CHAPTER I: INTRODUCTION

A. STATEMENT OF PURPOSE

The Regents of the University of California (University) are soliciting proposals from qualified bidders for the provision of services related to the higher education reporting requirements for the Hope Scholarship and the Lifetime Learning Credits, as mandated by the Taxpayer Relief Act of 1997 (TRA). The services include, but are not limited to, exchanging electronic data files; gathering, maintaining, manipulating, and reporting data; producing and mailing 1098-T Supplemental Notices to students and taxpayers; generating and submitting Internal Revenue Service (IRS) Form 1098-Ts to the IRS; managing post-IRS reporting issues; handling public inquiries and requests; providing copies of documents to authorized individuals; determining who is and is not an authorized individual who can receive personally identifiable information; and providing and maintaining interactive Web-based services in a secure environment.

Due to the newness of the TRA reporting requirements on all fronts (i.e., the higher education community, the U. S. Department of Treasury, including the IRS, and the marketplace), the University anticipates engaging in extensive discussions with the vendor to further refine the services and proposed processes, specified in this RFP, in order to meet current and future needs. Therefore, the University seeks qualified bidders that have the experience and resources necessary to provide such assistance. As a result of those discussions, it is conceivable that the need for new or modified services, beyond those specified in this Request for Proposal (RFP), will emerge, and the vendor will be expected to accommodate them. Furthermore, the University expects that the TRA reporting requirements for the 1998 tax year will be different than those required for the tax years 1999 and beyond. The University has attempted to anticipate those changes in the design of the services specified in this RFP; however, the absence of details with respect to the TRA reporting requirements for the 1999 and subsequent tax years has made the effort to predict future requirements extremely difficult and subject to error. Once the U. S. Department of Treasury issues the final regulations and the IRS issues its guidelines regarding the TRA reporting requirements, it is likely that additional new and modified services provided under this Agreement will be necessary. There also is a remote possibility that certain services may be eliminated. Legislative amendments, some of which are currently being considered, also could dramatically effect the services under this Agreement, if adopted. Thus, it is important for interested vendors to understand that the TRA reporting requirements are fluid and subject to change, both in terms of the University's needs and the requirements imposed upon the University.

Since the University has not had any previous experience with this type of higher education tax reporting requirements, the University is unable to estimate with a high degree of certainty the volumes that will impact the services the vendor provides, including, but not limited to, the volume of phone service activity, the number of notices to be sent, the number of corrected notices to be sent, the number of requested copies of the notices, the volume of utilization of the interactive Web-based services, and the number of students who will provide to the vendor taxpayer information. The University will make a good faith effort to represent its anticipated needs; such estimates, however, may change as new information becomes known or as other circumstances change.

With regard to most matters pertaining to the Hope Scholarship and the Lifetime Learning Credits, the vendor will serve as the University's primary liaison with the University's public and with the IRS. The successful vendor should expect to assume the majority of workload associated with the delivery of services and compliance with the TRA reporting requirements and to provide a high-level of service to the University and to its public.

The University expects the successful vendor to deliver the services in the most cost-effective manner, without sacrificing service quality, and to utilize the Internet extensively, such as maintaining a Web site with Web-based services and transferring data through the use of a protocol, called "File Transfer Protocol."

B. SCHEDULE AND SUBMITTAL DATES

Listed, below, are the important actions and the dates and times by which they are to be taken or completed. Action on any of these dates shall occur between 8 a.m. and 5 p.m., Pacific Daylight Time, unless otherwise noted.

Date	Event
June, 1998	Release of RFP
Wednesday, June 24, 1998	Deadline for submitting Bidder Conference questions and for confirming the number of Bidder Conference attendees
Wednesday, July 1, 1998	Bidder Conference in Oakland, California
Monday, July 6, 1998	Deadline for requesting changes to the RFP
Monday, July 13, 1998	Deadline for submitting qualification materials [Notice of Intent to Respond (Bidder Response Form 1) and Financial Statements]
Friday, July 24, 1998	**RFP CLOSING DATE; PROPOSAL DUE***
July 27-31, 1998	Bid evaluation

July 31, 1998 through August 10, 1998 Agreement award

***PROPOSAL:**

Sixteen (16) complete sets of each proposal must be received by the RFP Closing Date; at least one set must contain an original signature, and this set must be clearly identified and labeled with the word "ORIGINAL."

