

Solicitation Requirements Request for Proposal (RFP)		
Solicitation No.:	BPM007738	
Description:	TANF Jobs Program	

DESCRIPTION: In accordance with A.R.S. §41-2534, the Arizona Department of Economic Security (ADES) is requesting sealed proposals from qualified vendors for the TANF Jobs Program.

SOLICITATION NUMBER	BPM007738
SOLICITATION DUE DATE/TIME:	Wednesday, September 30, 2026 at 3:00 P.M. local Arizona time
SUBMITTAL LOCATION	Submit via Arizona Procurement Portal (https://app.az.gov) Note: Questions on how to submit the bid shall be directed to the Arizona Procurement Portal Help Desk at app@azdoa.gov or (602) 542-7600
PRE-OFFER CONFERENCE:	Pre-Offer Conference will be held via a Virtual Conference on Tuesday, September 1, 2026 at 10:00 A.M. Phoenix, AZ time Virtual Conference Link: https://meet.google.com/nzf-soqu-sbh?authuser=0&hs=122 Phone Numbers: (US) 1-352-614-3782 PIN 707 095 141#
CONTACT PERSON:	Frances Rubio, Senior Procurement Specialist Tel. 480-364-4979 Email: Frubio@azdes.gov

Prospective Offerors are strongly encouraged to read the RFP in its entirety before submitting Offers, to ensure that all requirements in the RFP are understood.

- **RFP Solicitation Requirements** are comprised of the Notice Page, Scope of Work, Special Terms and Conditions, Uniform Terms and Conditions, and Exhibits.
- **RFP Solicitation Instructions** contains the Special Instructions to Offerors, Uniform Instructions to Offerors, and Submittal Documents that should be submitted as the Offeror's response.

Sealed offers in response to this Solicitation shall be submitted within the State's e-Procurement system, Arizona Procurement Portal (<https://app.az.gov>) by the due date and time indicated in the State's e-Procurement system as the Bid Due Date. Late submittals will not be considered. Offers received by the due date and time will be electronically opened. Offers submitted outside the State's e-Procurement system, or those that are received after the due date and time, shall be rejected. Additional instructions for preparing an Offer are included in this Solicitation.

Offerors shall download and save attachments to their computer, save the information entered, and submit (upload) the completed information as a new, appropriately renamed Attachment in the State's e-Procurement system. The State's e-Procurement system will not save information entered directly on the attachments.

It is Offeror's responsibility to routinely check the State's e-Procurement system for Solicitation Amendments.

Inquiries regarding this Solicitation are required to be submitted online through the State's e-Procurement system using the Discussion Forum tab, seven (7) calendar days prior to the Bid Due Date.

For submission of an exception or to request a substitution to this Solicitation, see Uniform Instructions to Offerors, section 2.4, Timeliness.

With seventy-two (72) hours prior notice, persons with disabilities may request special accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Such requests are to be addressed to this Solicitation contact person named above.

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Scope of Work

1. ADES Mission and Vision Statements

- 1.1 ADES Mission: To strengthen individuals, families, and communities for a better quality of life.
- 1.2 ADES Vision: A thriving Arizona.

2. Purpose

- 2.1 Purpose Statement: The Arizona Department of Economic Security (ADES) Temporary Assistance for Needy Families (TANF) Jobs Program is seeking to modernize service delivery through the Fiscal Responsibility Act (FRA) Pilot framework. Operating statewide, the Contractor will transition from compliance-based monitoring to a results-oriented model that prioritizes short-term milestones and drives long-term economic mobility, Unsubsidized Employment, and stability. By focusing on accomplishing individualized goals and working with existing local Community Resources, this initiative aims to reduce poverty and foster permanent financial independence for Arizona families.

TANF Jobs Program should support operationalization, data tracking, or service delivery models to structurally align program workflows to influence long-term federal National Directory of New Hires (NDNH) metrics. Frameworks must utilize short-term indicators as feedback loops, ensuring that implementation can be rapidly optimized based on real-time data trends.

- 2.2 Legal Authority: A.R.S. § 41-1954(A)(6) provides the Department the authority to contract and incur obligations within the general scope of its activities and operations
- 2.3 Projected Awards: It is the intent of ADES to award a single statewide contract for this service. The anticipated contract effective date is April 1, 2027. The contract will be established with an initial term of April 1, 2027 through September 30, 2029, with extension options in accordance with the Special Terms and Conditions, Section 13.
- 2.4 Projected Utilization: ADES makes no guarantee of the number of Participants. Based on historical data, the average number of Participants in State Fiscal Year (SFY) 2026 per month was 789. The monthly average per county was:

- Apache – 4
- Cochise – 16
- Coconino – 6
- Gila – 4
- Graham – 2
- Greenlee – 1
- La Paz – 0
- Maricopa – 483
- Mohave – 26
- Navajo – 6
- Pima – 131
- Pinal – 49
- Santa Cruz – 4
- Yavapai – 9
- Yuma – 48

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- 2.4.1 In State Fiscal Year 2026, the average length of time Participants were on the TANF Jobs Program, including time in Jobs Program Extension (JPE) was 137 days.
- 2.4.2 TANF Jobs Program services are provided to non-tribal members living on Tribal Lands, who are not being served by a Tribal TANF Jobs Program.
- 2.4.3 TANF Jobs Program services are provided to Tribal members living off Tribal lands where the Participant resides, except in certain communities that border the Navajo Nation, including Flagstaff, Grand Canyon, Holbrook, Joseph City, Marble Canyon, Page, Snowflake, Winslow, and Wupatki where services are provided by the Navajo Nation to tribal members.
- 2.4.4 The following Tribal entities operate their own Tribal TANF Jobs Program and are not served or referred to Arizona's TANF Jobs Program under this Contract:
 - 2.4.4.1 San Carlos Apache Tribe;
 - 2.4.4.2 Hopi Tribe;
 - 2.4.4.3 Salt River Pima-Maricopa Indian Community;
 - 2.4.4.4 Pascua Yaqui Tribe (includes areas located on and off the Pascua Yaqui Reservation, such as Maricopa County, Pima County, and Pinal County);
 - 2.4.4.5 White Mountain Apache Tribe; and
 - 2.4.4.6 Navajo Nation.
- 2.5 Funding: The services contracted herein are funded in full by an annual legislative appropriation for the TANF Jobs Program. The actual funding for this program is contingent upon legislative appropriation and the availability of funding. Total aggregate value of all services performed under this Contract shall not exceed \$9,000,000.00 annually. Funds are allocated across the following categories:
 - 2.5.1 Reimbursable Pass-Through Annual Maximum of \$4,000,000.00.
 - 2.5.2 Fixed Monthly Payments, Incentive-Based Payments and Transition and Start-up Costs combined Annual Maximum not to exceed \$5,000,000.00.

3. **Service Description**

- 3.1 Taxonomy Definition: Services that provide activities and assistance in support of finding, entering or retaining a job for individuals, or groups.
- 3.2 Actual Service Description: The Service Coordination and Employment Services of the TANF Jobs Program is to modernize the delivery of public assistance by transitioning from a process-driven compliance model to a results-oriented framework focused on long-term economic mobility. Utilizing the operational flexibilities of the TANF FRA Pilot. The program goals aim to:
 - 3.2.1 Reduce the incidence of poverty across Arizona by supporting families in obtaining and retaining sustainable employment, fostering permanent economic mobility, and enhancing overall family well-being.
 - 3.2.2 Increase permanent Unsubsidized Employment outcomes and improve job retention through customized engagement plans that prioritize the resolution of Stability Milestones over rigid process-driven hourly compliance.
 - 3.2.3 Reduce dependency on assistance through employment and earnings progression facilitated by individualized, growth-focused Service Coordination.

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- 3.2.4 Support family stability by increasing household income and empowering parents to provide better care for their children.
- 3.2.5 Increase community involvement, linkages to training opportunities, and coordinate and integrate services within the Workforce Innovation and Opportunity Act (WIOA) framework.
- 3.2.6 Meet or exceed federal and state-defined performance outcomes that prioritize long-term wage progression and sustained family stability, as established under the Fiscal Responsibility Act TANF Pilot Framework (Exhibit A).
- 3.3 Service Eligibility Requirements/Target Population: The target population is TANF Cash Assistance Work Eligible individuals who are required to participate in work activities to maintain their TANF Cash Assistance eligibility. TANF Cash Assistance Applicants who qualify for Grant Diversion (GD) are not part of the services in this Contract.
 - 3.3.1 Eligibility Determination
 - 3.3.1.1 TANF Cash Assistance applications are processed by ADES to determine eligibility. TANF Cash Assistance Applicants that are determined work eligible, are referred to the TANF Jobs Program and must meet the requirements to continue their eligibility for TANF Cash Assistance.
 - 3.3.1.2 Upon authorization or pre-approval of TANF Cash Assistance benefits, ADES will refer work-eligible individuals to the Contractor for TANF Jobs services.
 - 3.3.1.3 The provision of TANF Jobs services is the responsibility of the Contractor.
- 3.4 Background: ADES is responsible for the implementation of Arizona's TANF program and the related employment program in accordance with Title IV-A of the Social Security Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Deficit Reduction Act of 2005, and the Fiscal Responsibility Act (FRA) of 2023. TANF provides assistance and work opportunities to needy families by granting States federal funds and wide flexibility to develop and implement their own welfare programs. The TANF Jobs Program is the TANF Cash Assistance employment program administered by ADES as directed by A.R.S. Title 46, Chapter 2, Article 5.
 - 3.4.1 The ADES's Organizational Chart (Exhibit B) houses other programs involved in Arizona's TANF Jobs Program, thus enhancing the close collaboration needed to effectively administer the services described in this Contract.
 - 3.4.1.1 The Division of Employment and Rehabilitation Services (DERS) is responsible for the TANF Jobs Program contracted services.
 - 3.4.1.2 The Division of Benefits and Medical Eligibility (DBME) is responsible for the administration of the TANF Cash Assistance (except emergency cash benefits) program, and the Supplemental Nutrition Assistance Program (SNAP) Nutrition Assistance (NA). DBME determines the family's eligibility for TANF Cash Assistance based on State laws and rules, Federal regulations, and ADES policies.
 - 3.4.1.3 The Division of Child Support Services (DCSS) is responsible for the administration of child support enforcement activities related to TANF Cash Assistance eligibility.

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3.4.1.4 The Child and Community Services Division (CCSD) is responsible for the administration of childcare services.

3.4.1.5 The Workforce Innovation and Opportunity Act (WIOA) of 2014, Public Law 113-128 (Pub. L. 113–128), is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. Arizona utilizes the WIOA requirements to increase business leadership in the workforce system and develop increased system-wide unity with the implementation of unified branding, ARIZONA@WORK, across workforce partners. ARIZONA@WORK is the statewide workforce development network. ADES is designated as the fiscal and administrative agency for three of the four core partners under WIOA: Title I Adult, Dislocated Worker, and Youth Programs; Title III Wagner-Peyser Employment Service; and Title IV Vocational Rehabilitation. The TANF Jobs Program is part of the ARIZONA@WORK system. Title I-B gives priority to participants receiving public assistance, including TANF Cash Assistance recipients. Through Title I-B, a TANF Cash Assistance recipient may receive career and training services focusing on the in-demand industries and occupations.

4. Definitions

- 4.1 **Acceptable Medical Source:** A registered nurse practitioner or licensed physician, including a medical or osteopathic doctor; licensed psychologist; licensed optometrist; and licensed podiatrist, as applicable for the medical impairment. Includes vocational rehabilitation specialists and other personnel authorized to act on a physician's behalf.
- 4.2 **Applicant:** A person who has applied directly, or through their authorized representative, for Cash Assistance (CA) for themselves or for others.
- 4.3 **Assessment:** A continuous discovery process used to gather and evaluate data regarding factors affecting a Participant's path toward long-term economic mobility.
- 4.4 **AZTECS (Arizona Technical Eligibility Computer System):** The computerized eligibility determination system used by the Family Assistance Administration (FAA) for TANF and SNAP programs.
- 4.5 **Benefit Time Limit:** The statutory 12-month lifetime limit on Arizona TANF Cash Assistance for a needy family with an adult household member.
- 4.6 **Bona Fide Business:** An operation licensed to conduct business in the state of Arizona that pays or reports wages to ADES for purposes of Unemployment Insurance and carries appropriate liability insurance.
- 4.7 **Case Record:** The electronic or paper file maintained for each Participant, containing factual, objective, and Real-Time data on services and progress.
- 4.8 **Community Resource:** A community, faith-based, or non-profit organization that provides services and resources to the general public.
- 4.9 **Cure:** The demonstration of compliance with program requirements that transitions a Participant's status from non-compliant (sanctioned) back to active, eligible status.
- 4.10 **Fair Hearing:** The formal administrative process through which an Applicant or Participant may request an impartial review of an eligibility determination or a Contractor's decision.

