

# Appendix D: Shared Processing Environment

# EBT Short Summary - Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000
PCPM	\$2.525	\$2.142	\$1.993

Food Stamp Cost Allocation Percent 80.0%

TANF Cost Allocation Percent 20.0%

Vendor Markup 20%  
Amortization Period 84

	Case 1 - Small					Case 2 - Medium					Case 3 - Large				
	Cost of Operation			Vendor Markup	Price PCPM	Cost of Operation			Vendor Markup	Price PCPM	Cost of Operation			Vendor Markup	Price PCPM
	Investment	Operations	Total			Investment	Operations	Total			Investment	Operations	Total		
<b>Central Processing - Shared Processing Environment</b>	\$107,996	\$444,603	\$552,599	\$110,520	\$ 0.663	\$118,534	\$545,121	\$663,655	\$132,731	\$ 0.398	\$128,544	\$620,683	\$749,227	\$149,845	\$ 0.300
<b>Customer Service Shared Processing Environment</b>															
Card, PINs, Training	\$3,284	\$89,185	\$92,469	\$18,494	\$ 0.111	\$6,568	\$178,370	\$184,938	\$36,988	\$ 0.111	\$9,852	\$267,555	\$277,408	\$55,482	\$ 0.111
Call Center / Help Desk	\$42,987	\$494,469	\$537,456	\$107,491	\$ 0.645	\$57,915	\$871,993	\$929,908	\$185,982	\$ 0.558	\$72,438	\$1,229,875	\$1,302,313	\$260,463	\$ 0.521
<b>Agency Systems - Shared Processing Environment</b>	\$7,618	\$78,319	\$85,936	\$17,187	\$ 0.103	\$10,261	\$149,729	\$159,990	\$31,998	\$ 0.096	\$12,904	\$221,140	\$234,044	\$46,809	\$ 0.094
<b>Retailer Services</b>															
POS Deployment & Servicing	\$122,673	\$148,990	\$271,663	\$54,333	\$ 0.326	\$245,191	\$291,426	\$536,617	\$107,323	\$ 0.322	\$367,738	\$435,038	\$802,776	\$160,555	\$ 0.321
POS Operations	\$9,977	\$483,345	\$493,322	\$98,664	\$ 0.592	\$12,713	\$941,572	\$954,285	\$190,857	\$ 0.573	\$14,904	\$1,389,524	\$1,404,429	\$280,886	\$ 0.562
Purchase Transactions	\$0	\$70,438	\$70,438	\$14,088	\$ 0.085	\$0	\$140,876	\$140,876	\$28,175	\$ 0.085	\$0	\$211,314	\$211,314	\$42,263	\$ 0.085
<b>Total</b>	<b>\$294,535</b>	<b>\$1,809,349</b>	<b>\$2,103,883</b>	<b>\$420,777</b>	<b>\$ 2.525</b>	<b>\$451,183</b>	<b>\$3,119,087</b>	<b>\$3,570,270</b>	<b>\$714,054</b>	<b>\$ 2.142</b>	<b>\$606,380</b>	<b>\$4,375,130</b>	<b>\$4,981,510</b>	<b>\$996,302</b>	<b>\$ 1.993</b>