Proposals received after the RFP Closing Date shall be rejected and returned unless the delay is due to negligence of the University. It is the vendor's sole responsibility to assure that its proposal is received on or before the RFP Closing Date**. Telegraphic, facsimile, oral, and electronic proposals shall not be accepted.** The cost of preparing and/or submitting this proposal shall be borne solely by the vendor.

Proposals shall be addressed to:

Proposals sent via U. S. Postal Service should be sent to:

Barbara Cooper or Bob Barden
Procurement & Business Contracts
University of California, Berkeley
Berkeley, CA 94720

Proposals sent overnight mail or personally delivered should be sent to:

Barbara Cooper or Bob Barden
Procurement & Business Contracts
6701 San Pablo Avenue
Second Floor, Suite 218
University of California, Berkeley
Oakland, CA 94608

The University does not guarantee the above schedule and reserves the right to modify this schedule to best meet its needs.

C. AGREEMENT TERM

The term of the Agreement shall commence on the date the Agreement is signed by both the vendor and the University and shall continue through June 30, 2001. The Agreement shall be renewable by mutual written agreement for six (6) additional one-year periods, unless otherwise agreed upon, beginning July 1, 2001. Up to three years may be renewed at one time by mutual written agreement.

D. BACKGROUND INFORMATION

1. General Information about the Office of the President

The Office of the President, Student Financial Support, is responsible for the administration of the Agreement. This office serves as the primary liaison between the University and the vendor regarding contractual, federal compliance, University policy, and systems and service delivery issues. The Office of the President, Student Financial Support, also is responsible approving payment for services.

The Office of the President also is responsible for the administration of the Education Abroad Program (EAP); approximately 1,800 to 2,000 students, the vast majority of whom are undergraduates, participate in EAP. The EAP Systemwide Office, located near the UC campus in Santa Barbara, is the Systemwide international academic programs unit of the University of California. It sponsors approximately 125 international programs at host universities in 31 foreign countries. Programs are established under institutional agreements approved by the UC Regents and administered by EAP. The location of EAP's Systemwide administrative office in Santa Barbara does not mean its students are considered UCSB students. Similarly, as an Office of the President unit EAP operates under the UCB EIN, but this does not mean that EAP students are considered UCB students.

EAP academic programs are open to students from all UC campuses (subject to meeting the respective admission criteria). EAP is the "home campus" of its students during their participation in international academic programs sponsored by EAP at host universities abroad. Students return to their campus of origin after completion of the academic program in EAP. The EAP Systemwide office is the "office of record" for financial transactions (fee assessment and collection, financial aid payments, etc.) and registration data for students during their international program abroad. EAP students formally register in (at) EAP upon admission to program applied; they receive official UC academic credit from EAP for courses taken abroad; they pay program fees to EAP and their financial aid is distributed by EAP. The EAP records reflect for each participant the amount of UC and Program specific fees assessed to the student, related payments, and the amount of financial aid actually received by the student. While the student is abroad in EAP, campuses do not assess fees to these students but campuses do maintain a record of the student, to facilitate the post-EAP registration process for the student. EAP students do not have to apply for re-admission to UC upon returning from their program abroad.

For purposes of TRA reporting, EAP will forward all required information for its students to the vendor.

2. General Information About the Campuses

In addition to EAP, the Agreement encompasses the provision of services to the nine (9) campuses of the University, which includes the main campus, summer session, University Extension, and at some campuses, professional school continuing education programs, e.g., School of Medicine. The University estimates that the unduplicated count of students at each campus, when totaled on a systemwide basis, is approximately 400,000.

Each of the nine (9) campuses has its own employer identification number (EIN); thus each campus should be treated as a separate eligible educational institution for TRA reporting purposes. In other words, the main campus, summer session, University Extension, and any professional school continuing education programs at a given campus all share the same EIN.