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- 4.11 **Fair Labor Standards Act (FLSA):** The federal law ensures Participants in unpaid work activities are not required to work more hours than their combined monthly benefit (CA + SNAP) divided by the current Arizona minimum wage.
- 4.12 **Fiscal Responsibility Act (FRA) Pilot:** A federally authorized program that allows the State to prioritize results-oriented engagement and long-term economic mobility over process-driven hourly compliance.
- 4.13 **Grant Diversion (GD):** A nonrecurring payment equal to three months of TANF Cash Assistance (CA). The purpose of the GD payment is to divert the Participant from receiving ongoing CA when they are likely to gain full-time employment within 90 calendar days.
- 4.14 **Good Cause:** A finding that a Participant had an acceptable reason for failing to meet a program requirement, thereby preventing a sanction.
- 4.15 **Individual Responsibility Plan (IRP):** A personalized, collaborative agreement between the Contractor and Participant outlining goals, services, and required Stability Milestones.
- 4.16 **Jobs Program Extension (JPE):** A period of up to twelve (12) months of continued employment services for Participants who have reached their twelve (12) month Benefit Time Limit but remain eligible for workforce support and Service Coordination.
- 4.17 **Job Zones:** An O*NET classification system that categorizes occupations into one of five (5) levels based on the typical amount of education and experience required.
- 4.18 **Journey Map:** A visual and narrative blueprint illustrating how a Participant navigates the program from initial intake to sustained employment -- depicting Participant lifecycle, program stages, interactions, milestone achievements, and service integration, etc.
- 4.19 **O*NET (Occupational Information Network):** A comprehensive database used to align Participant skills with labor market demands and standardized occupational descriptors.
- 4.20 **Participant:** An individual enrolled in the TANF Jobs Program.
- 4.21 **Real-Time:** The entry of data or documentation into the system of record on the same day the event or information is disclosed.
- 4.22 **Sanction:** A financial penalty imposed on the entire household when a Participant fails to comply with program requirements without Good Cause.
- 4.23 **Security Incident:** (Also, known as a Data Breach) Any suspected or actual unauthorized acquisition, access, use, disclosure, alteration, destruction of, or compromise to the security, confidentiality, integrity, or availability of organization data (including Personal Data) maintained or processed by the provider, or any breach of the physical, technical, administrative, or organizational safeguards put in place to protect such data.
- 4.24 **Service Coordination and Employment Services:** A comprehensive, person-centered delivery model that replaces traditional "Case Management & Employment Service Jobs Program." It focuses on stabilizing the household through the identification of Stability Milestones, navigation of multi-agency resources, and continuous alignment of the IRP.

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- 4.25 **SNAP CAN (Supplemental Nutrition Assistance Program Career Advancement Network):** A voluntary community-based employment and training program available to SNAP recipients who are not currently receiving TANF Cash Assistance.
- 4.26 **Stability Milestones:** Measurable progress points (e.g., secure housing, stabilize health, resume development, or complete a certification, etc) that signify a Participant's movement toward long-term economic mobility.
- 4.27 **Subsidized Employment:** Paid employment where the employer receives a subsidy from TANF or other public funds to offset the cost of wages and benefits for a trial period.
- 4.28 **TANF Cash Assistance:** A state-administered program run by the Arizona Department of Economic Security (ADES) that provides temporary monthly cash payments to low-income families with dependent children.
- 4.29 **TANF Jobs Program:** Arizona's required employment and training program for recipients of Temporary Assistance for Needy Families (TANF).
- 4.30 **Temporary Assistance for Needy Families (TANF) Exiters:** The official exit date is determined after ninety (90) days have elapsed since the Participant last received TANF Cash Assistance, ensuring a sustained transition from the program.
- 4.31 **Two-Parent Employment Program (TPEP):** Arizona's Cash Assistance program for households with two parents who have at least one (1) dependent child in common.
- 4.32 **Unsubsidized Employment:** Full or part-time employment with wages paid in totality by the employer without public subsidy.

5. General Requirements

The Contractor shall:

5.1 Program Implementation

- 5.1.1 Develop a comprehensive project work plan that ensures operational readiness, to include continuity of Participant services and adherence to federal and state mandates.
- 5.1.2 Attend any transition meetings that may be necessary with the outgoing contractor and ADES to facilitate a seamless contract handover.
- 5.1.3 Integrate existing Participant caseload within 120 days of contract award to ensure limited-service interruption.
- 5.1.4 Document operational readiness for the start of services to be verified and approved by ADES with the following in place:
 - 5.1.4.1 Staffing recruitment, onboarding and completion of initial training;
 - 5.1.4.2 Subcontractor formal agreements secured with locally vested organizations; and
 - 5.1.4.3 Infrastructure setup of all necessary hardware and software to perform the TANF Jobs Program requirements.

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5.1.5 Develop an Operational Handbook to submit to ADES for review and approval within sixty (60) days of contract award. Operational Handbook shall include but not limited to the following:

5.1.5.1 Compliance Processes: Procedures for managing sanctions, mitigation, and good cause findings;

5.1.5.2 Engagement Strategy: A tiered approach to service delivery and individualized growth-focused coordination;

5.1.5.3 Retention and Follow-up: Define processes for the one hundred eighty (180) day post-employment support period;

5.1.5.4 Quality Assurance: Internal end-to-end quality control cycles to document and remediate deficiency trends; and

5.1.5.5 Participant Journey Map: A high-level visual depicting the Participant lifecycle, milestone achievements, and service integrations.

5.2 Service Requirements

5.2.1 Establish and maintain a statewide Service Coordination and Employment Services infrastructure specifically for the TANF Jobs Program. The framework is to be results-oriented, focused on long-term economic mobility, FRA Pilot flexibilities, and benefit time limits.

5.2.2 Engage all eligible Cash Assistance (CA) Participants in TANF Jobs services, maintaining end-to-end responsibility for coordinating, scheduling, and documenting all initial and subsequent appointments.

5.2.3 Satisfy A.A.C. R6-10-102.H by utilizing the three (3) day pre-approval period for intensive assessment and Participant Journey Mapping to initiate immediate stabilization activities.

5.2.4 Address root causes of dependency through engagement models that bypass strict federal hourly minimums and prioritize immediate connection to the workforce.

5.2.5 Collaborate on a process with ADES to define the logic, triggers, and notification cycles for Participant non-compliance.

5.2.6 Collaboratively develop a personalized Individual Responsibility Plan (IRP) with every Participant to establish goals and work activities within thirty days (30) of Cash Assistance approval letter.

5.2.7 Use targeted interventions such as mental health, remediation, and stabilization activities as documented in the IRP as Stability Milestones. A process of deferrals shall not be utilized.

5.2.8 Partner with ARIZONA@WORK, Bona Fide Businesses, and education/training providers to expand Participant access to:

5.2.8.1 Vocational and technical training;

5.2.8.2 Subsidized and unsubsidized work experiences;

5.2.8.3 High-demand career pathways aligned with O*NET Job Zones 2 through 5; and/or

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5.2.8.4 Short-term micro-certifications and long-term education pathways, such as associate degrees, as permitted by the FRA Pilot flexibilities and state-defined appropriate work activities.

- 5.2.9 Utilize FRA Pilot flexibilities to engage Participants in activities as specified in Activity Framework (Exhibit C) beyond the twelve (12) federal categories, treating stabilization activities as essential steps toward economic mobility.
- 5.2.10 Establish a tiered engagement schedule that dictates the frequency and modality of Participant "touch points" (e.g., weekly, bi-weekly, or monthly) based on the Participant's activity service category and progress toward Stability Milestones.
- 5.2.11 Maintain program momentum, with targeted interventions such as mental health, remediation, and stabilization activities as documented stability milestones that count toward active engagement and essential program deliverables.
- 5.2.12 Utilize existing resources to deliver services throughout Arizona to enhance program effectiveness, and/or leverage local expertise to develop a subcontracting network.
- 5.2.13 Leverage existing infrastructure to demonstrate local operational capacity.
- 5.2.14 Ensure that program funds support established community assets and avoid unnecessary overhead redundancy.
- 5.2.15 Ensure all services are fully accessible to Participants across all Arizona regions, without location-based barriers or delays.
- 5.2.16 Deliver all services and materials, culturally competent and accessible to Participants with Limited English Proficiency (LEP) in compliance with Title VI of the Civil Rights Act of 1964 and Sections 27 and 29 of the Special Terms and Conditions.
- 5.2.17 Bridge the gap between families and the workforce ecosystem, establish and maintain a structured alignment of multi-agency service strategies to deliver a unified approach for Participant and family success. Requirements include:
 - 5.2.17.1 Establish and maintain measurable partnerships and collaboration with ADES personnel, the ARIZONA@WORK network, businesses, educational institutions, and community-based organizations i.e., SNAP CAN, etc.;
 - 5.2.17.2 Coordinate with local organizations to address implementation challenges and leverage existing Community Resources to enhance family support networks;
 - 5.2.17.3 Ensure all coordination efforts remain aligned with desired economic mobility goals as specified in Section 3.2 and the results-oriented framework of the FRA Pilot;
 - 5.2.17.4 Establish a single point of contact for families, including a toll-free number and email published on the ADES website and all program-related documents; and
- 5.2.18 Adhere to the current published [ARIZONA@WORK branding guidelines](#) for all promotions and advertisements (e.g., business cards, forms, letters, and literature).

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5.2.19 Provide complaint resolution and fair hearing procedures, which includes:

5.2.19.1 Informing Participants of their right to contact ADES regarding service issues.

5.2.19.2 Provide testimony and all necessary documentation at Fair Hearings upon request by DBME.

5.2.20 Inform regular employees as defined in A.A.C. § R6-10-301, of their right to file a grievance regarding job displacement when a TANF Jobs Participant is placed in work experience. In accordance with A.A.C. R6-10-301 through 303 and R6-12-1002.

5.2.21 Cooperate and coordinate efforts with ADES for the recovery of unexpected events (e.g., natural disaster) that may negatively impact the Contractor's ability to serve families.

5.2.22 Utilize O*NET Career Exploration Tools and Standard Occupational Classification (SOC) Taxonomy to align Participant skills with labor market needs and define high-quality credentials.

5.2.23 Develop and track key performance metrics that prioritize long-term Participant well-being, economic success, and permanent, unsubsidized employment.

5.2.24 Monitor and establish a sense of urgency around Arizona's TANF Cash Assistance 12-month time limit counter to ensure rapid progression toward skills attainment for long-term economic mobility.

5.2.25 Implement and manage end-to-end Quality Control cycles, including the documentation of deficiency trends and the immediate deployment of remediation strategies to maintain high-fidelity service delivery across all statewide sites.

5.2.26 Implement strategies to assess Participant satisfaction no less than quarterly and provide data to ADES.

5.2.27 Maintain factual, objective, and current Case records in a standardized format to facilitate monitoring and expenditure audits.

5.2.28 Maintain Real-Time documentation for all Case Records, inclusive of all Participant interactions, service deliveries, and milestone activities.

5.2.29 Provide timely services (e.g., childcare, transportation) and refer families to Arizona Child Care Resource and Referral (CCR&R); update CCSD on all activity adjustments to ensure continued eligibility.

5.2.30 Develop and monitor sites providing structured, supervised activities to help Participants gain practical skills for Unsubsidized Employment.

5.2.31 Adhere to all applicable rules and regulations, as may be amended, including:

5.2.31.1 [45 C.F.R. § 261](#),

5.2.31.2 [45 C.F.R. § 260.35](#),

5.2.31.3 [A.R.S. § 46-299](#),

5.2.31.4 [A.R.S. § 46-300](#); and

5.2.31.5 [A.A.C. Title 6 Chapter 10](#).