# EBT Summary Cost Model - Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000

Food Stamp Cost Allocation Percent 80.0%  
TANF Cost Allocation Percent 20.0%

Profit markup 20%  
Amortization Period 84

	Case 1 - Small						Case 2 - Medium						Case 3 - Large					
	Investment		Monthly Operations	Est. Staff	Total Per Month	PCPM	Investment		Monthly Operations	Est. Staff	Total Per Month	PCPM	Investment		Monthly Operations	Est. Staff	Total Per Month	PCPM
	Total	Monthly					Total	Monthly					Total	Monthly				
<b>Central Processing - Shared Processing Environment</b>																		
Facilities - Primary site	\$1,240,000	\$14,762	\$83,500	5	\$98,262	\$ 0.098	\$1,240,000	\$14,762	\$83,500	5	\$98,262	\$ 0.049	\$1,240,000	\$14,762	\$83,500	5	\$98,262	\$ 0.033
Facilities - Back up site	\$256,000	\$3,048	\$22,850	2	\$25,898	\$ 0.026	\$256,000	\$3,048	\$22,850	2	\$25,898	\$ 0.013	\$256,000	\$3,048	\$22,850	2	\$25,898	\$ 0.009
Hardware (primary & backup)	\$2,350,000	\$27,976	\$22,583	-	\$50,560	\$ 0.051	\$2,725,000	\$32,440	\$25,708	-	\$58,149	\$ 0.029	\$3,100,000	\$36,905	\$28,833	-	\$65,738	\$ 0.022
Software	\$4,050,000	\$48,214	\$39,500	5	\$87,714	\$ 0.088	\$4,325,000	\$51,488	\$62,500	8	\$113,988	\$ 0.057	\$4,600,000	\$54,762	\$78,000	10	\$132,762	\$ 0.044
Operations (Primary & Backup)	\$170,000	\$2,024	\$188,788	36	\$190,812	\$ 0.191	\$190,000	\$2,262	\$242,284	45	\$244,546	\$ 0.122	\$215,000	\$2,560	\$278,530	51	\$281,090	\$ 0.094
Management & Admin.	\$0	\$0	\$49,583	9	\$49,583	\$ 0.050	\$0	\$0	\$69,583	13	\$69,583	\$ 0.035	\$0	\$0	\$89,583	17	\$89,583	\$ 0.030
Uncontrollable costs	\$1,005,657	\$11,972	\$37,799	-	\$49,771	\$ 0.050	\$1,220,851	\$14,534	\$38,695	-	\$53,229	\$ 0.027	\$1,386,665	\$16,508	\$39,386	-	\$55,894	\$ 0.019
Cost for Central Processing	\$9,071,657	\$107,996	\$444,603	57	\$552,599	\$ 0.553	\$9,956,851	\$118,534	\$545,121	73	\$663,655	\$ 0.332	\$10,797,665	\$128,544	\$620,683	85	\$749,227	\$ 0.250
Vendor Markup					\$110,520	\$ 0.111					\$132,731	\$ 0.066					\$149,845	\$ 0.050
Price					\$663,119	\$ 0.663					\$796,386	\$ 0.398					\$899,072	\$ 0.300
<b>Customer Service Shared Processing Environment</b>																		
Card, PINs, Training																		
New cards (in local office)	\$0	\$0	\$39,586	-	\$39,586	\$ 0.040	\$0	\$0	\$79,172	-	\$79,172	\$ 0.040	\$0	\$0	\$118,759	-	\$118,759	\$ 0.040
Replace Cards (by mail)	\$0	\$0	\$25,616	3.9	\$25,616	\$ 0.026	\$0	\$0	\$51,232	7.9	\$51,232	\$ 0.026	\$0	\$0	\$76,847	11.8	\$76,847	\$ 0.026
PIN Replacements (by mail)	\$0	\$0	\$2,604	0.6	\$2,604	\$ 0.003	\$0	\$0	\$5,208	1.2	\$5,208	\$ 0.003	\$0	\$0	\$7,812	1.7	\$7,812	\$ 0.003
PIN Change (local office)	\$275,862	\$3,284	\$21,379	-	\$24,663	\$ 0.025	\$551,724	\$6,568	\$42,759	-	\$49,327	\$ 0.025	\$827,586	\$9,852	\$64,138	-	\$73,990	\$ 0.025
sub total	\$275,862	\$3,284	\$89,185	4.5	\$92,469	\$ 0.092	\$551,724	\$6,568	\$178,370	9.0	\$184,938	\$ 0.092	\$827,586	\$9,852	\$267,555	13.6	\$277,408	\$ 0.092
Call Center / Help Desk																		
Facility	\$720,000	\$8,571	\$57,250	4	\$65,821	\$ 0.066	\$720,000	\$8,571	\$57,250	4	\$65,821	\$ 0.033	\$720,000	\$8,571	\$57,250	4	\$65,821	\$ 0.022
Hardware	\$2,270,575	\$27,031	\$17,838	-	\$44,869	\$ 0.045	\$3,321,149	\$39,537	\$26,551	-	\$66,089	\$ 0.033	\$4,371,724	\$52,044	\$35,264	-	\$87,309	\$ 0.029
Software	\$185,000	\$2,202	\$8,167	1	\$10,369	\$ 0.010	\$215,000	\$2,560	\$15,333	2	\$17,893	\$ 0.009	\$240,000	\$2,857	\$15,583	2	\$18,440	\$ 0.006
Call Center associates	\$63,531	\$756	\$107,411	68	\$108,168	\$ 0.108	\$127,062	\$1,513	\$211,323	136	\$212,836	\$ 0.106	\$190,593	\$2,269	\$313,234	203	\$315,503	\$ 0.105
Communications	\$20,000	\$238	\$244,755	2	\$244,993	\$ 0.245	\$20,000	\$238	\$474,259	3	\$474,497	\$ 0.237	\$20,000	\$238	\$697,764	3	\$698,002	\$ 0.233
Management & Administration	\$0	\$0	\$43,083	8	\$43,083	\$ 0.043	\$0	\$0	\$65,167	12	\$65,167	\$ 0.033	\$0	\$0	\$82,667	16	\$82,667	\$ 0.028
Uncontrollable costs	\$351,785	\$4,188	\$15,965	-	\$20,153	\$ 0.020	\$461,689	\$5,496	\$22,109	-	\$27,606	\$ 0.014	\$542,475	\$6,458	\$28,112	-	\$34,570	\$ 0.012
sub total	\$3,610,891	\$42,987	\$494,469	83	\$537,456	\$ 0.537	\$4,864,901	\$57,915	\$871,993	157	\$929,908	\$ 0.465	\$6,084,791	\$72,438	\$1,229,875	228	\$1,302,313	\$ 0.434
Cost for Customer Service	\$3,886,753	\$46,271	\$583,654	87	\$629,925	\$ 0.630	\$5,416,625	\$64,484	\$1,050,363	166	\$1,114,847	\$ 0.557	\$6,912,378	\$82,290	\$1,497,430	242	\$1,579,720	\$ 0.527
Vendor Markup					\$125,985	\$ 0.126					\$222,969	\$ 0.111					\$315,944	\$ 0.105
Price					\$755,910	\$ 0.756					\$1,337,816	\$ 0.669					\$1,895,664	\$ 0.632
<b>Agency Systems - Shared Processing Environment</b>																		
Software	\$450,000	\$5,357	\$3,750	0.5	\$9,107	\$ 0.009	\$500,000	\$5,952	\$7,500	1.0	\$13,452	\$ 0.007	\$550,000	\$6,548	\$11,250	1.5	\$17,798	\$ 0.006
Operations	\$0	\$0	\$65,006	2.0	\$65,006	\$ 0.065	\$0	\$0	\$124,845	3.0	\$124,845	\$ 0.062	\$0	\$0	\$184,684	4.0	\$184,684	\$ 0.062
Training	\$137,931	\$1,642	\$6,897	0.5	\$8,539	\$ 0.009	\$275,862	\$3,284	\$13,793	0.5	\$17,077	\$ 0.009	\$413,793	\$4,926	\$20,690	0.5	\$25,616	\$ 0.009
Uncontrollable costs	\$51,958	\$619	\$2,666	-	\$3,285	\$ 0.003	\$86,059	\$1,025	\$3,591	-	\$4,616	\$ 0.002	\$120,160	\$1,430	\$4,516	-	\$5,947	\$ 0.002
Cost for Agency Systems	\$639,889	\$7,618	\$78,319	3.0	\$85,936	\$ 0.086	\$861,921	\$10,261	\$149,729	4.5	\$159,990	\$ 0.080	\$1,083,953	\$12,904	\$221,140	6.0	\$234,044	\$ 0.078
Vendor Markup					\$17,187	\$ 0.017					\$31,998	\$ 0.016					\$46,809	\$ 0.016
Price					\$103,123	\$ 0.103					\$191,988	\$ 0.096					\$280,853	\$ 0.094