Except as otherwise noted, each campus is considered a different entity for purposes of the Family Educational Rights and Privacy Act, and that distinction needs to be preserved in terms of the records campus staff can access.

Each campus also has its own unique Office of Postsecondary Education identification number, issued by the U. S. Department of Education, although most University Extensions do not participate in the student financial assistance programs under Title IV of the Higher Education Act.

Eight of the nine main campuses are general campuses, which offer courses to undergraduate and graduate/professional students; the campus in San Francisco is a health professions campus, serving primarily graduate and professional students. University Extension is the primary continuing education division of the University, offering an array of programs, leading to certificate. Although a few University Extensions offer special programs to high school students and to entering Freshmen, the vast majority of University Extension are adults, i.e., not dependents of someone else for tax purposes, and are not pursuing degree programs. Many University Extensions offer "English as a Second Language" classes, which are attended primarily by foreign students. For a few University Extensions, the enrollment of foreign students is significant, representing as much as 20 percent of their respective enrollment. The various professional school continuing education programs offer courses to practicing professionals, e.g., medical doctors, dentists, etc. It is unlikely that these students are dependents for tax purposes or are enrolled in other campus programs, e.g., main campus, Extension, and summer session, during the same tax year.

University Extensions maintain separate systems from those of the main campus, summer session, and professional school continuing education programs. The professional school continuing education programs also are each maintained on separate systems; for campuses that offer more than one such continuing education program, the systems that maintain these programs are not centralized at the campus level.

University Extensions at UCR, UCSB, and UCSC have certain administrative and system support services provided to them through a consortium; the Consortium office is located at UCSB University Extension. Each of the three campuses, however, also has its own local administrative office.

Eight of the nine campuses, including their respective University Extensions, are on a quarter system; however, some have schools, e.g., School of Medicine, that may be on a semester system. UCB is on a semester system, including its University Extension. All University Extensions recognize either a quarter or semester term, but many of their courses do not run the length of the term, e.g., some are one-day courses, or have other unique course formats. The professional school continuing education programs also typically offer one to two-day courses or have other unique course formats that do not extend the length of a quarter or semester term.

A given student may attend the main campus, summer session, and University Extension at the same campus, either concurrently and/or at different times during the same tax year. At UCB and at UCLA, special programs are offered to entering Freshmen, whereby the students enroll in courses through University Extension during the Fall, and enter the main campus program, beginning in the next term (Spring semester or Winter quarter). A given student also may attend more than one campus during the same tax year. For example, a student may graduate in June as an undergraduate at UCSC and then attend graduate school at UCSD in the Fall of that same year, or a student may attend UCR during the normal academic year but attend summer session at UCD. In both examples, the information applicable to the student's enrollment at each campus would be reported to the IRS under the respective campus's EIN.

The campuses will have responsibility for generating and submitting input files to the vendor and for defining the data they report. An effort will be made to standardize some of the definitions, but campuses will retain ultimate responsibility for deciding how to interpret the data definitions. Each campus will be responsible for the integrity of the input file data it submits to the vendor and for compliance with agreed upon data submission procedures.

Campuses also will be responsible for handling or resolving specific student situations that involve issues the vendor cannot effectively address.

3. Overview of the Process

In general and based on the University's current understanding and interpretation of the TRA reporting requirements, the University envisions the following:

One of the TRA requirements is that an eligible educational institution must issue to students and taxpayers, who claim the students as dependents for tax purposes, a 1098-T Supplemental Notice. The eligible educational institution also must issue to the IRS an IRS Form 1098-T. Among the information on the IRS Form 1098-T is the aggregate amount of payments for qualified tuition and related expenses received with respect to the student during the calendar year and the aggregate amount of reimbursements or refunds (or similar amounts) paid to the student during the calendar year. For the 1998 tax year, however, eligible educational institutions are not required to report to the IRS any financial or taxpayer information.

Despite the reporting “relief” for the 1998 tax year, the University plans to provide students with both summarized and detailed financial information, as a supplement to the required 1098-T information. The University believes that, by anticipating the information needs of its students and their families, the number of phone inquiries otherwise expected from them will be greatly reduced.