5.2.32 Provide JPE support services for up to twelve (12) months for Participants who have reached their TANF Cash Assistance time limit to secure or ensure sustained employment outcomes.

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- 5.2.33 Provide follow-up and Service Coordination retention for one hundred eighty (180) days after TANF cash case closure to support sustained employment and economic independence.
- 5.2.34 Ensure all Participants transitioning from Cash Assistance to Unsubsidized Employment are fully informed of available resources from the TANF Jobs Program, the Child and Community Service Division (CCSD), and DBME.
- 5.2.35 Discontinue support coordination only upon DBME closure of the Cash Assistance case, provided the Participant is not eligible for JPE or Post-Employment follow-up services.
- 5.2.36 Upon conclusion of a Participant's eligibility for TANF Cash Assistance and all related TANF JPE or support services, the Contractor will provide information and referrals to the SNAP CAN providers to ensure continued access to employment and training support.
- 5.2.37 Implement policies to include training and data breach protocol ensuring the protection of Participant privacy in accordance with regulations, such as, but not limited to:
 - 5.2.37.1 Health Insurance Portability and Accountability Act (HIPAA);
 - 5.2.37.2 Personally Identifiable Information (PII);
 - 5.2.37.3 ADES security requirements;
 - 5.2.37.4 ADES 1-01-45 Address Confidentiality Program (Exhibit D); and
 - 5.2.37.5 ADES Administration Policy 1-37-12 Records Management and Reports (Exhibit E).
- 5.2.38 Meet or exceed federal and state-defined performance outcomes that prioritize long-term wage progression and sustained family stability, as established under the Fiscal Responsibility Act TANF Pilot Framework (Exhibit A).

6. Case Management System Requirements

The Contractor Shall:

6.1 Contractor System of Record and Access

- 6.1.1 **Contractor Case Management System:** The Contractor shall provide, maintain, and host a comprehensive, web-based Case Management System (CMS) that acts as the primary System of Record for all program operations, participant lookup, real-time case tracking, outcome reporting, Participant notification management, and compliance documentation. System shall comply with the High Level Architectural and Technology Standards outlined in (Exhibit H).
- 6.1.2 **Client Notice Distribution:** The Contractor CMS shall feature automated capabilities to generate, track, and transmit program notices, service status updates, appointment reminders, and formal communication directly to Participants via secure electronic channels (e.g., secure portal, email, or SMS) and physical mail, as directed by ADES.
- 6.1.3 **Subcontractor Architecture:** Vendors within the subcontractor architecture providing direct community services are not required to license, build, or maintain independent case management software, host custom databases, or complete independent RAMP assessment.
- 6.1.4 **ADES System Interfaces & Referral Workflow:** ADES will provide secure remote access (via web portals, APIs, or SFTP) to interface with State systems. The Contractor's CMS must support automated, bi-directional workflows to:

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6.1.4.1 Receive Participant referrals from and return real-time or scheduled compliance status updates back to designated State eligibility systems;

6.1.4.2 Issue outgoing Participant referrals to designated partner or auxiliary service systems; and

6.1.4.3 Exchange ongoing case status data across systems for reporting, verification, and service alignment.

6.2 System Uptime, Accessibility, and User Experience

6.2.1 **System Uptime SLA:** The Contractor's CMS must maintain a minimum operational uptime of 99.5% during agreed-upon business hours (e.g., 6:00 AM to 6:00 PM MST, Monday through Friday, excluding State-recognized holidays). Unscheduled downtime shall not exceed **two (2) hours** for any single incident during business hours. Any unscheduled downtime during business hours shall count toward the monthly uptime calculation.

6.2.2 **Downtime Protocols:** Scheduled maintenance shall not occur during core operating hours (6:00 AM to 6:00 PM MST). ADES must be notified at least five (5) business days in advance of any scheduled downtime. Unscheduled downtime shall not exceed twelve (12) hours per incident, and ADES must be notified within thirty (30) minutes of system unavailability.

6.2.3 **Accessibility Standards:** The CMS web interface must be fully accessible to and usable by individuals with disabilities in compliance with Section 508 of the Rehabilitation Act, Title II of the ADA, and Web Content Accessibility Guidelines (WCAG).

6.2.4 **Single Sign-On (SSO):** The CMS must support Single Sign-On (SSO) integration utilizing industry-standard cryptographic modules to allow compatibility with state Identity Providers if requested by ADES.

6.3 Baseline Hardware & Security Training

6.3.1 **Hardware & Connectivity:** The Contractor shall equip staff and ensure subcontractors are equipped with adequate computer hardware, modern web browsers, and secure high-speed internet connectivity necessary to perform all program operations and reliably access the CMS interface.

6.3.2 **Security Training:** All staff handling Participant records shall complete required cybersecurity and privacy awareness training prior to receiving CMS credentials. Additionally, all staff will need to complete follow-up cybersecurity and privacy awareness training quarterly.

6.4 Technical Integration, APIs, and Secure Data Exchange

6.4.1 **Technical Coordinator:** The Contractor shall designate a qualified IT/Data Point of Contact to coordinate API integration, secure data transfers, connection testing, and technical communications with ADES.

6.4.2 **Application Programming Interfaces (APIs):** The Contractor's CMS shall feature standard, secure, and documented APIs (e.g., RESTful or SOAP web services) to enable automated system-to-system integration with ADES systems [source: 2, 3]. This includes receiving Participant referrals from State eligibility systems, transmitting Participant compliance status data back to eligibility

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systems, generating referrals to partner systems, executing bi-directional status data exchanges, and submitting records to ADES outcome repositories.

- 6.4.3 **Secure File Transfer Protocol (SFTP):** The Contractor shall maintain Enterprise SFTP capabilities to securely transmit Participant compliance and outcome files in standardized electronic formats (e.g., CSV, Excel, or JSON) matching ADES reporting schedules.
- 6.4.4 **Data Encryption Standards:** All Participant records, compliance files, API connections, and Personally Identifiable Information (PII) transmitted or stored electronically within the Contractor's CMS must be encrypted as specified below.
- 6.4.5 **Ensure** CMS data is encrypted both in transit and at rest using FIPS 140-2 / AES-256 level encryption with TLS 1.2 or 1.3 for data in transit.
- 6.4.6 **Data Residency:** All State data, Participant records, and PII must reside and be processed strictly within the physical boundaries of the United States.
- 6.4.7 **Web Application Firewall (WAF):** The Contractor shall maintain an industry-standard Web Application Firewall (WAF) on their hosting environment.
- 6.4.8 **Traffic Routing:** The Contractor shall enforce secure traffic routing and firewall protections within their own environment.
- 6.5 **Data Retention, Portability, Auditability, & AI Prohibitions**
 - 6.5.1 **Electronic Record Retention:** The Contractor shall preserve electronic participant records, database backups, and system transaction logs within its CMS in accordance with ADES Policy 1-37-12 (Exhibit E).
 - 6.5.2 **Data Export & Portability:** The Contractor shall guarantee that all ADES Participant records housed within the CMS can be exported via API or in a standard, machine-readable format (e.g., CSV, JSON, or SQL dump) upon request by ADES or at contract termination.
 - 6.5.3 **State Verification & SOC Audits:** ADES technical staff shall maintain continuous administrative view access and API read privileges to verify data integrity and audit log. The Contractor shall undergo an annual SOC 2 Type II audit and provide reports upon request.
 - 6.5.4 **Artificial Intelligence (AI) Restrictions:** The Contractor is prohibited from using State data, participant records, or PII in generative AI queries or for building/training proprietary AI models without explicit prior written authorization from ADES.
 - 6.5.5 **Data Purging & Destruction at Termination:** At contract termination, all DES data and derivatives of DES data shall be Purged according to NIST SP 800-88 Rev. 2 guidelines within 30 days of service termination.
 - 6.5.6 **Residual Data Retention:** Residual data can remain in provider-automated archival backups for up to 30 days following service termination before it is fully overwritten or destroyed.
 - 6.5.7 **Survival of Data Protection Duties:** All non-disclosure and data protection duties survive the end of the contract permanently.

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6.6 Security Incident & Data Breach Management

- 6.6.1 **Mandatory 24-Hour Notification:** The Contractor shall notify ADES in writing within twenty-four (24) hours of discovering or suspecting any Security Incident via email simultaneously to:
- 6.6.2 **ADES Information Breach Team:** infobreach@azdes.gov
ADES Security Incident Response Team: dessecurityincidentresponseteam@azdes.gov
- 6.6.3 **Containment & Root Cause Analysis (RCA):** The Contractor shall immediately execute containment protocols and submit a comprehensive Root Cause Analysis (RCA) report within ten (10) business days following incident resolution.
- 6.6.4 **Breach Mitigation & Credit Monitoring:** If a security breach originates within the Contractor's CMS, API endpoints, facility, or devices, the Contractor shall bear all financial responsibility for required participant notices and provide affected participants with at least one (1) year of credit monitoring and identity restoration services at no cost to the participant or ADES.
- 6.6.5 **Assume** all financial responsibility if a security breach occurs and originates within the Contractor's CMS, API endpoints, facility, or devices. Provide affected Participants with required notices and at least one (1) year of credit monitoring and identity restoration services at no cost to the Participant or ADES.

6.7 Cybersecurity Risk Assessment Requirements

- 6.7.1 **Mandatory GovRAMP Compliance for Contractor CMS & APIs:** Because the Contractor hosts State PII, program eligibility data, and participant records on a vendor platform and exposes data interfaces, the Contractor's CMS and associated APIs must successfully hold or obtain a **GovRAMP Moderate Impact** assessment (or active FedRAMP/StateRAMP Moderate authorization) prior to handling live state data.

6.8 Mandatory GovRAMP Requirements

- 6.8.1 Pursuant to [State Data Classification Policy P8110](#), the Contractor will have access to the following type of Data as part of its work under the Contract:
 - 6.8.1.1 Public State Data
 - 6.8.1.2 Confidential State Data
- 6.8.2 The Arizona Department of Homeland Security (AZDOHS) establishes cybersecurity standards, performs risk assessments, and verifies Contractor's compliance with these requirements. AZDOHS has identified GovRAMP assessments with continuous monitoring as the preferred standard for security assessments at the State.
- 6.8.3 Based on the Data accessed in this contract, the Contractor is required to achieve a minimum GovRAMP, or an approved equivalent, verified status of:
 - 6.8.3.1 GovRAMP Core no later than 12 months of contract award;
 - 6.8.3.2 GovRAMP Ready no later than 18 months of contract award; and
 - 6.8.3.3 GovRAMP Authorized no later than 24 months of contract award.

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6.8.4 Prior to the transfer of any State Data, the Contractor shall enroll in GovRAMP Progressing Snapshot program and receive the first Snapshot within 60 days of award. No State Data can be transferred until completed.

6.8.4.1 The provider will be required to participate in the GovRAMP Progressing Snapshot program prior to any data being transferred, stored or processed with the expectation that progress will be made on a quarterly basis.

6.8.4.2 A provider may also provide a letter from the GovRAMPPMO indicating that the product currently holds an Active, In Process, or Pending status, indicating that the product is in the pipeline to receive a GovRAMPRReady, Authorized, or Provisionally Authorized status.

6.8.5 If the Contractor is providing professional services that include a cloud service component that will process, transmit, or store State Data, the cloud product utilized must meet the same requirements outlined above

6.8.6 **Subcontractors Exemption:** Subcontractors operating strictly within the Contractor's authorized web platform interface under executed Sub-contracts are exempt from independent RAMP risk assessments.

7. Key Personnel

The Contractor shall:

7.1 Ensure all direct staff and subcontractor staff have access to ongoing professional development and FRA Pilot engagement.

7.2 Maintain a performance evaluation system that ensures all staff, regardless of employment status, adhere to the service standards and accountability requirements in this contract.

7.3 Ensure that all staff and subcontractors providing direct services under this Contract possess the necessary skills and relevant certifications to provide services.

7.4 Maintain and update the Workforce Credentialing and Compliance Matrix (Attachment 9). The matrix shall include a list of all key staff and/or subcontractor staff who provide direct services under this Contract, their current national certifications, and the expiration dates of such credentials.

7.5 Ensure that any staff or subcontractors providing direct services under this Contract that do not possess a relevant certification are actively pursuing relevant credentials.