# EBT Summary Cost Model - Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000

Food Stamp Cost Allocation Percent 80.0%  
TANF Cost Allocation Percent 20.0%

Profit markup 20%  
Amortization Period 84

	Case 1 - Small						Case 2 - Medium						Case 3 - Large					
	Investment		Monthly Operations	Est. Staff	Total Per Month	PCPM	Investment		Monthly Operations	Est. Staff	Total Per Month	PCPM	Investment		Monthly Operations	Est. Staff	Total Per Month	PCPM
	Total	Monthly					Total	Monthly					Total	Monthly				
<b>Retailer Services</b>																		
POS Deployment & Servicing																		
Initial Deployment	\$9,140,483	\$108,815	\$0	-	\$108,815	\$ 0.109	\$18,280,966	\$217,631	\$0	-	\$217,631	\$ 0.109	\$27,421,448	\$326,446	\$0	-	\$326,446	\$ 0.109
Maintenance & Servicing	\$717,241	\$8,539	\$106,054	25	\$114,593	\$ 0.115	\$1,434,483	\$17,077	\$205,609	49	\$222,686	\$ 0.111	\$2,151,724	\$25,616	\$306,330	73	\$331,946	\$ 0.111
Uncontrollable costs	\$446,817	\$5,319	\$42,936	-	\$48,255	\$ 0.048	\$880,633	\$10,484	\$85,817	-	\$96,301	\$ 0.048	\$1,316,783	\$15,676	\$128,708	\$0	\$144,384	\$ 0.048
sub total	\$10,304,541	\$122,673	\$148,990	25	\$271,663	\$ 0.272	\$20,596,082	\$245,191	\$291,426	49	\$536,617	\$ 0.268	\$30,889,956	\$367,738	\$435,038	73	\$802,776	\$ 0.268
POS Operations																		
Facility	\$0	\$0	\$0	-	\$0	\$ -	\$0	\$0	\$0	-	\$0	\$ -	\$0	\$0	\$0	-	\$0	\$ -
Software	\$520,000	\$6,190	\$8,000	-	\$14,190	\$ 0.014	\$520,000	\$6,190	\$16,000	-	\$22,190	\$ 0.011	\$520,000	\$6,190	\$16,000	-	\$22,190	\$ 0.007
Communications	\$40,000	\$476	\$367,367	-	\$367,843	\$ 0.368	\$50,000	\$595	\$734,734	-	\$735,329	\$ 0.368	\$60,000	\$714	\$1,102,100	-	\$1,102,815	\$ 0.368
Operations	\$0	\$0	\$58,417	2	\$58,417	\$ 0.058	\$0	\$0	\$103,583	3	\$103,583	\$ 0.052	\$0	\$0	\$148,750	4	\$148,750	\$ 0.050
Contract Management	\$0	\$0	\$13,667	4	\$13,667	\$ 0.014	\$0	\$0	\$19,500	6	\$19,500	\$ 0.010	\$0	\$0	\$25,333	8	\$25,333	\$ 0.008
Management & Admin.	\$0	\$0	\$8,333	2	\$8,333	\$ 0.008	\$0	\$0	\$16,667	4	\$16,667	\$ 0.008	\$0	\$0	\$22,917	5	\$22,917	\$ 0.008
Call Center / Help desk	\$75,000	\$893	\$24,069	9	\$24,962	\$ 0.025	\$150,000	\$1,786	\$46,638	17	\$48,424	\$ 0.024	\$200,000	\$2,381	\$69,208	26	\$71,589	\$ 0.024
Uncontrollable costs	\$203,085	\$2,418	\$3,492	-	\$5,910	\$ 0.006	\$347,909	\$4,142	\$4,450	-	\$8,591	\$ 0.004	\$471,970	\$5,619	\$5,217	-	\$10,835	\$ 0.004
sub total	\$838,085	\$9,977	\$483,345	17	\$493,322	\$ 0.493	\$1,067,909	\$12,713	\$941,572	30	\$954,285	\$ 0.477	\$1,251,970	\$14,904	\$1,389,524	43	\$1,404,429	\$ 0.468
Purchase Transactions	\$0	\$0	\$70,438	-	\$70,438	\$ 0.070	\$0	\$0	\$140,876	-	\$140,876	\$ 0.070	\$0	\$0	\$211,314	-	\$211,314	\$ 0.070
Cost for Retailer Services	\$11,142,626	\$132,650	\$702,773	41	\$835,423	\$ 0.835	\$21,663,990	\$257,905	\$1,373,873	79	\$1,631,778	\$ 0.816	\$32,141,926	\$382,642	\$2,035,877	115	\$2,418,519	\$ 0.806
Vendor Markup					\$167,085	\$ 0.167					\$326,356	\$ 0.163					\$483,704	\$ 0.161
Price					\$1,002,508	\$ 1.003					\$1,958,134	\$ 0.979					\$2,902,222	\$ 0.967
<b>Total Costs</b>																		
Cost for Services	\$24,740,925	\$294,535	\$1,809,349	189	\$2,103,883	\$ 2.104	\$37,899,388	\$451,183	\$3,119,087	322	\$3,570,270	\$ 1.785	\$50,935,922	\$606,380	\$4,375,130	448	\$4,981,510	\$ 1.661
Vendor Markup					\$420,777	\$ 0.421					\$714,054	\$ 0.357					\$996,302	\$ 0.332
Price					\$2,524,660	\$ 2.525					\$4,284,324	\$ 2.142					\$5,977,812	\$ 1.993

## Central Processing - Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000

Amortization Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
Facilities - Primary site													A primary site for EBT central processing and administration. For this model, the site will be shared with multiple state EBT projects.
Monthly lease			\$17,500				\$17,500				\$17,500		Estimate 15,000 s.f. required at \$14 per foot per year. This is the same for all three estimates.
Build out	\$1,000,000	\$11,905			\$1,000,000	\$11,905			\$1,000,000	\$11,905			Estimate to set up building as data center with raised floor, air conditioning and other lease hold improvements.
Phone & utilities			\$25,000				\$25,000				\$25,000		Estimated utilities and administrative phone costs.
Maintenance			\$13,500				\$13,500				\$13,500		Estimated building maintenance cost of \$.90 per s.f. per month
Equip. & furnishing	\$240,000	\$2,857			\$240,000	\$2,857			\$240,000	\$2,857			Estimate need for 30 offices or cubes at \$8,000 each.
Personnel			\$12,500	5			\$12,500	5			\$12,500	5	1 day time maintenance and four security for 24 hour coverage
Supplies & equip.			\$10,000				\$10,000				\$10,000		Estimate for supplies and equipment to operate data center and administrative site.
Miscellaneous			\$5,000				\$5,000				\$5,000		Estimated miscellaneous on-going building operating costs.
Total	\$1,240,000	\$14,762	\$83,500	5	\$1,240,000	\$14,762	\$83,500	5	\$1,240,000	\$14,762	\$83,500	5	
Facilities - Back up site													Assume that a remote processing backup site will be established similar to what is currently provided to support EBT.
Monthly lease			\$4,667				\$4,667				\$4,667		Estimate 4,000 s.f. required at \$14 per s.f. per year.
Build out	\$200,000	\$2,381			\$200,000	\$2,381			\$200,000	\$2,381			Estimated cost to improve site for use as a data center.
Phone & utilities			\$6,000				\$6,000				\$6,000		Estimated utilities and administrative phone
Maintenance			\$3,600				\$3,600				\$3,600		Estimated building maintenance cost of \$.90 per s.f. per month
Equip. & furnishing	\$56,000	\$667			\$56,000	\$667			\$56,000	\$667			Estimate 7 offices at \$8,000 each.
Personnel			\$3,750	2			\$3,750	2			\$3,750	2	1 day time maintenance and 1 day time security.
Supplies & equip.			\$3,333				\$3,333				\$3,333		Estimate for supplies and equipment to operate data center.
Miscellaneous			\$1,500				\$1,500				\$1,500		Estimated miscellaneous on-going building operating costs.
Total	\$256,000	\$3,048	\$22,850	2	\$256,000	\$3,048	\$22,850	2	\$256,000	\$3,048	\$22,850	2	

