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**CORRESPONDENCE MEMORANDUM**

**DATE:** December 2, 2005  
**TO:** Employee Trust Funds Board  
**FROM:** Jon Kranz, Director  
Office of Budget and Deferred Compensation  
**SUBJECT:** Request for Proposal Process

The purpose of the memo is to describe the Request for Proposal (RFP) process used to recommend contractors to the Board for administering certain Department programs. No Board action is required.

**Request for Proposal (RFP) Versus Request for Bid (RFB) Processes**

The two major paths utilized by the Department for key procurements are the RFB and RFP processes. For both paths, the Department drafts program requirements that can be analyzed and compared using an objective based method. In each case, vendors who demonstrate that they meet the minimum requirements, as defined by the Department, are qualified for further review. If the RFB process is utilized, the Department enters into contract negotiations with the qualified vendor bidding the lowest cost.

When the RFP process is utilized, the Department enters into contract negotiations with the qualified vendor who provides the best value over the anticipated contract term. The RFP process allows the Department to select a vendor based on factors in addition to the cost. These factors include but are not limited to vendor experience, enhanced services, transition-related expenses, and service levels.

**Description of the RFP Process For Contracts Procured Under Board Authority**

For most state agencies, the State Bureau of Procurement delineates the RFP process under the authority of Chapter 16 of the Wisconsin State Statutes. Procurements administered under Board authority are not subject to all of the requirements established by Chapter 16 and the State Bureau of Procurement. However, the Department follows these requirements unless it is not in the best interest of the Trust to do so.

Reviewed and approved by Dave Stella, Deputy Secretary

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Signature

\_\_\_\_\_  
Date

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Key elements of the RFP process include the following:

- RFP document for vendor response is drafted. Key elements of the document include:
  - Vendor requirements
  - Program requirements
  - Performance standards
  - Desired optional services
  - The point value and weighting for each requirement and cost
- RFP review committee is appointed to review and score each response. Typically, the committee includes the following:
  - Department staff
  - Classified employee(s) from outside the Department; Unclassified staff do not serve on the committee
  - In some cases, a person from outside of state government also serves
  - Program administrator advises committee but does not score the responses
- Department staff develop scoring criteria for review committee use
- Each vendor response is reviewed by Department staff to determine if minimum requirements are met
  - Vendor responses meeting the minimum requirements are forwarded to the committee
- Review committee scores each vendor response
  - Committee meets prior to vendor review to ensure all members understand the review criteria and scoring mechanism
  - Each member independently reviews and scores each response
  - Committee meets to compare and discuss scores
  - Additional vendor information is obtained if so desired by committee members
  - Members may revise their scores based on the additional information and discussion
- Scores are averaged and finalists are identified
- Department performs due diligence on selected finalists
  - Vendor references are contacted
  - Vendor financial viability reviewed by ETF Controller or designee
  - Site visits performed
  - Vendor demonstrates ability to perform
- Finalists may be offered the opportunity to submit “best and final” offer

Department staff recommend a vendor to the Board

- Recommendation is to enter into contract negotiations
  - Board presented with a summary of the process
  - Finalists often have the opportunity to make a presentation to the Board
- Contract negotiations initiated based on Board action

The preceding provides a general description of the RFP process. Each procurement is structured in a manner that best serves the Trust. The various review stages and committee structure all contribute to ensuring that an objective based method is used in order to select the vendor that will provide the best value to the Trust.

Please contact me if you desire any additional information.