7.6 Provide a professional development plan for any staff or subcontractors that are not currently certified, the plan shall outline the timeline to obtain credentials. Examples of nationally recognized credentials include, but are not limited to the following:

7.6.1 Workforce and Career Development Certification Training (WCDC)®;

7.6.2 Certified Workforce Development Professional® (CWDP) certification;

7.6.3 Certified Career Services Provider Certification (CCSP);

7.6.4 Global Career Development Facilitator Certification (GCDF);

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- 7.6.5 Certified Case Manager (CCM);
- 7.6.6 National Work Readiness Credential;
- 7.6.7 CESP™ (Certified Employment Support Professional);
- 7.6.8 ACRE Approved Training (Association of Community Rehabilitation Educators);
- 7.6.9 HS-BCP (Human Services-Board Certified Practitioner); and
- 7.6.10 Certified Workforce Development Leader (CWDL)® .

8. Performance Measures

- 8.1 Contractor shall be measured on the following performance outcomes and in alignment with Performance Outcomes FRA TANF Pilot Benchmarks (Exhibit F):
 - 8.1.1 Employment rate at Federal Fiscal Year (FFY) 2nd quarter, six (6) months after exit
 - 8.1.2 Median earnings at FFY 2nd quarter, six (6) months after exit;
 - 8.1.3 Median earnings at FFY 4th quarter, twelve (12) months after exit;
 - 8.1.4 Reduced dependence on government food benefits at FFY 4th quarter, (12 mo.) after exit;
 - 8.1.5 Percent of TANF Jobs Participants who are in Unsubsidized Employment in the FFY 2nd, 3rd, and 4th quarters after exit (employment stability);
 - 8.1.6 Overall education and work readiness gains (educational skills, credential attainment);
 - 8.1.7 Percentage of engaged Participants with a fully executed, signed IRP within thirty (30) days of their CA approval letter; and
 - 8.1.8 Percentage of Participants who complete at least two (2) distinct IRP milestones within the first thirty (30) days of IRP completion.

8.2 Data Calculation and Contractor Responsibilities

- 8.2.1 Federal Data Matching: Performance metrics for outcomes 8.1.1 through 8.1.4 are calculated at the federal level by ACF using national administrative data-matching systems (such as the National Directory of New Hires). Neither ADES nor the Contractor directly computes these measures.
- 8.2.2 Federal Data Matching: Performance metrics for outcome 8.1.5 is calculated by ADES using national administrative data-matching systems (such as the National Directory of New Hires).
- 8.2.3 Contractor-Reported Measures (8.1.6 through 8.1.8): The Contractor is solely responsible for collecting, maintaining, and submitting verifiable evidence to ADES to support outcomes for skill and credential gains, timely IRP execution, and early milestone progress.

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8.3 Performance Guarantees

- 8.3.1 The State of Arizona is responsible for meeting performance outcomes as established by the Federal government. If the State fails to meet the performance outcomes, the State may be subject to a Federally imposed Corrective Action Plan. ADES will require the Contractor to produce a root cause analysis of performance deficiencies to assist in establishing the reasonable cause, provide case-level data supporting performance outcome calculations, identify methods to reduce the deficiencies, or create a Corrective Action Plan.
- 8.3.2 Failure to meet performance outcomes, or to submit or implement an acceptable Corrective Action Plan, and as a result of the Contractor's action or inaction, the State is unable to prove reasonable cause for the failure to meet performance outcomes, ADES, at its sole discretion can remove the Contractor from the Pilot Program, withhold payment, or terminate for cause, including immediate removal if performance risks federal compliance.

8.4 Quality Assurance

- 8.4.1 ADES staff will conduct quarterly reviews of Case Records for quality assurance in accordance with contract requirements.
- 8.4.2 ADES uses random sampling to ensure objectivity in the selection of Participant case files for the quarterly case reviews.

8.5 Independent Program Evaluations

- 8.5.1 ADES may obtain the service of an independent contractor to conduct program evaluations. The Contractor will fully cooperate with the independent contractor(s) conducting evaluations. The evaluation may include focus groups, surveys, data collection, data analysis, and other qualitative and quantitative evaluation methods.

9. Payment for Services

The Contractor shall:

- 9.1 Be reimbursed for services through a hybrid funding model consisting of Fixed Monthly Payments for operational capacity, Incentive Payments based on the achievement of specific performance milestones, and reimbursement pass-through payments for Participant support services and direct subcontracting services. In the event of non-compliance, ADES may pursue the process designated in Section 8.3 Performance Guarantees.

- 9.1.1 Total aggregate value of the Contract encompassing, Fixed Monthly Payment, Incentive-Based Payments, and Reimbursement Pass-through cannot exceed \$9,000,000.

9.2 Fixed Monthly Payment

- 9.2.1 The Contractor will be paid based on the **Fixed Monthly Payment Itemized Services Budget** (Attachment 11) to encompass the full-service delivery of TANF Jobs services. The fixed rate must be supported by a detailed budget breakdown. This cost is all-inclusive of this service minus the Reimbursable Pass-Through and Incentive-Based payments. The fixed monthly payment covers operational capacity and essential infrastructure, including but not limited to:

- 9.2.1.1 Staffing and administrative overhead;

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9.2.1.2 Service provision activities;

9.2.1.3 Technology, software licenses, and office equipment (unless provided in alignment with Section 9.5); and

9.2.1.4 Compliance and data reporting.

9.2.2 Payment will be issued monthly upon receipt of the Fixed Monthly Payment Invoice (Exhibit I) and all reporting requirements.

9.3 Incentive-Based Payments (Performance Milestones)

9.3.1 Incentive payments are contingent upon the Contractor providing valid supporting documentation (e.g., pay stubs, employer verification, system-generated reports, or educational/certificate records) and a completed Incentive Based Payment Invoice (Exhibit G).

9.3.2 ADES reserves the right to recoup any incentive-based payments in the event an audit finds the performance data to be inaccurate or unsupported. Any inaccurate or unsupported payments will be recouped through a reduction in the next Fixed Monthly Payment invoice or following the process specified in Special Terms and Conditions, Section 34. Payment Recoupment.

9.3.2.1 Employment Stability Outcome

1. Contractor shall increase the Percent of TANF Jobs participants who are in Unsubsidized Employment in the FFY 2nd, 3rd, and 4th quarters after exit (TANF Exiters as defined in Section 4.30) (employment stability). Performance Outcomes are established in the FRA TANF Pilot Benchmarks (Exhibit F). The Contractor will be eligible to receive a performance incentive of \$10,000 for each one percentage point increase above the established baseline, up to a maximum annual incentive payment of \$100,000.
2. Baseline employment stability percentages will be reviewed by ADES on an annual basis. Baseline percentages *may* be updated at ADES' sole discretion.

9.3.2.2 Credential Attainment

1. \$3,000.00 for each Participant who earns their Arizona High School Equivalency Diploma awarded by the Department of Education.
2. \$3,000.00 for each Participant who earns an industry-aligned qualified credential demonstrating competency toward a self-sustaining wage or career progression.
 - a. Qualified credentials encompass academic skill certificates, third-party industry certifications, state/state-recognized occupational licenses, and skill-specific micro-credentials.

9.3.2.3 180 Days Retention

1. \$3,000.00 for each Participant who maintains permanent, Unsubsidized Employment for one hundred eighty (180) days following the closure of their TANF Cash Assistance case.

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9.4 Reimbursable Pass-Through

9.4.1 Support Services Pass-Through

9.4.1.1 Contractor will be reimbursed for actual, out-of-pocket expenses paid directly to, or on behalf of, Participants to achieve readiness for employment. The Contractor nor its subcontractors, nor any other vendor or provider, shall not apply administrative fees or markups to these expenditures. Eligible reimbursement costs include, but are not limited to:

1. Transportation assistance (e.g., bus passes, fuel cards);
2. Work-related clothing, tools, or equipment;
3. Professional licensure or certification fees; and
4. Emergency stabilization (e.g., short-term childcare or utility assistance).

9.4.2 Direct Service Subcontracting Pass-Through

9.4.2.1 Contractor may pass through funds to vetted third-party entities for the direct delivery of specialized Participant services, such as service coordination and employment services.

9.4.2.2 Unlike support service reimbursements under Section 9.4.1, subcontracts issued under this provision may include reasonable, pre-approved administrative, operational, or overhead costs incurred by the direct service provider, subject to the following conditions:

1. Costs must be in accordance with 45 CFR §263.0.
2. Pre-Approval: All subcontract agreements, proposed scope of work, and associated budgets, including any administrative rates, must receive written approval from ADES prior to execution. Any subcontract executed without ADES' prior written approval shall be considered invalid. ADES shall have no liability to pay any invoices submitted against an invalid subcontract. All subcontracts must comply with ADES Special Terms and Conditions, Section 43. Subcontracts.
3. Fee Cap: Subcontractor administrative costs shall not exceed 10% of the total subcontract value.
4. No Tiered Markups: The Contractor shall not apply any additional administrative fees, management markups, or indirect rates to the subcontractor's billed expenditures.

9.4.3 Pass-Through Reimbursement shall not exceed \$4,000,000.00 annually.

9.4.4 Payment will be issued monthly upon receipt of the Reimbursable Pass-Through Invoice (Exhibit J) and all reporting requirements.

9.5 Transition and Start-Up Costs:

9.5.1 ADES may provide a one-time start-up payment (upon Contractor's request prior to award) to cover the initial costs of establishing program operations as approved by ADES listed on Transition and Start-Up Itemized Services Budget (ISB), (Attachment 12) up to \$100,000. Start-up costs cannot

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be requested after award. This payment is restricted to non-recurring costs necessary to launch the TANF Jobs Program, such as:

9.5.1.1 Staff recruitment and initial training; and

9.5.1.2 Procurement of technology, software licenses, and office equipment.

9.5.2 Payment Schedule:

9.5.2.1 50% payable upon contract execution.

9.5.2.2 50% payable upon ADES verification that the Contractor has achieved "operational readiness" as specified in Section 5.1.4 (e.g., staff hired, subcontracts secured, systems live).

9.5.3 Liquidated Damages:

9.5.3.1 The Contractor shall pay ADES liquidated damages equal to the total Transition and Start-Up Payment amount(s) paid to the Contractor under Section 9.5 of this Contract if, within ninety (90) days of ADES' written verification of the Contractor's "Operational Readiness," the Contractor fails to begin service delivery.

9.5.3.2 The value of the following will reduce any Liquidated Damages:

9.5.3.2.1 Allowable costs actually incurred that are listed on the approved Transition and Start-Up Itemized Services Budget (ISB) (Attachment 12); and

9.5.3.2.2 The actual costs of all equipment purchased under the approved ISB that is returned to ADES in good working order, for the purposes of this section "good working order" means a condition that allows for immediate redeployment of the equipment by ADES without repair or refurbishment. The Contractor shall not receive any reduction against liquidated damages for equipment that is missing, damaged, or determined by ADES to not be in good working order. ADES has final say in determining if any returned equipment is in good working order.

10. Reporting Requirements

10.1 The Contractor shall submit all reports to dersworkforcedevelopment@azdes.gov, unless otherwise specified as follows:

10.1.1 Monthly Reports are due within ten (10) days of the end of month.

10.1.1.1 Data report of Participant-level data, interaction logs, milestone activities, and other data as may be required by ADES.

10.1.2 Quarterly Reports are due within ten (10) days of the end of the FFY quarter.

10.1.2.1 Participant satisfaction assessment data and internal QA findings report.

10.1.2.2 Workforce Credentialing and Compliance Matrix (Attachment 9) with any supporting professional development plan(s), where applicable.

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10.1.2.3 A revised Service Location Chart (Attachment 10) when there are changes. The submission is due to dersworkforcedevelopment@azdes.gov . When there is a subcontractor change an amendment shall be required as specified in the Special Terms and Conditions, Subcontracts, Section 43.

10.1.3 Semi- Annual Reports are due every December 31st and June 30th as specified in A.R.S. § 46-300.07.

10.2 Annual Reports

10.2.1 Audit report of the Financial Program Compliance Audit Report, completed by an Independent Certified Public Accountant (CPA), within ninety (90) days of the current Contract Term.

10.2.2 Financial Program Compliance Audit Report, ninety (90) days after the end of the Federal Fiscal Year, detailing the actual expenditures for the TANF Jobs Program that year as specified in Section 9.