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Amortization Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
Hardware (primary & backup)													Hardware and central processing equipment necessary to support multiple EBT projects. Based on Tri Plex environment but with multiple projects co-existing on the same hardware. Many different configurations are possible.
Processors	\$1,000,000	\$11,905			\$1,250,000	\$14,881			\$1,500,000	\$17,857			Central computers, disk storage, peripherals for primary and remote back up processing.
Communications	\$300,000	\$3,571			\$325,000	\$3,869			\$350,000	\$4,167			Communications equipment necessary to acquire EBT transactions, support all interchange partners, interconnect with backup site and with call center.
LAN / WAN	\$250,000	\$2,976			\$275,000	\$3,274			\$300,000	\$3,571			Equipment necessary to redundantly interconnect all processing components.
Miscellaneous	\$500,000	\$5,952			\$525,000	\$6,250			\$550,000	\$6,548			Miscellaneous equipment needed to build fully functional primary and backup data centers
Install, set up	\$150,000	\$1,786			\$150,000	\$1,786			\$150,000	\$1,786			Estimate of costs to install test and make ready for production.
licenses	\$150,000	\$1,786	\$3,000		\$200,000	\$2,381	\$3,000		\$250,000	\$2,976	\$3,000		Estimate of software licensing fees for purchased products such as an operating system and a data base manager.
maintenance			\$19,583				\$22,708				\$25,833		Estimated 10% of base equipment cost per year for hardware maintenance and support.
Total	\$2,350,000	\$27,976	\$22,583	0	\$2,725,000	\$32,440	\$25,708	0	\$3,100,000	\$36,905	\$28,833	0	

## Central Processing - Shared Processing Environment

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Amortization Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment		Monthly Operations	Est. Staff	Investment		Monthly Operations	Est. Staff	Investment		Monthly Operations	Est. Staff	
	Total	Monthly			Total	Monthly			Total	Monthly			
Software													Assume that software for EBT will either be built or purchased and modified to serve the specific needs of EBT processing.
Initial development													All estimates for initial development are based on specific experience in development of EBT processing systems. Assumes that some customization will be needed for each additional project.
Acc't mgmt	\$1,700,000	\$20,238			\$1,800,000	\$21,429			\$1,900,000	\$22,619			
Settlement	\$800,000	\$9,524			\$850,000	\$10,119			\$900,000	\$10,714			
Administrative	\$0	\$0			\$0	\$0			\$0	\$0			
POS acquiring	\$0	\$0			\$0	\$0			\$0	\$0			
Mgmt & report	\$600,000	\$7,143			\$650,000	\$7,738			\$700,000	\$8,333			
Warehouse	\$400,000	\$4,762			\$425,000	\$5,060			\$450,000	\$5,357			
Conversion	\$400,000	\$4,762			\$425,000	\$5,060			\$450,000	\$5,357			Assume that a conversion from existing software to new system will be required.
Maint. Prog.			\$22,500	3			\$30,000	4			\$37,500	5	Maintenance programmers to support the system 7x24. Estimate \$90,000 per year each, including benefits.
DBA / prog.			\$7,500	1			\$15,000	2			\$15,000	2	Data Base Administrator (DBA) to manage EBT databases. \$90,000 per year including benefits.
Equip. & supplies	\$150,000	\$1,786	\$2,000		\$175,000	\$2,083	\$2,500		\$200,000	\$2,381	\$3,000		Estimate of equipment and supplies to sustain programming staff.
QA / prog.			\$7,500	1			\$15,000	2			\$22,500	3	Quality assurance programmer to validate system integrity for multiple systems, help trouble shoot problems and provide general system support. \$90,000 per year including benefits.
Total	\$4,050,000	\$48,214	\$39,500	5	\$4,325,000	\$51,488	\$62,500	8	\$4,600,000	\$54,762	\$78,000	10	

## Central Processing - Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000

Amortization Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly Monthly	Monthly Operations	Est. Staff	
Operations (Primary & Backup)													On-going systems operations necessary to support the system 7x24.
Computer Operations													Expenses necessary to support daily computer operations.
Sys. Programmer			\$7,500	1			\$15,000	2			\$22,500	3	Systems programmer to manage multiple system environments. \$90,000 per year including benefits.
Operators			\$75,000	24			\$84,375	27			\$93,750	30	Computer operators and shift supervisors. Three shifts per day, 7 days per week at primary and backup site. \$37,500 each, including benefits.
Mgmt			\$7,500	1			\$15,000	2			\$15,000	2	Operations management. \$90,000 per year including benefits.
Training	\$125,000	\$1,488	\$3,500		\$140,000	\$1,667	\$3,500		\$160,000	\$1,905	\$3,750		Estimate for operator training prior to start up and on-going process improvement.
supplies & equip			\$7,500				\$8,500				\$9,500		Estimate for on-going supplies and equipment necessary to sustain continuing computer operations.
Communications													On-going expenses for 7x24 support for the telecommunications infrastructure necessary for EBT.
Comm. Techs			\$15,000	3			\$20,000	4			\$20,000	4	Communication support technicians. \$60,000 each including benefits.
Mgmt			\$6,667	1			\$6,667	1			\$6,667	1	Communications management. \$80,000 per year including benefits.
Training	\$20,000	\$238	\$1,500		\$20,000	\$238	\$1,500		\$20,000	\$238	\$1,500		Estimate for training prior to start up and on-going process improvement.
Leased lines			\$32,500				\$37,500				\$42,500		Leased lines necessary to interconnect primary data center, backup data center, and call center agency data centers. Multiple T1 lines at \$2500 per month.
Third party certifications			\$5,000	1			\$10,000	2			\$10,000	2	Technician to provide support and certification services for third party processors. \$60,000 per year including benefits.
Recon & Settlement													Expenses necessary to support daily settlement, system balancing, adjustment processing, and voucher reconciliation.
Staff			\$20,833	5			\$29,167	7			\$37,500	9	Settlement technicians at \$50,000 each per year, including benefits.
Bad debt			\$1,000				\$1,500				\$2,000		Estimate for write off of bad transactions. Based on Texas experience.
CCDMI			\$3,788				\$7,576				\$11,364		Coupon Conversion at 4.25 each average of 645 per month.
Training	\$25,000	\$298	\$1,500		\$30,000	\$357	\$2,000		\$35,000	\$417	\$2,500		Estimate for training prior to start up and on-going process improvement.
Total	\$170,000	\$2,024	\$188,788	36	\$190,000	\$2,262	\$242,284	45	\$215,000	\$2,560	\$278,530	51	



## Central Processing - Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000

Amortization Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment		Monthly Operations	Est. Staff	Investment		Monthly Operations	Est. Staff	Investment		Monthly Operations	Est. Staff	
	Total	Monthly			Total	Monthly			Total	Monthly			
Management & Admin.													Management team for EBT program management.
Project Mgmt			\$13,333	2			\$26,667	4			\$40,000	6	EBT project manager and assistant manager shared across multiple EBT projects. \$80,000 average including benefits.
Acc't & finance			\$13,750	3			\$18,333	4			\$22,917	5	Accounting manager and staff. \$55,000 average including benefits.
HR			\$6,250	1			\$6,250	1			\$6,250	1	Human resource person at \$75,000 including benefits.
Admin. support			\$6,250	3			\$8,333	4			\$10,417	5	Administrative support staff. \$25,000 each.
Miscellaneous			\$5,000				\$5,000				\$5,000		Estimate for miscellaneous office expenses.
Travel			\$5,000				\$5,000				\$5,000		Estimate for necessary travel.
Total			\$49,583	9			\$69,583	13			\$89,583	17	
Uncontrollable costs													
Start up costs	\$1,005,657	\$11,972			\$1,220,851	\$14,534			\$1,386,665	\$16,508			Costs incurred prior to start of live operations. Assumes that on-gong operations costs above are incurred for two months prior to live operations.
Taxes & insurance			\$7,560				\$7,739				\$7,877		Estimated at 1% per year of total investment amount.
Cost of capital			\$30,239				\$30,956				\$31,509		Estimate using straight line depreciation for amortization period. 8% cost of money assumed.
Total	\$1,005,657	\$11,972	\$37,799	0	\$1,220,851	\$14,534	\$38,695	0	\$1,386,665	\$16,508	\$39,386	0	
Total Central System	\$9,071,657	\$107,996	\$444,603	57	\$9,286,851	\$118,534	\$545,121	73	\$9,452,665	\$128,544	\$620,683	85	

