

Questions & Responses

RFP #OPM_BUD_05082020

- Question:** Do you anticipate extending the bid due date?
Response: We do not anticipate extending the bid date.
- Question:** What additional details are you willing to provide, if any, beyond what is stated in bid documents concerning how you will identify the winning bid?
Response: The publicly available evaluation criteria is included in the Request for Proposals.
- Question:** Was this bid posted to the nationwide free bid notification website at www.mygovwatch.com?
Response: The bid was not posted at the nationwide free bid notification website.
- Question:** Other than your own website, where was this bid posted?
Response: The RFP was posted on the OPM website and the State of Connecticut State Contracting portal. Legal notice of the RFP was published in both the Hartford Courant and the Inner-City News.
- Question:** Please let us know whether you have received this email, and when and how answers will be provided.
Response: Answers will be provided according to Paragraph D of the Inquiry Procedures in the Request for Proposals.
- Question:** Is the model itself a deliverable or is the state only looking for the contractor to deliver the reports/presentation? If the model is a deliverable, is the state seeking the source code, or an executable version of the microsimulation model created for this project?
Response: Yes, the model itself is a deliverable. This also includes reports, presentations, source code and an executable version of the model that is flexible in allowing for easy manipulation of various inputs.
- Question:** The RFP asks for analysis from 1-3 years after immediate implementation of a policy (i.e., 2021-2023). If the model itself is a deliverable, does the state need flexibility to account for effects in years beyond this window? If yes, how many years?
Response: No. The 1 to 3-year window is only if the tax policy change is phased-in over that period. Ultimately, the state is looking for a before and after analysis as a result of switching to a payroll tax which may be implemented in a single year or phased in over 1 to 3 years.
- Question:** Are we correct in assuming that the state would want estimates of a state self-employment tax that is a companion to the proposed state payroll tax, even though a self-employment tax is not mentioned in the proposed legislation?
Response: Although not mentioned in the legislation, the model should incorporate the flexibility to impose such a tax.
- Question:** Are we correct in assuming that the state is not looking for a model that will estimate impacts on state business taxes, or on federal business tax liabilities of state employers?
Response: The state is not looking for a model that will estimate micro level impacts on state business taxes. However, as part of the analysis the state is looking for macrolevel benefits/costs on businesses as a result of this

proposed policy change which would include changes in employee compensation if wages are reduced, changes in state and federal corporate tax liability, changes in Social Security and Medicare taxes, and the introduction of a new Payroll Tax. Ideally this macro level impact would also be segmented by employer type whether that is the state itself, the federal government sector, the sovereign nation sector, the non-profit sector, and the private sector.

10. **Question:** Are we correct in assuming that the state needs to understand the impacts on different types of employers in the state, but does not need a database of employers?

Response: Correct.

11. **Question:** Can the state provide any data to the contractor? We have alternative data sources and estimating methods available to us if the state cannot provide data, but if it can, any of the following would be helpful and we would appreciate responses regarding each item:

Response: See responses to 11a through 11g below.

- a) **Microdata from state personal income tax returns?** Yes. The state data will be paired with its corresponding federal data and blurred pursuant to IRS safeguard requirements.
- b) **Microdata from matching of federal returns to Connecticut residents or taxpayers?** Yes. The federal data will be paired with its corresponding state data and blurred pursuant to IRS safeguard requirements.
- c) **Microdata for Connecticut residents who do not file state personal income tax returns, but incur federal payroll tax liabilities?** No.
- d) **Employer- or establishment- level microdata for Connecticut employers?** No, but the state Department of Labor may be able to provide macro level data on Connecticut employers.
- e) **Any of the above microdata, extrapolated to represent years the state would like revenue estimates for?** No. However, the model should incorporate the ability to manipulate an overall growth factor that could inflate/deflate historical data that is provided.
- f) **To the extent that the microdata above are not available, can the state provide summary data developed from sources (e.g., numbers of returns by adjusted gross income ranges, and other summary distributional data)?** Yes
- g) **Can the state provide forecasts for targeting of these data for extrapolation purposes? (e.g., wage growth, forecasts of tax receipts, etc.)?** Not necessary for this model. As mentioned in a previous response, the state would like the ability to input and overall growth factor to inflate/deflate historical data.

12. **Question:** The RFP states that 'Any product, whether acceptable or unacceptable, developed under a contract awarded as a result of the RFP is to be the sole property of the State.' We bring human capital and existing modeling tools to the table in this proposal that are currently our property. Does this statement in the RFP mean that the state will own any data it provides plus the rights to any report? Or does it imply that the state owns more than that?

Response: All draft and final work product shall be the property of the state. All data provided to or produced by the model shall be property of the state. Any report based on the data would be property of the state. This is non-negotiable. The State understands it will not have ownership to all existing licensed modeling tools.

13. **Question:** *How will the review process between interim and final reports be structured, and which entities will be involved in approving the reports?*

Response: Review will principally occur between the vendor, OPM, and the Department of Revenue Services. In addition, OPM and DRS may consult with the legislative Office of Fiscal Analysis. OPM will have final approval.

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