPTER.HTM>).

VENDOR REPRESENTS that (check one): no list is attached; or it has attached and returned herewith a list of any “benefits” provided, directly or indirectly, in the past year to a Director, Officer or employee or a Director, Officer or employee’s family member including any employment or consulting relationship (excluding any meals of a nominal value).

VENDOR REPRESENTS that except as set forth on a list attached and returned herewith no one has solicited or requested benefits of any vendor’s directors, officers, employees, subcontractors, agents or representatives in connection with any contract with, purchase from, sale to or other work with the Corporation (hereinafter collectively referred to as “contractor”), and VENDOR covenants it will henceforth PROMPTLY report any future such solicitation or request to the Corporation.

COMPLIANCE WITH KRS 45A.395 (2) AND 45A.400:

KRS 45A.395 (2) AND 45A.400 provides:



A written determination of a responsibility of a bidder or offeror shall not be made and no supplier shall be prequalified as a responsible prospective contractor until the bidder or offeror provides the local public agency with a sworn statement made under penalty of perjury that he has not knowingly violated any provisions of the campaign finance laws of the Commonwealth and that the award of a contract to the bidder of the offeror will not violate any provisions of the campaign finance laws of the Commonwealth. “Knowingly” means, with respect to conduct or to a circumstance described by a statute defining an offense, that a person is aware or should have been aware that his conduct is of nature or that the circumstance exists.

VENDOR CERTIFIES that neither he/she nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of this contract, has contributed more than the amount in any business entity involved in the performance of this contract, has contributed more than the amount specified in KRS 121.056 (2), to the campaign of the gubernatorial candidate elected at the election last preceding the date of this certification. The undersigned further swears under the penalty of perjury, that neither he/she nor the Company which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth, and that the award of a contract to him/her or the Company which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

COMPLIANCE WITH KRS 11A.040 (6) AND (8) – FORMER STATE EMPLOYEES SEEKING TO DO BUSINESS WITH THE STATE OR CONTEMPLATING REPRESENTATION OF ANOTHER BEFORE A STATE AGENCY:

KRS 11A.404 (6) AND (8) provide:

(6) No present or former officer or public servant listed in KRS 11A.010 (9) (a) to (h) shall, within six (6) months following termination of his/her office or employment, accept employment, compensation, or other economic benefit from any person or business that contracts or does business with the state in matters in which he was directly involved during the last thirty-six (36) months of his/her tenure. This provision shall not prohibit an individual from returning to the same business, firm, occupation, or profession in which he/she was involved prior to taking office or beginning his/her term of employment, provided that, for a period of six (6) months, he/she personally refrains from working on any matter in which he/she was directly involved during that last thirty-six (36) months of his/her tenure in state government. This subsection shall not prohibit the performance of ministerial functions including, but not limited to, filing tax returns, filing applications for permits or licenses, or filing incorporation papers, nor shall it prohibit the former officer or public servant from receiving public funds disbursed through entitlement programs.



(8) A former public servant shall not represent a person in a matter before a state agency in which the former public servant was directly involved, for a period of one (1) year the latter of: (a) The date of leaving office or termination of employment; or (b) The date the term of office expires to which the public servant was elected.

The law's applicability may be different if you hold elected office or are contemplating representation of another before a state agency. Also, if you are affiliated with a firm which does business with the state and which employs former state executive branch employees, you should be aware that the law might apply to them. In case of doubt, the law permits you to request an advisory opinion from the Executive Branch Ethics Commission, Room 136, Capitol Building, 700 Capitol Avenue, Frankfort, Kentucky 40601; (502) 564-2611.

VENDOR REPRESENTS AND COVENANTS that Vendor has no employees that are in violation of KRS 11A.040 (6) and (8).

COMPLIANCE WITH KRS 11A.201 TO 11A.246 - Executive Agency Lobbying

VENDOR REPRESENTS AND COVENANTS that it is in compliance with KRS 11A.201 to 11A.246 (See: <http://www.lrc.ky.gov/KRS/011A00/CHAPTER.HTM>).

VENDOR REPRESENTS that it will cooperate in responding to reasonable requests by the Corporation or its representatives to provide information and documentation regarding transactions with the Corporation.

If the foregoing representations and covenants are violated by VENDOR, its directors, officers, employees, subcontractor, agents, or representatives, it will constitute grounds for termination of any contracts between the Corporation and VENDOR, at the Corporation's sole discretion.

VENDOR will inform its directors, officers, employees, agents and subcontractors of the requirements of this Statement.

Request for Proposal



WHEREBY, VENDOR has executed this Statement by its duly authorized representative on this ____ day of _____, 2008.

VENDOR NAME: _____

By: _____
(Signature)

Name: _____
(Printed Name)

Title: _____

Telephone: _____

Subscribed and sworn to before me by _____, _____,
(Affiant) (Title)

of _____ this _____ day of _____ 2008.
(Company Name)

(Notary Public) My commission expires: _____

[*seal of notary*]