## Customer Service Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000

Current Texas Case Load 725,000

Amortization Period

84

### Case Load Assumptions

	Per Case	
New cards Issued per month	26,500	0.037
Cards replaced per month	15,000	0.021
PINs replaced per month	2,200	0.003
Associate call minutes / mo.	162,120	0.224
ARU call minutes per month.	1,843	2.542
Percent automated client calls	96%	
Call minutes per card holder per mo.	1.2	
Agency Offices	500	0.00069

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Operations	Est. Staff	Investment Total	Monthly	Operations	Est. Staff	Investment Total	Monthly	Operations	Est. Staff	
<b>CARD, PINS, TRAINING</b>													
New cards (in local office)													Cards for new clients are issued in local office. Training materials are distributed and explains at this time.
Cards			\$9,138				\$18,276				\$27,414		Cards and associated materials are \$.25 each.
Training Materials			\$12,793				\$25,586				\$38,379		Client training materials run about \$.35 each.
PINs			\$7,310				\$14,621				\$21,931		PINs run about \$.20 each.
Staff (Agency)			\$0				\$0				\$0		Agency Staff costs are captured in the State costs allocation model and are not a part of the vendor costs.
Distribution costs			\$10,345				\$20,690				\$31,034		Assume a monthly inventory shipment to each office at \$15.
Sub total			\$39,586	0			\$79,172	0			\$118,759	0	
Replace Cards (by mail)													
Cards & materials			\$8,276				\$16,552				\$24,828		Materials including card, mailer, are about \$.40.
Postage			\$12,414				\$24,828				\$37,241		Postage and associated materials are \$.60
Staff (vendor)			\$4,926	3.9			\$9,852	7.9			\$14,778	11.8	Estimate mail clerk can handle 250 cards per day. \$15,000 each per year including benefits.
Sub total			\$25,616	3.9			\$51,232	7.9			\$76,847	11.8	
PIN Replacements (by mail)													
PINs & materials			\$910				\$1,821				\$2,731		PIN mailers and materials are about \$.30
Postage			\$971				\$1,942				\$2,913		Postage is \$.32
Staff (vendor)			\$722	0.6			\$1,445	1.2			\$2,167	1.7	Estimate mail clerk can handle 250 PINS per day. \$15,000 each per year including benefits.
Sub total			\$2,604	0.6			\$5,208	1.2			\$7,812	1.7	
PIN Change (local office)													Current environment has POS device and PIN pad in each office with a supporting phone line.
Equipment & install	\$275,862	\$3,284			\$551,724	\$6,568			\$827,586	\$9,852			Device and installation about \$400
Phone line			\$21,379				\$42,759				\$64,138		\$31 per phone line
Sub total	\$275,862	\$3,284	\$21,379	0	\$551,724	\$6,568	\$42,759	0	\$827,586	\$9,852	\$64,138	0	
<b>Total for Cards &amp; PINs</b>	<b>\$275,862</b>	<b>\$3,284</b>	<b>\$89,185</b>	<b>4.5</b>	<b>\$551,724</b>	<b>\$6,568</b>	<b>\$178,370</b>	<b>9.0</b>	<b>\$827,586</b>	<b>\$9,852</b>	<b>\$267,555</b>	<b>13.6</b>	

### Customer Service Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
<b>Total Cases</b>	<b>1,000,000</b>	<b>2,000,000</b>	<b>3,000,000</b>
Approximate Card Holders	840,000	1,680,000	2,520,000

Current Texas Case Load 725,000

Amortization Period 84

Case Load Assumptions	Per Case	
New cards Issued per month	26,500	0.037
Cards replaced per month	15,000	0.021
PINs replaced per month	2,200	0.003
Associate call minutes / mo.	162,120	0.224
ARU call minutes per month.	1,843	2.542
Percent automated client calls	96%	
Call minutes per card holder per mo.	1.2	
Agency Offices	500	0.00069

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Operations	Est. Staff	Investment Total	Monthly	Operations	Est. Staff	Investment Total	Monthly	Operations	Est. Staff	
<b>CALL CENTER / HELP DESK</b>													
Facility													Assume that a facility will be acquired for Texas EBT call center.
Monthly lease			\$17,500				\$17,500				\$17,500		Estimate 15,000 s.f. at \$14 per s.f.
Build out	\$600,000	\$7,143			\$600,000	\$7,143			\$600,000	\$7,143			Estimate of leasehold improvements to set up building for call center.
Phone & utilities			\$10,000				\$10,000				\$10,000		Estimated utilities and administrative phone
Maintenance			\$13,500				\$13,500				\$13,500		Maintenance estimated at \$.90 per s.f. per mo.
Equip. & furnishing	\$120,000	\$1,429			\$120,000	\$1,429			\$120,000	\$1,429			Estimated 15 offices & cubes at \$8,000 each
Personnel			\$5,000	4			\$5,000	4			\$5,000	4	2 maintenance and 2 security
Supplies & equip.			\$6,250				\$6,250				\$6,250		Estimate of monthly office and building supplies
Miscellaneous			\$5,000				\$5,000				\$5,000		Estimate of miscellaneous building costs
Sub total	\$720,000	\$8,571	\$57,250	4	\$720,000	\$8,571	\$57,250	4	\$720,000	\$8,571	\$57,250	4	
Hardware													
Processors	\$60,000	\$714			\$75,000	\$893			\$90,000	\$1,071			Server for call center management systems
Communications	\$400,000	\$4,762			\$500,000	\$5,952			\$600,000	\$7,143			Estimate for call switching system with ACD capabilities, communications gear for interchange with data centers, and necessary ports for connectivity with phone company.
ARU	\$1,000,000	\$11,905			\$1,500,000	\$17,857			\$2,000,000	\$23,810			Estimate for automated answering equipment with excess capacity and redundancy.
Operator seats	\$310,575	\$3,697			\$621,149	\$7,395			\$931,724	\$11,092			Estimate 1% of calls during peak hour and operator efficiency of 60%. Operator seats at \$5,000 per station.
LAN / WAN	\$50,000	\$595			\$60,000	\$714			\$70,000	\$833			LAN environment to interconnect with primary and backup data centers.
Miscellaneous	\$200,000	\$2,381			\$250,000	\$2,976			\$300,000	\$3,571			Estimate for miscellaneous call center equipment.
Install, set up	\$200,000	\$2,381			\$250,000	\$2,976			\$300,000	\$3,571			Estimate to install and test all equipment prior to going live.
Licenses	\$50,000	\$595	\$1,000		\$65,000	\$774	\$1,500		\$80,000	\$952	\$2,000		Estimate for work station and server licenses.
Maintenance			\$16,838				\$25,051				\$33,264		Estimate for maintenance on hardware components. 1% per year of hardware investment.
Sub Total	\$2,270,575	\$27,031	\$17,838	0	\$3,321,149	\$39,537	\$26,551	0	\$4,371,724	\$52,044	\$35,264	0	