10.2.2.1 Report shall be completed by an Independent Certified Public Accountant. The Contractor shall assume the cost of said services.

10.2.2.2 Report shall be submitted by email to: tanfjobsinvoices@azdes.gov
Subject Line: TANF Jobs Annual Financial Program
Compliance Audit Report

10.3 Other Reports

10.3.1 Final Participant case records in a standardized format to facilitate ADES monitoring or expenditure audits submitted at termination.

10.4 Invoicing and Verification

10.4.1 Fixed Monthly Payment Invoices (Exhibit I) shall be submitted by the 15th calendar day of the following month to TANFJobsInvoices@azdes.gov

10.4.2 Incentive-Based Payment Invoice (Exhibit G) shall be submitted with supporting documentation (e.g., pay stubs, employer verification, system-generated reports or educational/certificate records), and submitted within thirty (30) calendar days of milestone completion. Submit to TANFJobsInvoices@azdes.gov

10.4.3 Reimbursable Pass-Through Invoice (Exhibit J) shall be submitted for Participant support services and direct service subcontracting reimbursement requests and shall include supporting documentation sufficient to substantiate the reimbursement request. Submit to TANFJobsInvoice@azdes.gov.

11. Notices and Correspondence

11.1 Submit notices, correspondence, and contract related issues by email to DERContractsAdmin@azdes.gov.

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11.2 Certificate of Insurance

- 11.2.1 The Contractor shall submit the required certificate of insurance and policy endorsements as required in the Special Terms and Conditions, Section 24, Indemnification and Insurance shall be submitted by the Contractor's agent no later than ten (10) days of Contract award to MyCOI. The Contract and its insurance agent(s) must be registered with MyCOI in order to have the insurance coverage validated.
- 11.2.2 Prior to expiration of COI(s), the Contractor must submit new COI(s) and endorsements into the insurance tracking portal, MyCOI.
- 11.2.3 ADES will not process any invoices until COI documents have been received and are in compliance with the Special Terms and Conditions.

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ADES Special Terms and Conditions

1. Definition of Terms

In addition to the Uniform Terms and Conditions, Section 1, the following shall apply:

- 1.1 **“Award Date”** The date this Contract is executed by the Department. This may or may not be the same date as the “Effective Date” which is the date specified on the Offer and Acceptance or Signature Page.
- 1.2 **“Client Specific Referral”** Services or activities for which a referral has been made for a client by an authorized representative of the Department.
- 1.3 **“Contract Amendment”** means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.
- 1.4 **“Department”** The Arizona Department of Economic Security (ADES), unless otherwise indicated.
- 1.5 **“Effective Date”** The date the Contractor is to start delivering services. The Effective Date is specified on the Offer and Award or Signature Page.
- 1.6 **“Equipment”** All vehicles, furniture, machinery, electronic data processing (EDP) equipment, software and all other equipment costing \$10,000.00 or more, including all normal and necessary expenses incurred to make the equipment ready for its intended use (e.g., taxes, freight, installation, assembly and testing charges, etc.), and with a useful life of greater than one (1) year. Equipment as used herein does not include real property (e.g., land, building, structures, or facilities’ improvements).
- 1.7 **“May” or “may”** Indicates something that is not mandatory but permissible.
- 1.8 **“Purchase Order”** also known as “Purchase Authorization” or “Release Order” is an authorized document to procure goods or services.
- 1.9 **“Shall or “shall” “Must” or “must”** Indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.
- 1.10 **“Should” or “should”** Indicates something that is recommended but not mandatory. If the Contractor fails to provide recommended information, the State may, at its sole option, ask the Contractor to provide the information.
- 1.11 **“Vulnerable adult”** An individual who is eighteen (18) years of age or older who is unable to protect himself from abuse, neglect or exploitation by others because of a physical or mental impairment. Vulnerable adult includes an incapacitated person as defined in A.R.S. §14-5101.

2. Advertising, Publishing and Promotion of Contract

In addition to the Uniform Terms and Conditions, Section 3.6, the following shall apply:

- 2.1 The Contractor shall provide to the Department for review and approval all reports or publications (written, visual or sound) which are funded or partially funded under this Contract, a minimum of fifteen (15) calendar

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days prior to public release. All reports and publications whether written, visual or verbal shall contain the following statement:

- 2.1.1 “This program was funded through a contract with the Arizona Department of Economic Security. Points of view are those of the author and do not necessarily represent the official position or policies of the Department.”

3. Assignment

In addition to the Uniform Terms and Conditions, Section 5.3, the following shall apply:

3.1 Merger, Reorganization or Change of Ownership

3.1.1 A proposed merger, reorganization or change in ownership of the Contractor shall require prior written approval of the Department and may require an assignment of this Contract documented by a Contract Amendment. The Department may terminate this Contract pursuant to the Termination clauses of this Contract, if the Contractor does not obtain prior written approval or the Department determines that the change in ownership is not in the best interest of the State.

3.1.2 The Contractor shall submit a detailed merger, reorganization and/or transition of ownership plan to the Department, for review at least sixty (60) days prior to the effective date of the proposed change.

3.2 This Contract is voidable and subject to immediate cancellation by the Department upon the Contractor becoming insolvent, or filing proceedings in bankruptcy or reorganization under the United States Code, or assigning any right(s) or obligations under this Contract without the prior written consent of the Department.

4. Audit

In addition to the Uniform Terms and Conditions, Section 3.3, the following shall apply:

4.1 In compliance with the Federal Single Audit Act (31 U.S.C. § 7501-7506 as may be amended), Contractors designated as sub-recipients shall comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards as prescribed in 2 C.F.R. § 200.

4.2 Audits of non-profit corporations receiving Federal or State monies are required pursuant to Federal or State law and shall be conducted as provided in 31 U.S.C. § 7501-7506, and A.R.S. § 35-181.03, as may be amended, and any other applicable statutes, rules, regulations, and standards.

4.3 In accordance with A.R.S. § 35-214, the Contractor shall retain and shall contractually require each subcontractor to retain all data, books and other records (“records”) relating to this Contract for a period of five (5) years after completion of this Contract, except if the Contractor is subject to Health Insurance Portability & Accountability Act of 1996 (Public Law 104-191) in which case such records shall be retained for six (6) years. All records shall be subject to inspection and audit by the State at reasonable times. Upon request by the Department or the Attorney General’s Office, the Contractor shall produce the original of any or all such records.

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5. Authorization for Services

- 5.1 Authorization for performance of services under this Contract shall be made only upon the issuance of a duly authorized Purchase Order (also referred to as "Purchase Authorization" or "Release Order"). The Purchase Order will indicate this Contract number and the dollar amount of funds authorized. The Contractor shall only be authorized to perform services up to the amount on the Purchase Order. The Department shall not have any legal obligation to pay for services in excess of the amount indicated on the Purchase Order.
- 5.2 No further obligation for payment shall exist on behalf of the Department unless:
- 5.2.1 The Purchase Order is changed or modified with an official procurement change order, and/or
- 5.2.2 An additional Purchase Order is issued for purchase of services under this Contract.

6. **Background Checks for Employment through the Central Registry.** If providing direct services to children or vulnerable adults, the following shall apply:

- 6.1 The provisions of A.R.S. § 8-804 (as may be amended) are hereby incorporated in their entirety as provisions of this Contract.
- 6.2 The Department will conduct Central Registry Background Checks and will use the information contained in the Central Registry as a factor to determine qualifications for positions that provide direct service to children or vulnerable adults for:
- 6.2.1 Any person who applies for a contract with this State and that person's employees;
- 6.2.2 All employees of a contractor;
- 6.2.3 A subcontractor of a contractor and the subcontractor's employees; and
- 6.2.4 Prospective employees of the contractor or subcontractor at the request of the prospective employer.
- 6.3 Volunteers who provide direct services to children or vulnerable adults shall have a Central Registry Background Check which is to be used as a factor to determine qualifications for volunteer positions.
- 6.3.1 A person who is disqualified because of a Central Registry Background Check may apply to the Board of Fingerprinting for a Central Registry exception pursuant to A.R.S. § 41-619.57. A person who is granted a Central Registry exception pursuant to A.R.S. § 41-619.57 is not entitled to a contract, employment, licensure, certification or other benefit because the person has been granted a Central Registry exception.
- 6.3.2 Before being employed or volunteering in a position that provides direct services to children or vulnerable adults, persons shall certify within the web portal by the Department whether an allegation of abuse or neglect was made against them and was substantiated. The certification are to be maintained as confidential.

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- 6.4 A person in receipt of the Central Registry Background Check may provide direct services to ADES clients if the certification states:
- 6.4.1 The person is not currently the subject of an investigation of child abuse or neglect in Arizona or another state or jurisdiction; and
 - 6.4.2 The person has not been the subject of an investigation of child abuse or neglect in Arizona, or another state or jurisdiction, which resulted in a substantiated finding.
- 6.5 If the Central Registry Background Check specifies any disqualifying act and the person does not have a Central Registry exception, the person shall be prohibited from providing direct services to ADES clients.
- 6.6 The Contractor shall maintain the Central Registry Background Check results and any related documents in a confidential file for five (5) years after termination of this Contract.
- 6.7 The Contractor shall require each employee to submit a Central Registry Background Check , and retain in a confidential file for five (5) years after termination of this Contract. The Centralized Background Checks web portal can be found at <https://cbc.az.gov>.

7. Certification of Cost or Pricing Data

By submittal of the offer, the Contractor is certifying that, to the best of the Contractor's knowledge and belief, any cost or pricing data submitted is accurate, complete, and current as of the date submitted or other mutually agreed upon date. Furthermore, the price to the State shall be adjusted to exclude any significant amounts by which the State finds the price was increased because the cost or pricing data furnished by the Contractor was inaccurate, incomplete, or not current as of the date of certification. Such adjustment by the State may include overhead, profit, or fees. The certifying of cost or pricing data does not apply when contract rates are set by law or regulation.

8. Certification Regarding Lobbying

In addition to the Uniform Terms and Conditions, Section 7.11, the following shall apply:

- 8.1 The Contractor shall comply with P.L. 101-121, Section 319 (31 U.S.C. section 1352) as may be amended, and 29 C.F.R. Part 93 as may be amended which prohibit the use of federal funds for lobbying and which state, in part: Except with the express authorization of Congress, the Contractor, its employees or agents, shall not utilize any federal funds under the terms of this contract to solicit or influence, or to attempt to solicit or influence, directly or indirectly, any member of Congress regarding pending or prospective legislation. Indian tribes, tribal organizations and any other Indian organizations are exempt from these lobbying restrictions with respect to expenditures that are specifically permitted by other federal law.
- 8.2 The Contractor agrees by submittal of the Certification Regarding Lobbying form, in compliance with 49 C.F.R. Part 20.

9. Code of Conduct

The Contractor shall avoid any action that either creates or result in the appearance of its having:

- 9.1 Divulging or made an inappropriate use of information gathered or discovered pursuant to the performance of its duties under this Contract;

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- 9.2 Acted on behalf of the State without appropriate authorization;
- 9.3 Provided favorable or unfavorable treatment to anyone;
- 9.4 Made a decision on behalf of the State that exceeded its authority, could result in partiality, or have a political consequence for the State;
- 9.5 Misrepresented or otherwise impeded the efficiency, authority, actions, policies, or adversely affected the confidence of the public or integrity of the State; or
- 9.6 A loss of impartiality when advising the State.

10. Competitive Bidding

If the Contractor is authorized to purchase the supplies and equipment itemized in this Contract for utilization in the delivery of contract services, this Contractor shall procure all such supplies and equipment at the lowest practicable cost and shall purchase all non-expendable items having a useful life of more than one (1) year and an acquisition cost of \$1,000 or more, through generally accepted and reasonable competitive bidding processes. Any procurement in violation of this provision shall be considered a financial audit exception.

