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Correspondence Memorandum

Date: November 2, 2021

To: Deferred Compensation Board

From: Joanne Klaas, Contracts Specialist
 Bureau of Budget, Contract Administration and Procurement

Shelly Schueller, Director
 Wisconsin Deferred Compensation Program

Subject: Request for Proposals (RFPs) General Process Overview

This memorandum is for informational purposes only. No action is required.

The purpose of this memo is to give the Deferred Compensation Board (Board) an overview of the Request for Proposals (RFP) process. An RFP overview slide presentation was provided by the Bureau of Budget, Contract Administration, and Procurement (BCAP) at the November 2020 meeting (Ref. DC I 11.19.20 I 10A) and those slides are attached for your reference.

Overview

A Request for Proposal (RFP) is one type of competitive procurement process used to purchase goods or services. The principles behind conducting an RFP include:

- obtaining quality goods/services at competitive prices;
- providing fair treatment to vendors through consistent application of policy/procedure and evaluation of proposals;
- making decisions and conducting activities that are measured against a standard of fairness that can withstand public and legal scrutiny;
- clearly communicating with vendors and stakeholders; and
- supporting transparency in the process by documenting decisions and activities and making them available for public inspection.

RFP purchases can be for non-member-facing services such as actuarial and audit services or they can be for member-facing services such as for the third-party administration of the Wisconsin Deferred Compensation Program (WDC).

An RFP can be conducted under the procurement authority in Wis. Stat. Chapter 16 or Wis. Stat. Chapter 40. When the procurement is for program-related services directly

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related to the Board's fiduciary responsibilities, the procurement is conducted under Wis. Stat. Chapter 40, as the procurement authority comes from Wis. Stat. § 40.80.

Wis. Stat. § 40.80(1) states that the deferred compensation board shall "select and contract with deferred compensation plan providers to be used by state agencies for providing deferred compensation plans to state employees."

Wis. Stat. § 40.80(2) states that the deferred compensation board shall (a) "determine the requirements for and the qualifications of the deferred compensation plan providers" and (b) "approve the terms and conditions of the proposed contracts for administrative and investment services."

When procurement authority is found in Wis. Stat. § 40.80, the Board has the fiduciary responsibility and authority to make the final contract award decision. It is the Board's responsibility to balance the need to minimize costs with the need for the best administrative services available.

A Chapter 40 procurement offers additional flexibility over a Chapter 16 procurement. Under Chapter 40, the Board:

- Plays an important oversight and participatory role;
- Reviews RFP requests and authorizes the Secretary to proceed with the solicitation;
- Often volunteers a Board Member to sit on a Chapter 40 RFP evaluation committee;
- Makes the final decision on the contract award;
- Decides vendor protests (or appeals) per the vendor procurement appeals policy;¹ and
- Authorizes the Board Chair to sign the contract (which may also be delegated to the ETF Secretary for certain procurements).

ETF's Chapter 40 RFP process follows a detailed procurement procedure that closely resembles processes specified in the Chapter 16 DOA Procurement Manual. The five main stages of the RFP process are highlighted below.

Planning

Conduct market research for suitable vendors with relevant experience, ask the Board if they would permit ETF to conduct an RFP, and request volunteers to serve on the evaluation committee.

Drafting

This is a collaborative effort among ETF departments. Prior to the publication of an RFP, the general, technical, and cost sections are assigned a maximum number of points, the RFP timeline or schedule of events is determined, and the benchmarks, or range of answers and their associated points, to each question are determined.

¹ RFP ETJ0061 Section 3.11 <https://ef.wi.gov/boards/deferredcompensation/vendorprocurementappeals/download?inline=>

Publishing

ETF RFPs are published on ETF's website, emailed to a list of potential vendors ETF believes would be interested, and entered in the State's procurement portal, STAR eSupplier, for wider distribution to vendors who may be interested. Vendors have an opportunity to email ETF questions and receive written answers from ETF.

Proposal Review and Award:

- Proposals are due to ETF at a day and time specified in the RFP and reviewed for meeting minimum requirements and completeness.
- Each proposal is shared with the evaluation committee for reading and scoring against the benchmarks.
- Meetings are held with the evaluation committee after reviewing each proposal to discuss scoring anomalies and follow-up questions.
- The committee can request clarifications or demonstrations from the vendors, request subject matter expert review and advice, and check references.
- General and technical scoring is finalized prior to the evaluation committee viewing any cost proposal. Cost proposals are scored using the math formula provided in the RFP.
- The evaluation committee then decides whether to exercise their option to request best and final offers (BAFO). BAFOs are rescored using the same math formula used to score the original cost proposals.
- The bid abstract provides a summary of the final scores, and the evaluation committee provides their recommendation and reasoning to the Board.
- The Board reviews the committee recommendation and makes a final decision on the contract award and directs ETF staff to issue a notice of intent to award.

Post Award Activities: Contract negotiations commence and conclude in a signed contract, whereafter implementation concludes before the services are to begin. Contract compliance and performance guarantees are monitored throughout the term of the contract.

Staff will be available at the Board meeting to answer any questions.

Request for Proposals (RFP) Background/Overview

Item _ - Deferred Compensation Board

Tim Steiner, Director

Bureau of Budget, Contract Administration and Procurement



What is an RFP?

- Request for Proposals – Form of competitive procurement
- Used by ETF to procure services (and sometimes goods)

RFP Procurements

ETF issues RFPs to procure a range of services:

- Member-facing services: e.g. Administrator/Record Keeper of the Deferred Compensation Program, FDIC Option Provider
- Non member-facing services: e.g. Actuarial Services, Annual Financial Statements, Contract Compliance Reviews

RFP Procurement Principles

- **Competition**: Obtain quality goods/services at competitive prices.
- **Consistency**: Provide fair treatment to vendors through consistent application of policy/procedure and evaluation of proposals.
- **Integrity**: Decisions and activities are measured against a standard of fairness that can withstand public and legal scrutiny.
- **Openness/Transparency**: Clear communication with vendors and stakeholders; documentation of decisions and activities that are open to public inspection.

Chapter 40 Authority

Primary Statutory Citations:

- DC Board: Wis. Stat. § 40.80(1) The deferred compensation board shall “select and contract with deferred compensation plan providers to be used by state agencies for providing deferred compensation plans to state employees.”
- DC Board: Wis. Stat. § 40.80(2) The deferred compensation board shall (a) “determine the requirements for and the qualifications of the deferred compensation plan providers” and (b) “approve the terms and conditions of the proposed contracts for administrative and investment services.”

ETF follows a detailed procurement procedure (closely follows DOA Procurement Manual)

Standard RFP Process



The Board's Role

- Board plays important oversight and participatory role
- Board reviews RFP request and may authorize the Secretary to proceed
- Common for a Board member to sit on Chapter 40 evaluation committees
- The Board makes the final decision on the contract award (unless the Board has delegated this to the Secretary or an ETF Director; determined when an RFP is authorized)
- The Board Chair signs the contract (may be delegated for certain procurements)

Role of BCAP

- Procurement Lead coordinates RFP activities (can be in conjunction with Project Manager)
- Procurement Lead works closely with ETF Office of Legal Services (OLS) to draft and finalize the RFP, respond to appeals and public records requests
- Procurement Lead works closely with other ETF stakeholders
- Procurement Lead coordinates contract negotiations with OLS, the vendor and other ETF stakeholders

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Questions?