## Customer Service Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
<b>Total Cases</b>	<b>1,000,000</b>	<b>2,000,000</b>	<b>3,000,000</b>
Approximate Card Holders	840,000	1,680,000	2,520,000

Current Texas Case Load 725,000

Amortization Period 84

Case Load Assumptions	Per Case	
New cards Issued per month	26,500	0.037
Cards replaced per month	15,000	0.021
PINs replaced per month	2,200	0.003
Associate call minutes / mo.	162,120	0.224
ARU call minutes per month.	1,843	2.542
Percent automated client calls	96%	
Call minutes per card holder per mo.	1.2	
Agency Offices	500	0.00069

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
Software													
Initial development													Assumes that software is built or purchased and customized to meet needs of EBT.
Scripts	\$60,000	\$714			\$80,000	\$952			\$100,000	\$1,190			Multiple projects with each needing some customization.
Management	\$100,000	\$1,190			\$100,000	\$1,190			\$100,000	\$1,190			
Maint. Prog. (2 FTEs)			\$6,667	1			\$13,333	2			\$13,333	2	Maintenance programmers to support 7x24 operation. \$80,000 per year including benefits.
Equip. & supplies	\$25,000	\$298	\$1,500		\$35,000	\$417	\$2,000		\$40,000	\$476	\$2,250		Estimate to support software operations.
Sub total	\$185,000	\$2,202	\$8,167	1	\$215,000	\$2,560	\$15,333	2	\$240,000	\$2,857	\$15,583	2	
Call Center associates													
Staff			\$84,702	64			\$169,404	127			\$254,107	191	Estimate based on 40% operator efficiency, 1,760 working hours per year, actual number of call minutes and a cost of \$16,000 per operator including benefits.
Supervisors			\$12,352	4			\$24,705	8			\$37,057	13	Supervisors (to cover all shifts in 7x24 process) at \$35,000 including benefits. Estimated at 1 supervisor for every 15 associates.
Training	\$63,531	\$756	\$6,357		\$127,062	\$1,513	\$12,714		\$190,593	\$2,269	\$19,071		Estimate for pre start up operator training (\$1,000) and on-going process improvement and operator turn over (\$100 per person).
supplies & equip			\$4,000				\$4,500				\$3,000		Estimate of on-going supplies and equipment to support continuing operations.
Sub total	\$63,531	\$756	\$107,411	67.8	\$127,062	\$1,513	\$211,323	135	\$190,593	\$2,269	\$313,234	204	

## Customer Service Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
<b>Total Cases</b>	<b>1,000,000</b>	<b>2,000,000</b>	<b>3,000,000</b>
Approximate Card Holders	840,000	1,680,000	2,520,000

Current Texas Case Load 725,000

Amortization Period 84

Case Load Assumptions	Per Case	
New cards Issued per month	26,500	0.037
Cards replaced per month	15,000	0.021
PINs replaced per month	2,200	0.003
Associate call minutes / mo.	162,120	0.224
ARU call minutes per month.	1,843	2.542
Percent automated client calls	96%	
Call minutes per card holder per mo.	1.2	
Agency Offices	500	0.00069

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
<b>Communications</b>													
Comm. Technicians			\$10,000	2			\$15,000	3			\$15,000	3	Two communications technicians to support 7x24 operation. \$60,000 each.
Training	\$20,000	\$238	\$1,500		\$20,000	\$238	\$1,500		\$20,000	\$238	\$1,500		Estimate for pre start up training and on-going process improvement
supplies & equip			\$2,000				\$2,250				\$2,500		Estimate to support communications.
800 phone service			\$221,255				\$442,509				\$663,764		Actual connect minutes at \$.08 per minute.
line charges			\$10,000				\$13,000				\$15,000		Estimate for incoming T1 voice lines.
Sub total	\$20,000	\$238	\$244,755	2	\$20,000	\$238	\$474,259	3	\$20,000	\$238	\$697,764	3	
<b>Management &amp; Administration</b>													
Management			\$20,000	3			\$26,667	4			\$26,667	4	Management team at average of \$80,000 including benefits.
Quality Assurance			\$5,000	1			\$10,000	2			\$15,000	3	QA staff at \$60,000 including benefits.
HR professional			\$5,417	1			\$10,833	2			\$16,250	3	HR staff at \$65,000 including benefits.
Admin. support			\$4,167	2			\$4,167	2			\$6,250	3	Administrative at \$25,000 each including benefits.
Miscellaneous exp.			\$3,500				\$3,500				\$3,500		Estimate for miscellaneous management expenses.
Training professional			\$5,000	1			\$10,000	2			\$15,000	3	Staff training at \$60,000 including benefits.
sub total			\$43,083	8			\$65,167	12			\$82,667	16	
<b>Uncontrollable costs</b>													
Start up costs	\$351,785	\$4,188			\$461,689	\$5,496			\$542,475	\$6,458			Costs incurred prior to start of live operations. Assumes that on-gong operations costs above are incurred for two months prior to live operations.
Taxes & insurance			\$3,009				\$4,054				\$5,071		Estimated at 1% per year of total investment amount.
Cost of capital			\$12,956				\$18,055				\$23,041		Estimate using straight line depreciation for amortization period. 8% cost of money assumed.
sub total	\$351,785	\$4,188	\$15,965	0	\$461,689	\$5,496	\$22,109	0	\$542,475	\$6,458	\$28,112	0	
<b>Total for Help Desk</b>	<b>\$3,610,891</b>	<b>\$42,987</b>	<b>\$494,469</b>	<b>83</b>	<b>\$4,864,901</b>	<b>\$57,915</b>	<b>\$871,993</b>	<b>157</b>	<b>\$6,084,791</b>	<b>\$72,438</b>	<b>\$1,229,875</b>	<b>228</b>	
<b>Total for Customer Service</b>	<b>\$3,886,753</b>	<b>\$46,271</b>	<b>\$583,654</b>	<b>87</b>	<b>\$5,416,625</b>	<b>\$64,484</b>	<b>\$1,050,363</b>	<b>166</b>	<b>\$6,912,378</b>	<b>\$82,290</b>	<b>\$1,497,430</b>	<b>242</b>	

## Agency Systems - Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000

Assumptions		Per case
Agency offices	500	0.00069
Current Texas case load		725,000