11. Compliance with Applicable Laws

In addition to the Uniform Terms and Conditions, Section 7.6, the following shall apply:

- 11.1 In accordance with A.R.S. § 36-557 as may be amended (Purchase of community developmental disabilities services; application; contracts; limitation), as applicable, all recipients of contract services shall have all of the same specified rights as they would have if enrolled in a service program operated directly by the State.
- 11.2 The Contractor shall comply with the requirements related to reporting to a peace officer or child protective services incidents of crimes against children as specified in A.R.S. §13-3620 as may be amended.
- 11.3 The Contractor shall comply with all applicable State and Federal statutes and regulations. This shall include A.R.S. § 23-722.01 as may be amended relating to new hire reporting, A.R.S. § 23-722.02 as may be amended relating to wage assignment orders to provide child support, and A.R.S. § 25-535 as may be amended relating to administrative or court-ordered health insurance coverage for children.
- 11.4 The Contractor shall comply with the Administrative Simplification rules in Title II of the Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191) and all Federal regulations that are applicable to the operations of the Contractor by the dates required by the implementing Federal regulations as well as all subsequent requirements and regulations as published.

12. Confidentiality

- 12.1 The Contractor shall observe and abide by all applicable State and Federal statutes, rules and regulations regarding the use or disclosure of information including, but not limited to, information concerning applicants for and recipients of contract services. To the extent permitted by law, the Contractor shall release

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information to the Department and to the Attorney General's Office as required by the terms of this Contract, by law or upon their request.

- 12.2 The Contractor shall comply with the requirements of Arizona Address Confidentiality Program, A.R.S. §41-161 et. seq. The Department will advise the Contractor as to applicable policies and procedures the Department has adopted for such compliance.

13. Contract Term and Option to Extend

- 13.1 The term of the resultant Contract shall be effective the date specified on the Offer and Acceptance and shall remain in effect as specified in this Contract, unless terminated, cancelled, or extended as otherwise provided herein.
- 13.2 The State has no obligation to extend or renew this Contract. However, the State shall have the right, at its sole option, to renew this Contract in accordance with any extensions the State may receive for supplemental periods up to a maximum Contract term of five (5) years. In the event that the State exercises such right, all terms, conditions and provisions of the original Contract shall remain the same and apply during the renewal period with the exception of price. The Contractor shall agree that the price stated in the original Contract shall apply unless otherwise allowed.
- 13.3 Any extension or renewal must be made prior to the end of this Contract period specified in this Contract.
- 13.4 The Contractor shall not provide services prior to Contract term commencing or after the termination date of this Contract. There shall be no billable activity outside of this Contract effective dates except as otherwise authorized by the Department in writing.

14. Cooperation with the Department's Investigation

All Contractors, providers, vendors and volunteers shall cooperate fully and truthfully with any Department investigation, including but not limited to an Investigation by Division or Internal Affairs. Failure to adhere to this condition may result in ADES taking all such actions it deems appropriate, including removal of Contractor personnel and/or witness from working with the Department clients up to termination of this Contract with the Department.

15. Data Sharing Agreement

- 15.1 When determined by the Department that sharing of confidential data will occur with the Contractor, the Contractor shall complete the ADES Data Sharing Request Agreement and submit the completed Agreement to the ADES Program Designated Staff prior to any work commencing or data shared. A separate Data Sharing Request Agreement shall be required between the Contractor and each DES Program sharing confidential data.
- 15.2 The Data Sharing Request Agreement is located at: <http://des.az.gov/documents-center>. In the "Search" field type "Data Sharing" and click "Apply". The search will produce the following results:
- 15.2.1 Document Number J-119-Single (For requests involving a single division or program).

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16. Equipment

- 16.1 If the Contractor is authorized to purchase Equipment, it shall be itemized in this Contract for utilization in the delivery of contract services. If Equipment is purchased as authorized by this Contract, the Contractor shall maintain complete and up-to-date inventory records for all Equipment purchased hereunder. Equipment specifically designated within this Contract, to be purchased in whole or in part with the Department funds, shall be reported in accordance with Department inventory policies and procedures. The Contractor shall report Equipment purchased under this Contract funds to the Department within thirty (30) days of purchase, perform an annual inventory of all Equipment purchased with Department funds and submit the Equipment inventory form to the Department person designated to receive notices.
- 16.2 The Department shall retain an equitable interest equal to the purchase price paid, or a fair estimate or appraisal of current market value, whichever is greater, in all Equipment purchased under this Contract. The Department shall be included as a co-insured on any insurance policy which covers Equipment purchased under this Contract.
- 16.3 The Contractor shall not dispose of any Equipment purchased under this Contract without the prior written consent of the Department during and after this Contract term. Such consent, if given, may include direction as to the means of disposition and the utilization of proceeds, including any necessary adjustments to this Contract.
- 16.4 Upon termination of this Contract, any Equipment purchased under this Contract shall be disposed of as directed by the Department and, if sold, the Department shall be compensated in the amount of its equitable interest.
- 16.5 Under a fixed price contract, Section 16.1 through 16.4 do not apply unless specifically required by federal or state law.

17. Evaluation

- 17.1 The Department may evaluate, and the Contractor shall cooperate in the evaluation of, contract services. Evaluation may assess the quality and impact of contract services, either in isolation or in comparison with other similar services and assess the Contractor's progress and/or success in achieving the goals, objectives and deliverables set forth in this Contract.
- 17.2 As requested by the Department, the Contractor shall participate in third-party evaluations relative to Contract impact in support of Department goals.

18. E-Verify

In addition to the Uniform Terms and Conditions, Section 3.12, the following shall apply:

- 18.1 The Contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214(A) as may be amended.
- 18.2 A breach of a warranty regarding compliance with Federal and State immigration laws and regulations shall be deemed a material breach of this Contract and the Contractor may be subject to sanctions up to and including termination of this Contract.

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18.3 Failure to comply with a State audit process to randomly verify the employment records of contractors and subcontractors shall be deemed a material breach of this Contract and the Contractor may be subject to sanctions up to and including termination of this Contract.

18.4 The Department retains the legal right to inspect the papers of any employee who performs work under this Contract to ensure that the Contractor or subcontractor is complying with the warranty above.

19. Fair Hearings and Service Recipients' Grievances

19.1 The Contractor shall advise all applicants for and recipients of contract services of their right, at any time and for any reason, to present to the Contractor and to the Department any grievances arising from the delivery of contract services, including, but not limited to, ineligibility determination, reduction of services, suspension or termination of services, or quality of services. The Department may assert its jurisdiction to hear the grievance or refer the matter to the appropriate authority.

19.2 The Contractor, whenever authorized by law, shall maintain a formal system acceptable to and approved by the Department for reviewing and adjudicating grievances by service recipients or subcontractors arising from this Contract.

20. Federal Immigration and Nationality Act

In addition to the Uniform Terms and Conditions, Section 3.11, the following shall apply:

20.1 By entering into this Contract, the Contractor warrants compliance with the Federal Immigration and Nationality Act (FINA) and all other Federal immigration laws and regulations related to the immigration status of its employees. The Contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the Procurement Officer upon request. These warranties shall remain in effect through the term of this Contract. The Contractor and its subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the U.S. Department of Labor's Immigration and Control Act, for all employees performing work under this Contract. I-9 forms are available for download at USCIS.GOV.

20.2 The State may request verification of compliance for any Contractor or subcontractor performing work under this Contract.

21. Fees and Program Income

Unless specifically authorized in this Contract, the Contractor shall impose no fees or charges of any kind upon recipients for contract services.

22. Fingerprinting

22.1 Contractor shall comply with, and shall ensure that all of Contractor's employees, independent contractors, subcontractors, volunteers and other agents comply with, all applicable (current and future) legal requirements relating to fingerprinting, fingerprint clearance cards, verification of fingerprint clearance cards, certifications regarding pending or past criminal matters, and criminal records checks that relate to contract performance.

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22.2 Applicable legal requirements relating to fingerprinting, certification, and criminal background checks may include, but are not limited, to the following: A.R.S. §§ 36-594.01, 36-3008, 41-1964, and 46-141. All applicable legal requirements relating to fingerprinting, fingerprint clearance cards, certifications regarding pending or past criminal matters, and criminal records checks are hereby incorporated in their entirety as provisions of this Contract. The Contractor is responsible for knowing which legal requirements relating to fingerprinting, fingerprint clearance cards, certifications regarding pending or past criminal matters, and criminal records checks relate to contract performance.

22.3 To the extent A.R.S. § 46-141 is applicable to contract performance or the services provided under this Contract, the following provisions apply:

22.3.1 Personnel who are employed by the Contractor, whether paid or not, and who are required or allowed to provide services directly to juveniles or vulnerable adults shall have a valid fingerprint clearance card or shall apply for a fingerprint clearance card within seven (7) working days of employment.

22.3.2 Except as provided in A.R.S. § 46-141, this Contract may be cancelled or terminated immediately if a person employed by the Contractor and who has contact with juveniles certifies pursuant to the provisions of A.R.S. § 46-141 (as may be amended) that the person is awaiting trial or has been convicted of any of the offenses listed therein in this State, or of acts committed in another state that would be offenses in this State, or if the person does not possess or is denied issuance of a valid fingerprint clearance card.

22.4 Federally recognized Indian tribes may submit and the Department of Economic Security shall accept certifications that state that no personnel who are employed or who will be employed during this Contract term have been convicted of, have admitted committing or are awaiting trial on any offense as described in A.R.S. § 46-321 (as may be amended).

23. Inclusive Contractor

Contractor is encouraged to make every effort to utilize subcontractors that are small, women-owned and/or minority owned business enterprises. This may include subcontractors for a percentage of the administrative or direct service(s) being proposed. A Contractor who is committing a portion of its work to such subcontractors shall do so by identifying the type of service and work to be performed by providing details concerning the Contractor's utilization of small, women-owned and/or minority business enterprises. Emphasis should be placed on specific areas that are subcontracted, and the proposed percentage of this Contract.

24. Indemnification and Insurance

24.1 Indemnification Clause

24.1.1 To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of

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Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of such Contractor to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents, and employees for losses arising from the work performed by the Contractor for the State of Arizona.

24.1.2 This indemnity shall not apply if the Contractor or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

24.2 **Insurance Requirements**

24.2.1 Contractor and subcontractors shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Contract, insurance against claims for injury to persons or damage to property arising from, or in connection with, the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

24.2.2 The Insurance Requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that arise out of the performance of the work under this Contract by the Contractor, its agents, representatives, employees or subcontractors, and the Contractor is free to purchase additional insurance.

24.3 **Minimum Scope and Limits of Insurance**

The Contractor shall provide coverage with limits of liability not less than those stated below.

24.3.1 **Commercial General Liability (CGL) – Occurrence Form**

Policy shall include bodily injury, property damage, and broad form contractual liability coverage.

General Aggregate	\$2,000,000
Products – Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Damage to Rented Premises	\$ 50,000
Each Occurrence	\$1,000,000

- a. The policy shall include coverage for Sexual Abuse and Molestation (SAM). This coverage may be sub-limited to no less than \$500,000. The limits may be included within the General Liability limit or provided by separate endorsement with its own limits. If you are unable to obtain SAM coverage under your General Liability because the insurance market will not support it, it should it be included with the Professional Liability.

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- b. Contractor must provide the following statement on their Certificate(s) of Insurance: "Sexual Abuse and Molestation coverage is included" or "Sexual Abuse and Molestation coverage is not excluded."
- c. The policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.
- d. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

24.3.2 Business Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned automobiles used in the performance of this Contract.

Combined Single Limit (CSL)	\$1,000,000
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24.3.2.1 Policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by, or on behalf of, the Contractor involving automobiles owned, hired and/or non-owned by the Contractor.

24.3.2.2 Policy shall contain a waiver of subrogation endorsement as required by this written agreement in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

24.3.3 Workers' Compensation and Employers' Liability

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$1,000,000
Disease – Each Employee	\$1,000,000
Disease – Policy Limit	\$1,000,000

24.3.3.1 Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

24.3.3.2 This requirement shall not apply to each Contractor or subcontractor that is exempt under A.R.S. § 23-901, and when such Contractor or subcontractor executes the appropriate waiver form (Sole Proprietor or Independent Contractor).

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24.3.4 Professional Liability (Errors and Omissions Liability)

Each Claim	\$2,000,000
Annual Aggregate	\$2,000,000

- a. If SAM coverage is being provided under this policy then Contractor must provide the following statement on their Certificate(s) of Insurance: "Sexual Abuse and Molestation coverage is included" or "Sexual Abuse and Molestation coverage is not excluded." This coverage may be sub-limited to no less than \$500,000.
- b. In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.
- c. Policy shall cover professional misconduct or wrongful acts for those positions defined in the Scope of Work of this contract.