In addition, the University plans to solicit from students, as soon as practicable, the information about the taxpayer(s) who will be claiming the student as a dependent for tax purposes and to obtain the student’s permission to release personally identifiable information to such individual(s). Although eligible educational institutions are not required for the 1998 tax year to collect or report taxpayer information, the University anticipates a significant volume of calls from taxpayers who will be claiming students as dependents. In order to be responsive to requests for information from such individuals, yet protect the student’s right to privacy under the Family Educational Rights and Privacy Act, the University believes it would be prudent to collect the taxpayer information, along with the student’s disclosure authorization. Students will be directed by the campuses to provide taxpayer information, along with a disclosure authorization, to the vendor. The student will provide the information either by completing a paper form that will be sent to the vendor’s address for processing by the vendor, or by directly entering the information into the vendor’s system via an on-line procedure at the vendor’s Web site. The vendor will be responsible for maintaining the taxpayer information as well as for authenticating the student’s and the taxpayer’s identities to guard against unauthorized disclosure. Once obtained, the vendor is to “re-use” the taxpayer information from year to year so as not to require the student to re-enter the information each year.

Although the vendor will have both financial and taxpayer information, the vendor is not to report such information to the IRS until such time as the University is required to do so.

The vendor will be responsible for generating and mailing the1098-T Supplemental Notice to students and taxpayers and for filing, on behalf of each campus, the IRS Form 1098-T. The vendor also will be responsible for handling all the public inquiries and requests for copies of the 1098-T information, as well as managing—in a coordinated manner with the campuses-- the post-1098-T submission issues, such as rejected Social Security Numbers and filing amended claims.

The data management concepts described in this RFP are intended to provide bidders with information on the way certain input data should be treated as well as logical rules for processing files from the campuses; however, as indicated elsewhere in this RFP, many of the specific details have yet to be determined.

In general, a process will need to be established whereby the vendor can receive demographic information on students periodically throughout the tax year from the campuses. Campuses, at their discretion, may report their demographic populations incrementally over time, i.e., term-by-term reporting, or send full population files on each submission. These periodic submissions of demographic information are necessary in order to establish the student's record with the vendor as early as possible in the tax year to facilitate the collection of taxpayer information. In addition, students will have a means by which to update their own address information as well as previously provided taxpayer information. Taxpayers, too, will be able to access and update the information the vendor has about them.

On an annual basis, campuses will provide the vendor information on students' financial records of fee payments and financial support for the tax year. Such files are expected to be extremely large and are expected to be submitted to the vendor on or before the 8th business day of January for the prior tax year.

For each campus, data will likely be provided from multiple campus sources, such as the main campus, Summer Session, University Extension, and professional school continuing education programs. EAP will be identified as a separate data source for UCB. Depending upon the final details of the input process, it is possible that multiple offices within a given campus source may submit input files to the vendor, e.g., for the main campus, separate input files for the same students could be submitted by both the student accounts receivable and the registrar's offices.

Processes will need to be established whereby campuses can add, delete, and update records—in both a batch and, if appropriate, on-line environments. Should information reported on a given student from a campus change, the change can be accommodated by overlaying the previously reported data with the newer information via an input file or by a still-to-be-determined on-line process. However, certain processes must be developed for certain situations so that correct information is not overwritten with incorrect information.

The vendor is expected to provide a Web site that allows access to generic TRA-related information by the general public as well as allows, via on-line procedures, differing levels of access and update capabilities to student- and taxpayer-specific information. Such access and updating would be by authorized individuals, such as currently and previously enrolled students, taxpayers to whom such access has been authorized by the students, authorized University staff, and authorized vendor staff. The interactive Web site will serve as the primary vehicle for students to provide taxpayer information to the vendor and to update TRA address information. Only selected campus staff will handle changes or corrections to student name and student Social Security Number. The vendor is expected to provide a secure Web environment for such transactions and to protect personally identifiable information from unauthorized access and disclosure.