Depreciation Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment		Monthly Operations	Est. Staff	Investment		Monthly Operations	Est. Staff	Investment		Monthly Operations	Est. Staff	
	Total	Monthly			Total	Monthly			Total	Monthly			
<b>Software</b>													
Initial development													
Admin. Terms	\$450,000	\$5,357			\$500,000	\$5,952			\$550,000	\$6,548			Estimate based on experience to build an administrative terminal application.
SAVERR (Agency)	\$0		\$0		\$0		\$0		\$0		\$0		Costs for modifications to SAVERR are not part of vendor costs and are included in State cost allocation.
Maint. Programmer			\$3,750	0.5			\$7,500	1.0			\$11,250	1.5	An estimate of programmer time to support the administrative terminal application. \$80,000 per year including benefits.
Sub Total	\$450,000	\$5,357	\$3,750	0.5	\$500,000	\$5,952	\$7,500	1.0	\$550,000	\$6,548	\$11,250	1.5	
<b>Operations</b>													
Communications													Assume new admin. application will be installed with advent of new vendor.
PC Techs (2 FTE)			\$8,333	2			\$12,500	3			\$16,667	4	Two technicians to handle administrative terminal problems. \$50,000 each including benefits.
LAN / WAN			\$55,172				\$110,345				\$165,517		Estimate of amount currently being paid to Texas for use of DHS LAN / WAN.
Miscellaneous			\$1,500				\$2,000				\$2,500		Estimate of miscellaneous expenses related to administrative network.
Sub Total	\$0	\$0	\$65,006	2	\$0	\$0	\$124,845	3	\$0	\$0	\$184,684	4	

## Agency Systems - Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000

<u>Assumptions</u>		Per case
Agency offices	500	0.00069
Current Texas case load		725,000

Depreciation Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
Training													
Agency Staff	\$137,931	\$1,642	\$6,897	0.5	\$275,862	\$3,284	\$13,793	0.5	\$413,793	\$4,926	\$20,690	0.5	Estimate to provide training to EBT clerks at \$200 per office. On on-going basis, provide train the trainer assistance or computer based training (\$10 per office). Other training costs are covered in State cost allocation.
Sub Total	\$137,931	\$1,642	\$6,897	0.5	\$275,862	\$3,284	\$13,793	0.5	\$413,793	\$4,926	\$20,690	0.5	
Uncontrollable costs													
Start up costs	\$51,958	\$619			\$86,059	\$1,025			\$120,160	\$1,430			Costs incurred prior to start of live operations. Assumes that on-gong operations costs above are incurred for two months prior to live operations.
Taxes & insurance			\$533				\$718				\$903		Estimated at 1% per year of total investment amount.
Cost of capital			\$2,133				\$2,873				\$3,613		Estimate using straight line depreciation for amortization period. 8% cost of money assumed.
Sub Total	\$51,958	\$619	\$2,666	0	\$86,059	\$1,025	\$3,591	0	\$120,160	\$1,430	\$4,516	0	
<b>Total for Agency Systems</b>	<b>\$639,889</b>	<b>\$7,618</b>	<b>\$78,319</b>	<b>3.0</b>	<b>\$861,921</b>	<b>\$10,261</b>	<b>\$149,729</b>	<b>4.5</b>	<b>\$1,083,953</b>	<b>\$12,904</b>	<b>\$221,140</b>	<b>6.0</b>	

## Retailer Services- Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
TANF Cases	200,000	400,000	600,000
Total Cases	1,000,000	2,000,000	3,000,000
Approximate Card Holders	840,000	1,680,000	2,520,000

Current Texas Case Load 725,000

Amortization Period 84

Case Load Assumptions		Per Case
Total POS Transactions	5,962	8.22
Pct. from Private third parties	30%	
Pct. from Public third parties	25%	
Total food Transactions	5,629	7.76
Percent approved	92.6%	
Total Cash Transactions	333	0.46
Percent approved	84.2%	
Average Trans. / case	8.22	
Retailers equipped by State	10,610	0.0146
Terminals provided by State	13,000	0.0179
Phone lines provided by State	7,000	0.0097
Retailer calls minutes per month	49,917	0.0689
Retailer operator minutes / mo.	21,770	0.0300
Terminal repairs / month	600	0.0008
Pct. Trans from State POS	45%	

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
<b>POS Deployment &amp; Servicing</b>													
Initial Deployment													Assume that under a new procurement, the POS network would have to be redeployed.
Hardware	\$7,172,414	\$85,386			\$14,344,828	\$170,772			\$21,517,241	\$256,158			Actual devices being used in Texas estimated at \$400 including shipping, handling, software load, testing..
Equip. Installation	\$1,097,586	\$13,067			\$2,195,172	\$26,133			\$3,292,759	\$39,200			Estimate about \$75 per site to install equipment.
Phone Installation	\$724,138	\$8,621			\$1,448,276	\$17,241			\$2,172,414	\$25,862			Actual phone lines at a cost of \$75 to install.
Retailer Training	\$146,345	\$1,742			\$292,690	\$3,484			\$439,034	\$5,227			Most training is done as part of install. Other costs (materials, contracts, etc.) \$10 per retailer.
Sub total	\$9,140,483	\$108,815		0	\$18,280,966	\$217,631		0	\$27,421,448	\$326,446		0	



## Retailer Services- Shared Processing Environment

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Amortization Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
Maintenance & Servicing													Requirement is to repair or replace defective device in 24 hours. Waiver allows replace by mail if retailer agrees. ( Ship overnight on next business day or sooner.)
Facility lease			\$2,333				\$2,333				\$3,500		1000 s.f. at \$14 per s.f.
Vehicles			\$10,244				\$20,488				\$30,732		Lease 12 vehicles at \$700 per month including fuel and maintenance.
Service Techs			\$42,684	15			\$85,368	29			\$128,052	44	Twelve field service technicians to service defective devices. \$35,000 each including benefits.
Dispatchers			\$10,671	4			\$21,342	7			\$32,013	11	Five dispatchers to manage retailer service requests and track service. \$35,000 each including benefits.
Management			\$8,333	2			\$12,500	3			\$16,667	4	Two service managers. \$50,000 each.
Admin. support			\$2,083	1			\$4,167	2			\$6,250	3	Administrative support at \$25,000 including benefits.
Phone Techs			\$10,671	4			\$21,342	7			\$32,013	11	Three phone technicians to handle phone help requests. \$35,000 each.
Equip. & supplies	\$717,241	\$8,539	\$10,759		\$1,434,483	\$17,077	\$21,517		\$2,151,724	\$25,616	\$32,276		Initial spare equipment base of 10% plus an estimated \$50 in on-gong supplies per terminal.
Shipping & handling			\$ 8,276				\$ 16,552				\$ 24,828		Estimated cost of replacement by mail at \$40 per replacement. 25% of service calls handled through mail.
Sub total	\$717,241	\$8,539	\$106,054	24.952	\$1,434,483	\$17,077	\$205,609	48.903	\$2,151,724	\$25,616	\$306,330	72.86	