24.3.5 Network Security (Cyber) and Privacy Liability

• Each Claim	\$2,000,000
• Annual Aggregate	\$2,000,000

- a. Such insurance shall include, but not be limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, and funds transfer loss.
- b. In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.
- c. The policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to vicarious liability of the insured arising out of the activities performed by or on behalf of the Contractor.
- d. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

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24.4 Additional Insurance Requirements

The policies shall include, or be endorsed to include, as required by this written agreement, the following provisions:

24.4.1 The Contractor's policies, as applicable, shall stipulate that the insurance afforded the Contractor shall be primary and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as provided by A.R.S. § 41-621 (E).

24.4.2 Insurance provided by the Contractor shall not limit the Contractor's liability assumed under the indemnification provisions of this Contract.

24.5 Notice of Cancellation

Applicable to all insurance policies required within the Insurance Requirements of this Contract, Contractor's insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to the State of Arizona. Within two (2) business days of receipt, Contractor must provide notice to the State of Arizona if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly to the Department and shall be mailed or emailed to (Arizona Department of Economic Security C/O: myCOI, 1075 Broad Ripple Ave, Suite 313, Indianapolis, IN 46220 or support@myCOItracking.com).

24.6 Acceptability of Insurers

Contractor's insurance shall be placed with companies licensed in the State of Arizona or hold approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

24.7 Verification of Coverage

Contractor shall furnish the State of Arizona with certificates of insurance (valid ACORD form or equivalent approved by the State of Arizona) evidencing that Contractor has the insurance as required by this Contract. An authorized representative of the insurer shall sign the certificates.

24.7.1 All such certificates of insurance and policy endorsements must be received by the State before work commences. The State's receipt of any certificates of insurance or policy endorsements that do not comply with this written agreement shall not waive or otherwise affect the requirements of this agreement.

24.7.2 Each insurance policy required by this Contract must be in effect at, or prior to, commencement of work under this Contract. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach.

24.7.3 All certificates required by this Contract shall be sent as instructed by the requesting Department. The State of Arizona project/contract number and project description shall be noted on the

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certificate of insurance. The State of Arizona reserves the right to require complete copies of all insurance policies required by this Contract at any time.

24.8 Subcontractors

Contractor's certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall be responsible for ensuring and/or verifying that all subcontractors have valid and collectable insurance as evidenced by the certificates of insurance and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum Insurance Requirements identified above. The Department reserves the right to require, at any time throughout the life of this Contract, proof from the Contractor that its subcontractors have the required coverage.

24.9 Approval and Modifications

The Contracting Agency, in consultation with State Risk, reserves the right to review or make modifications to the insurance limits, required coverages, or endorsements throughout the life of this contract, as deemed necessary. Such action will not require a formal Contract Amendment but may be made by administrative action.

24.10 Exceptions

In the event the Contractor or subcontractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a certificate of self-insurance. If the Contractor or subcontractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

25. IT 508 Compliance

Unless specifically authorized in this Contract, any electronic or information technology offered to the State of Arizona under this Contract shall comply with A.R.S. § 18-131 and § 18-132 as may be amended and Section 508 of the Rehabilitation Act of 1973, which requires that employees and members of the public shall have access to and use of information technology that is comparable to the access and use by employees and members of the public who are not individuals with disabilities.

26. Levels of Service

- 26.1 If the Contractor determines service recipient eligibility, the Contractor shall maintain and regulate the units or services set forth in this Contract to ensure continuity and availability of services to eligible persons during the term of this Contract and during any transition to a subsequent contractor.
- 26.2 The Department makes no guarantee to purchase specific quantities of goods or services, or to refer eligible persons as may be identified or specified herein. Further, it is understood and agreed that this Contract is for the sole convenience of the Department and that the Department reserves the right to obtain like goods or services from other sources when such need is determined necessary by the Department.
- 26.3 Any administration within the Department may obtain services under this Contract.
- 26.4 Contract services may be moved or expanded to other site locations within the geographic area awarded only by a written Contract Amendment.

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26.5 The Department makes no guarantee to purchase all of the service units authorized or to provide any number of referrals. If quantities of units are specified, they are estimates only and the Department may decrease and/or increase them by providing written notice to the Contractor.

26.6 When the method of compensation for the service is Fixed Price with Price Adjustment, this Contract may be amended, by mutual agreement, to purchase additional services by increasing this Contract's itemized service budget and/or budget summary.

27. Limited English Proficiency

The Contractor shall ensure that all services provided are culturally relevant and linguistically appropriate to the population to be served following the ADES Policy, Limited English Proficiency, DES 1-01-34. To ensure compliance, the policy may be obtained at the following location: <https://des.az.gov/digital-library/limited-english-proficiency>.

28. Non-Availability of Funds

In addition to the Uniform Terms and Conditions, Sections 4.5 and 4.6, the following shall apply:

In accordance with A.R.S. § 35-154, every payment obligation of the State under this Contract is conditioned upon the availability of funds appropriated or allocated for payment of such obligation. If funds are not allocated and available for the continuance of this Contract, this Contract may be terminated by the State at the end of the period for which funds are available. The Director of the Department shall have the sole and unfettered discretion in determining the availability of funds. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

29. Non-Discrimination

In addition to the Uniform Terms and Conditions, Section 3.2, the following shall apply:

29.1 Unless exempt under Federal law the Contractor shall comply with Title VII of the Civil Rights Act of 1964 as amended. Contractor shall comply with the Age Discrimination in Employment Act. The Contractor shall comply with the Rehabilitation Act of 1973, as amended, which prohibits discrimination in the employment or advancement in employment of qualified persons because of physical or mental handicap. The Contractor shall comply with the requirements of the Fair Labor Standards Act of 1938, as amended.

29.2 The Contractor shall comply with Title VI of the Civil Rights Act of 1964, which prohibits the denial of benefits of or participation in contract services on the basis of race, color, or national origin. The Contractor shall comply with the requirements of Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of disability in delivering contract services; and with Title II of the Americans with Disabilities Act, and the Arizona Disability Act, which prohibit discrimination on the basis of physical or mental disabilities in the provision of contract programs, services and activities.

29.3 The following shall be included in all publications, forms, flyers, etc. that are distributed to recipients of contract services:

29.3.1 "Under Titles VI and VII of the Civil Rights Act of 1964 (Title VI and VII) and the Americans with Disabilities Act of 1990 (ADA) Section 504 of the Rehabilitation Act of 1973 and the Age

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Discrimination Act of 1975, **(insert Contractor name here)** prohibits discrimination in admissions, programs, services, activities or employment based on race, color, religion, sex, national origin, age, and disability. The **(insert Contractor name here)** must make a reasonable accommodation to allow a person with a disability to take part in a program, service, or activity. Auxiliary aids and services are available upon request to individuals with disabilities. For example, this means that if necessary, the **(insert Contractor name here)** must provide sign language interpreters for people who are deaf, a wheelchair accessible location, or enlarged print materials. It also means that the **(insert Contractor name here)** will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. To request this document in alternative format or for further information about this policy please contact: **(insert Contractor contact person and phone number here)** *“Para obtener este documento en otro formato o obtener información adicional sobre esta política, (insert Contractor contact person and phone number here).”*

30. Notices

In addition to the Uniform Terms and Conditions, Section 3.5, the following shall apply:

- 30.1 All notices shall reference the contract number.
- 30.2 The Contractor shall give written notice to the Department of changes to the following, and a written amendment to this Contract shall not be necessary:
 - 30.2.1 Change of telephone number;
 - 30.2.2 Changes in the name and/or address of the person to whom notices are to be sent;
 - 30.2.3 Changes in Contract-related personnel positions of the Contractor which do not affect staffing ratios, staff qualifications or specific individuals required under this Contract; or
 - 30.2.4 In a fixed price with price adjustment contract, whenever there is less than a ten percent (10%) increase in any budget category; any such increase must be offset by an equal value decrease in another budget category or categories.

31. Order of Precedence

In addition to the Uniform Terms and Conditions, Section 2.3, the below shall apply:

In the event of a conflict in the provisions of this Contract, as accepted by the State and as they may be amended, the following shall prevail in the order set forth below:

- 31.1 ADES Special Terms and Conditions;
- 31.2 Uniform Terms and Conditions;
- 31.3 Scope of Work or Specification;

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- 31.4 Attachments that are not included in the Special Terms and Conditions or Uniform Terms and Conditions;
- 31.5 Exhibits; and
- 31.6 Documents referenced or included in the Solicitation.

32. Pandemic Contractual Performance

In addition to Uniform Terms and Conditions, Section 7.10, the following shall apply:

- 32.1 The State shall require a written plan that illustrates how the Contractor shall perform up to contractual standards in the event of a pandemic. The State may require a copy of the plan at any time prior or post award of a contract. At a minimum, the pandemic performance plan shall include:
 - 32.1.1 Key succession and performance planning if there is a sudden significant decrease in Contractor's workforce.
 - 32.1.2 Alternative methods to ensure there are services or products in the supply chain.
 - 32.1.3 An up to date list of company contacts and organizational chart.
- 32.2 In the event of a pandemic, as declared by the Governor of Arizona, U.S. Government or the World Health Organization, which makes performance of any term under this Contract impossible or impracticable, the State shall have the following rights:
 - 32.2.1 After the official declaration of a pandemic, the State may temporally void this Contract(s) in whole or specific sections if the Contractor cannot perform to the standards agreed upon in the initial terms.
 - 32.2.2 The State shall not incur any liability if a pandemic is declared and emergency procurements are authorized by the Director of the Arizona Department of Administration per A.R.S. § 41-2537 as may be amended of the Arizona Procurement Code.
 - 32.2.3 Once the pandemic is officially declared over and/or the Contractor can demonstrate the ability to perform, the State, at its sole discretion may reinstate the temporarily voided Contract(s).

33. Payments

In addition to the Uniform Terms and Conditions, Section 4.3, the following shall apply:

- 33.1 Payments shall be made according to the type of payment defined as follows:
 - 33.1.1 Rate (or) Fixed Price - The Contractor is paid a specified amount for each unit of service or deliverable as designated in this Contract, not to exceed the maximum number of authorized units if indicated by the Department for each contract service/deliverable. The Department may authorize units throughout the term of this Contract by amending this Contract or through the process of issuing Release Orders. A Release Order is a separate document and the amount of the Release

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Order may be increased or decreased throughout the term of this Contract without amending this Contract. A client specific referral is considered a form of Release Order as well as a Purchase Authorization or other similarly named document.

- 33.2 Payments shall be made according to the type of payment defined as follows for **transition and start-up costs as specified in Scope of Work section 9.5** (if applicable):
- 33.2.1 Fixed Price with Price Adjustment - Reimbursement to the Contractor is in accordance with actual allowable costs incurred not to exceed the service reimbursement ceiling as stated in the Itemized Service Budget. The Contractor shall furnish the Department with an accounting of actual costs. Increases to the service reimbursement ceiling shall only be made by a Contract Amendment.
- 33.2.2 The Department must approve the service reimbursement ceiling. The Contractor shall submit an Itemized Service Budget reflecting the total amount of the service reimbursement ceiling. The Department will issue payment based upon actual allowable costs. The Department may negotiate individual budget category, service code, activity or categories.
- 33.2.2.1 Whenever there is less than a ten percent (10%) increase in any budget category, service code, or activity within a service; any such increase must be offset by an equal value decrease in another budget category, service code, or activity within a service. A written explanation for the increase must be submitted to the Department for approval. A new Itemized Service Budget shall not be required.
- 33.2.2.2 Whenever there is a ten percent (10%) or greater increase in any budget category/service code/activity, any such increase must be offset by an equal value decrease in another budget category/service code/activity or categories and written justification for the increase must be submitted to the Department for prior approval by the Department. A new Itemized Service Budget shall be required.
- 33.2.2.3 A Contractor shall not exceed ten percent (10%) of the total service reimbursement budget in total service adjustments within any State fiscal year.
- 33.3 The Contractor shall report to the Department in the manner prescribed by the "Reporting Requirements" section of these terms and conditions. Upon receipt of applicable, accurate and complete reports, and compliance with all requirements, the Department will authorize payment or reimbursement in accordance with the type of payment indicated by this Contract.
- 33.4 If the Contractor is in any manner in default in the performance of any obligation under this Contract, or if audit exceptions are identified, the Department may, at its option and in addition to other available remedies, either offset the amount or withhold payment up to the amount in dispute or default.
- 33.5 Under no circumstances will the Department make payment to the Contractor that exceeds the units authorized.
- 33.6 The Contractor may offer a price reduction adjustment at any time during the term of this Contract. Any price reduction shall be executed by a contract amendment.

