MARYLAND
DEPARTMENT OF
BUDGET & MANAGEMENT

*MARTIN O'MALLEY*
Governor

*ANTHONY BROWN*
Lieutenant Governor

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Secretary

*DAVID C. ROMANS*
Deputy Secretary

**Q & A #4**
**to**
**Invitation for Bids (IFB)**
**STATEWIDE DEBT COLLECTION SERVICES**
**PROJECT NO. F10B9200003**

**January 21, 2009**

Ladies and Gentlemen:

The following question, which was received by e-mail for the above referenced IFB, is being answered and posted for all Bidders. The numerical sequencing begins with question #37 since questions #1 through #33 were answered in Q&A #1 on December 23, 2008; question #34 was answered in Q&A #2 on December 31, 2008 and questions #35 through #36 were answered in Q&A #3 on January 6, 2009:

37. **Question:** Section 3.2 of the IFB mentioned above sets forth a requirement that the vendor's collection procedures "…will include at least 3 monthly telephone calls and 1 monthly dunning letter with escalating consequences on debt amounts of $100 or more…" Additionally, Section 4.1 of the proposed Contract (Attachment A) mandates that "payment to the Contractor pursuant to this Contract shall not exceed $1,500,000". By our estimation and according to the volumes provided in the IFB, the cost to meet this mailing requirement alone approaches the maximum fee cap for the life of the contract. The ability to submit a low bid is made impossible by the mailing costs, while the ability to bid high enough to cover mailing costs and other expenses is made impossible by the fee cap.

    The IFB dated 11/10/2003 was far more practical with respect to these two sections. Section 2.2 of that IFB required that "[collection procedures] will include a reasonable number of telephone calls on debt amounts of $100 or more, direct mailing efforts, and skip tracing procedures when necessary". The 2003 IFB did not have a fee cap.

    With respect to the above information, would the Maryland Department of Budget and Management consider amending the current IFB and proposed contract, and extending the submission deadline to January 29, 2009? Alternatively, can you provide a clarification of the intent of this requirement or the volume of cases that would require the monthly letter and multiple calls that would resolve the apparent conflict between the total price cap and the monthly mailing requirement?

**Answer:** The main difference between the 2003 and current IFB is specificity – an equivalent level of collection effort was expected under the 2003 IFB. The State's need for an audit trail drives the specific requirements for debt collection documentation. The "not to exceed" amount is an estimate calculated on the historical successful collection efforts by the current Contractor. If the new Contractor is more successful than expected, the Contract would be modified accordingly to allow an increased cap because more revenue to the Contractor means more revenue to the State. We do not agree that the Contractor's cost will be significantly increased over the current contract; however, it is the bidder's challenge to balance what it considers to be their cost, overhead and profit margin against the dynamic forces of competition. If that means the bid amount will be altered based on the current specification and conditions, then the State has no difficulty with that outcome. The IFB Section 3.1 gives you volume information to help compute your costs. Monthly figures are not available. **The due date for bids will not be extended.**

Should you require clarification of the information provided, please contact me at (410) 260-7374 as soon as possible.

Date Issued: **January 21, 2009**

By: Andrea R. Lockett
<signed>
Procurement Officer