## Retailer Services- Shared Processing Environment

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	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
<b>UNCONTROLLABLE COSTS</b>													
Start up costs	\$446,817	\$5,319			\$880,633	\$10,484			\$1,316,783	\$15,676			Costs incurred prior to start of live operations. Assumes that on-going operations costs above are incurred for two months prior to live operations. Exception are charges directly related to POS transactions.
Taxes & insurance			\$8,587				\$17,163				\$25,742		Estimated at 1% per year of total investment amount.
Cost of capital			\$34,348				\$68,654				\$102,967		Estimate using straight line depreciation for amortization period. 8% cost of money assumed.
Sub total	\$446,817	\$5,319	\$42,936	0	\$880,633	\$10,484	\$85,817	0	\$1,316,783	\$15,676	\$128,708	0	
Total for Deploy & Service	\$10,304,541	\$122,673	\$148,990	24.952	\$20,596,082	\$245,191	\$291,426	48.903	\$30,889,956	\$367,738	\$435,038	72.86	

## Retailer Services- Shared Processing Environment

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Amortization Period 84

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	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
<b>POS Operations</b>													
Facility			\$0				\$0				\$0		Assume POS operations will co-exist with central processing and consequently will not have a separate facility.
Sub total			\$0	0			\$0	0			\$0	0	
<b>Software</b>													
Development	\$500,000	\$5,952			\$500,000	\$5,952			\$500,000	\$5,952			Estimate based on experience for POS load image and POS terminal driving software.
Maint. Prog.			\$7,500	1			\$15,000	2			\$15,000	2	One maintenance programmer at \$90,000 including benefits.
Equip. & Supplies	\$10,000	\$119	\$500		\$10,000	\$119	\$1,000		\$10,000	\$119	\$1,000		Initial development environment plus estimate for on-going supplies.
Licenses	\$10,000	\$119			\$10,000	\$119			\$10,000	\$119			Estimate for license for development tools.
Sub total	\$520,000	\$6,190	\$8,000	0	\$520,000	\$6,190	\$16,000	0	\$520,000	\$6,190	\$16,000	0	
<b>Communications</b>													
Equipment	\$40,000	\$476			\$50,000	\$595			\$60,000	\$714			Estimate for modem bank to handle down load processing.
Retailer phone lines			\$289,655				\$579,310				\$868,966		Monthly charge for phone lines placed in retail stores. \$30 each.
Transaction charges			\$77,712				\$155,423				\$233,135		Cost to move transaction from POS device to central processing. Estimated at \$.021 per transaction using actual transaction counts.
Sub Total	\$40,000	\$476	\$367,367	0	\$50,000	\$595	\$734,734	0	\$60,000	\$714	\$1,102,100	0	

## Retailer Services- Shared Processing Environment

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Amortization Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
Operations													
ACH fees			\$20,914				\$41,828				\$62,742		Settlement to retailers. \$.05 per transaction seven days per week. Assume .0138 retailer per case. (from Texas metrics).
POS Supplies			\$18,503				\$37,006				\$55,508		\$.005 per transaction for POS ribbons and paper. Assume handled as a credit to retailer.
Comm Techs.			\$10,000	2			\$15,000	3			\$20,000	4	Communications technicians to manage and monitor the POS network, handle problems. \$60,000 each per year including benefits.
TPP Communications			\$7,000				\$7,500				\$8,000		Communications links with third party processors.
Equip. & Supplies			\$2,000				\$2,250				\$2,500		Estimate for on-going supplies.
Sub total	\$0	\$0	\$58,417	2	\$0	\$0	\$103,583	3	\$0	\$0	\$148,750	4	
Contract Management													
Staff			\$11,667	4			\$17,500	6			\$23,333	8	Four clerks to manage the 12,000 plus retailer contracts. \$35,000 each.
Equip. & Supplies			\$2,000				\$2,000				\$2,000		Estimate for on-going supplies.
Sub total	\$0	\$0	\$13,667	4	\$0	\$0	\$19,500	6	\$0	\$0	\$25,333	8	

## Retailer Services- Shared Processing Environment

	Three Case Load Scenarios		
	Small	Medium	Large
Food Stamp Cases	800,000	1,600,000	2,400,000
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Amortization Period 84

	Case 1 - Small				Case 2 - Medium				Case 3 - Large				Comments and Assumptions
	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
<b>Management &amp; Admin.</b>													
Management			\$6,250	1			\$12,500	2			\$18,750	3	POS operations management at \$75,000.
Admin. support			\$2,083	1			\$4,167	2			\$4,167	2	Administrative support at \$25,000
Sub total	\$0	\$0	\$8,333	2	\$0	\$0	\$16,667	4	\$0	\$0	\$22,917	5	
<b>Call Center / Help desk</b>													
Equipment	\$75,000	\$893	\$1,500		\$150,000	\$1,786	\$1,500		\$200,000	\$2,381	\$1,500		Estimate for equipment to handle retailer calls.
1-800 service			\$5,508				\$11,016				\$16,524		Actual call minutes at \$.08 per minute.
Associates			\$17,061	9			\$34,122	17			\$51,183	26	Actual call minutes, 40% operator efficiency, 1760 available hours per year, \$24,000 per person
Sub total	\$75,000	\$893	\$24,069	9	\$150,000	\$1,786	\$46,638	17	\$200,000	\$2,381	\$69,208	26	
<b>UNCONTROLLABLE COSTS</b>													
Start up costs	\$203,085	\$2,418			\$347,909	\$2,418			\$471,970	\$5,619			Costs incurred prior to start of live operations. Assumes that on-gong operations costs above are incurred for two months prior to live operations. Exception are charges directly related to POS transactions.
Taxes & insurance			\$698				\$890				\$1,043		Estimated at 1% per year of total investment amount.
Cost of capital			\$2,794				\$3,560				\$4,173		Estimate using straight line depreciation for amortization period. 8% cost of money assumed.
Sub total	\$203,085	\$2,418	\$3,492	0	\$347,909	\$2,418	\$4,450	0	\$471,970	\$5,619	\$5,217	0	
<b>Total for POS Operation</b>	<b>\$838,085</b>	<b>\$9,977</b>	<b>\$483,345</b>	<b>17</b>	<b>\$1,067,909</b>	<b>\$10,989</b>	<b>\$941,572</b>	<b>30</b>	<b>\$1,251,970</b>	<b>\$14,904</b>	<b>\$1,389,524</b>	<b>43</b>	

## Retailer Services- Shared Processing Environment

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	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	Investment Total	Monthly	Monthly Operations	Est. Staff	
<b>Purchase Transactions</b>													
Commercial TPP			\$47,593				\$95,186				\$142,780		Actual commercial TPP transactions at \$.025 per transaction.
Proprietary TPP			\$22,845				\$45,689				\$68,534		Actual proprietary TPP transactions at \$.01 per transaction.
Total for purchase	\$0	\$0	\$70,438	0	\$0	\$0	\$140,876	0	\$0	\$0	\$211,314	0	

<b>Total for Retailer Services</b>	\$11,142,626	\$132,650	\$702,773	41	\$21,663,990	\$256,181	\$1,373,873	79	\$32,141,926	\$382,642	\$2,035,877	115	
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