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34. Payment Recoupment

The Contractor shall reimburse the Department upon demand or the Department may deduct from future payments the following:

- 34.1 Any amounts received by the Contractor from the Department for Contract services which have been inaccurately reported or are found to be unsubstantiated;
- 34.2 Any amounts paid by the Contractor to a subcontractor not approved in writing by the Department;
- 34.3 Any amount or benefit paid directly or indirectly to an individual or organization not in accordance with the "Substantial Interest" section of these terms and conditions;
- 34.4 Any amounts paid by the Department for services which duplicate services covered or reimbursed by other specific grants, contracts, or payments;
- 34.5 Any amounts expended for items or purposes determined unallowable by the Department when this Contract provides for the reimbursement of costs, see the "Unallowable Costs" section of these terms and conditions;
- 34.6 Any amounts paid by the Department for which the Contractor's books, records, and other documents are not sufficient to clearly substantiate that those amounts were used by the Contractor to perform contract services;
- 34.7 Any amounts received by the Contractor from the Department which are identified as a financial audit exception;
- 34.8 Any amounts paid or reimbursed in excess of this Contract or service reimbursement ceiling;
- 34.9 Any amounts paid to the Contractor which are subsequently determined to be defective pursuant to the "Certification of Cost or Pricing Data" section of these terms and conditions; and
- 34.10 Any payments made for services rendered before this Contract effective date or after this Contract termination date.

35. Personnel

The Contractor's personnel shall satisfy all qualifications, carry out all duties, and provide the hours of service as set forth in this Contract.

36. Predecessor and Successor Contracts

The execution or termination of this Contract shall not be considered a waiver by the Department of any rights it may have for damages suffered through a breach of this or a prior contract with the Contractor.

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37. Professional Standards

The Contractor shall deliver contract services in a humane and respectful manner and in accordance with any and all applicable professional accreditation standards. Levels of staff qualifications, professionalism, numbers of staff and individuals identified by name must be maintained as presented in this Contract.

38. Rate Adjustment

38.1 The Contractor agrees to provide services at the rates as set forth in this Contract. No other costs, rates, or fees shall be payable to the Contractor. Any requests for rate adjustment(s) shall be submitted in writing a minimum of forty-five (45) days prior to contract extension and include supportive justification for the proposed adjustment(s) such as, but not limited to, economic data. Rate adjustment(s) shall only be considered at time of contract extension. The State will review such request(s) and shall determine whether an adjustment shall be granted or if an alternative option is in the best interests of the State. Any rate adjustment, if approved, will be effective and executed via a Contract Amendment.

38.2 Any approved rate adjustment shall be applied to the specific rate(s) in effect prior to this Contract extension period.

38.3 The request shall include this Contract number and service description.

38.4 The Contractor shall submit the request for a rate adjustment to:

Procurement Manager
ADES Office of Procurement
1789 West Jefferson, Mail Drop 1541
Phoenix, Arizona, 85007

39. Records

In addition to the Uniform Terms and Conditions, Section 3.1, the following shall apply:

39.1 Contract service records will be maintained in accordance with this Contract. Records shall, as applicable, meet the following standards:

39.1.1 Adequately identify the service provided and each service recipient's application for contract and subcontract activities;

39.1.2 Include personnel records which contain applications for employment, job titles and descriptions, hire and termination dates, a copy of the fingerprint clearance card, wage rates, and effective dates of personnel actions affecting any of these items;

39.1.3 Include time and attendance records for individual employees to support all salaries and wages paid;

39.1.4 For Fixed Price with Price Adjustment contracts, include:

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- 39.1.4.1 Records of the source of all receipts and the deposit of all funds received by the Contractor;
- 39.1.4.2 Original copies of invoices, statements, sales tickets, billings for services, deposit slips, etc., and a cash disbursement journal and cancelled checks to reflect all disbursements applicable to this Contract;
- 39.1.4.3 A complete general ledger with accounts for the collection of all costs and/or fees applicable to this Contract; and
- 39.1.4.4 Copies of lease/rental agreements, mortgages and/or any other agreements which in any way may affect Contract expenditures.

39.2 Any such records not maintained shall result in an audit exception in the amount of the inadequately documented expenditures.

39.2.1 Contractor shall ensure its subcontractor(s), preserve and make available all records for a period of five (5) years from the date of final payment under this Contract except if subject to Health Insurance Portability & Accountability Act of 1996 (P.L. 104-191) which is six (6) years from the date of final payment.

39.2.2 If this Contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five (5) years from the date of any such termination.

39.2.3 Records which relate to disputes, litigation or the settlement of claims arising out of the performance of this Contract, or costs and expenses of this Contract to which exception has been taken by the State, shall be retained by the Contractor until such disputes, litigations, Claims or exceptions have been disposed of.

40. Relationship of Parties

In addition to the Uniform Terms and Conditions, Section 2.4, the following shall apply:

- 40.1 In the event that the Contractor or its personnel is sued or prosecuted for conduct arising from this Contract, the Contractor or their personnel will not be represented by the Department of the Attorney General.
- 40.2 Taxes or Social Security payments will not be withheld from a State payment issued hereunder and the Contractor shall make arrangements to directly pay such expenses, if any.

41. Reporting Requirements

- 41.1 Unless otherwise provided in this Contract, reporting shall adhere to the following schedule: with the exception of the last month of this Contract term, the Contractor shall submit programmatic and financial reports to the Department as specified in the Scope of Work no later than the fifteenth (15th) day following the end of each month during this Contract term. Failure to submit accurate and complete reports by the fifteenth (15th) day following the end of each month may result, at the option of the Department, in retention

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of payment. Failure to provide such report within forty-five (45) days following the end of a month may result, at the option of the Department, in a forfeiture of such payment.

- 41.2 The Contractor shall submit programmatic and financial reports to the Department in the form set forth in this contract no later than the forty-fifth (45th) day following the end of each Contract term or performance period. The final fiscal report for this Contract term shall include all adjustment to prior financial reports submitted for this Contract term.
- 41.3 No later than the forty-fifth (45th) day following the termination or the expiration of this Contract, Contractor shall submit to the Department a final program and fiscal report. Failure to submit the final program and fiscal report within the above time period may result, at the option of the Department, in forfeiture of final payment.
- 41.4 All reports shall reference this Contract number and be submitted to the person designated by the Department.

42. Responsibility for Payments Indemnification

The Contractor shall be responsible for issuing payment for services performed by the Contractor's employees, subcontractors, suppliers, or any other third party incurred in the furtherance of the performance or the arising out of this Contract and will indemnify and save the Department harmless for all claims whatsoever out of the lawful demands of such parties. The Contractor shall, at the Department's request, furnish satisfactory evidence that all obligations of the nature hereinabove designated have been paid, discharged or waived.

43. Subcontracts

In addition to Section 5.2 of the Uniform Terms and Conditions, the following shall apply:

- 43.1 The Contractor shall be responsible for any goods and/or services to be provided by the subcontractor and ensure performance, is in accordance with the requirements of this Contract.
- 43.2 Prior to adding a subcontractor to this Contract, the Contractor shall submit a formal, written request to the Procurement Officer. The request shall:
 - 43.2.1 Be on the Contractors company letterhead;
 - 43.2.2 Be signed by an authorized representative of the Contractor; and
 - 43.2.3 Contain the following information:
 - 43.2.3.1 The subcontractor's name, address, phone number, e-mail and primary point of contact;
 - 43.2.3.2 The certifications required of the subcontractor (if any);
 - 43.2.3.3 The subcontractor's small business status (if applicable);
 - 43.2.3.4 The type of goods and/or services to be provided by the subcontractor;

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43.2.3.5 The amount of time or effort (as a percent of total contract performance) that the subcontractor will perform in relation to total performance of the Contract's requirements; and

43.2.3.6 A description of the quality assurance measures that the Contractor shall use to monitor the subcontractor's performance.

43.2.4 The State reserves the right to request additional information deemed necessary about any proposed subcontractor. The State reserves the right to approve or disapprove the proposed subcontractor if in the best interest of the State.

43.3 The Contractor shall provide copies of each contract with a subcontractor relating to the provision of contract services to the Department within five (5) calendar days of the request.

44. Substantial Interest Disclosure

44.1 Contractor shall not make any payments, either directly or indirectly, to any person, partnership, corporation, trust, or any other organization which has a substantial interest in Contractor's organization or with which Contractor (or one of its directors, officers, owners, trust certificate holders or a relative thereof) has a substantial interest, unless Contractor has made a full written disclosure of the proposed payments, including amounts, to the Department.

44.2 Leases or rental agreements or purchase of real property which are covered by Section 44.1 shall be in writing and accompanied by an independent commercial appraisal of fair market rental, lease, or purchase value, as appropriate.

44.3 For the purpose of this Section, "relative" shall have the same meaning as in A.R.S. § 38-502 as may be amended.

45. Supporting Documents and Information

In addition to any documents, reports or information required by any other section of this Contract, Contractor shall provide the Department with any further documents and information the Department deems necessary. Upon receipt of a request for information from ADES, this Contractor shall provide complete and accurate information no later than fifteen (15) days after the receipt of the request.

46. Suspension or Debarment

In addition to the Uniform Terms and Conditions, Section 9.3, the Contractor shall submit the Certification Regarding Debarment, Suspension and Voluntary Exclusion Lower Tier Covered Transactions form.

47. Technical Assistance

The Department may, but shall not be obligated to, provide technical assistance to the Contractor in the administration of contract services, or relating to the terms and conditions, policies and procedures governing this Contract. Notwithstanding the foregoing, the Contractor shall not be relieved of full responsibility and accountability for the provision of contract services in accordance with the terms and conditions of this Contract.

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48. Termination for Any Reason

- 48.1 In the event this Contract is terminated, with or without cause, or expires, the Contractor, whenever determined appropriate by the Department, shall assist the Department in the transition of services or eligible persons to other Contractors. Such assistance and coordination shall include, but not be limited to, the forwarding of program and other records as may be necessary to assure the smoothest possible transition and continuity of services. The cost of reproducing and forwarding such records and other materials shall be borne by the Contractor. The Contractor must make provisions for continuing all management/administrative services until the transition of services or eligible persons is complete and all other requirements of this Contract are satisfied.
- 48.2 In the event of termination or suspension of this Contract by the Department, such termination or suspension shall not affect the obligation of the Contractor to indemnify the Department and the State for any claim by any other party against the State or Department arising from the Contractor's performance of this Contract and for which the Contractor would otherwise be liable under this Contract. To the extent such indemnification is excluded by A.R.S. § 41-621 et seq. as may be amended or an obligation is unauthorized under A.R.S. § 35-154 as may be amended the provisions of this paragraph shall not apply.
- 48.3 In the event of early termination for any reason, any funds advanced to the Contractor shall be returned to the Department within ten (10) days after the date of termination or upon receipt of notice of termination of this Contract, whichever is earlier.

49. Termination for Default

In addition to the Uniform Terms and Conditions, Section 9.5, the following shall apply:

- 49.1 The Department may immediately terminate this Contract if the Department determines that the health or welfare or safety of service recipients is endangered.
- 49.2 The Department may terminate this Contract if the Contractor fails to comply with the requirements for verification of insurance coverage upon contract award and at policy renewal.

50. Transfer of Knowledge

The Contractor shall, whenever feasible, share strategies and techniques with Department staff to transfer the skills and knowledge acquired in the delivery of this contracted service.

51. Transition of Activities

In the event that a contract is awarded to a new contractor for services similar to those being performed by the Contractor under this Contract, there shall be a transition of services period. During this period, the Contractor under this Contract shall work closely with the new contractor's personnel and/or Department staff to ensure a smooth and complete transfer of duties and responsibilities. The Department's authorized representative will coordinate all transition activities. A transition plan will be developed in conjunction with the existing Contractor to assist the new contractor and/or Department staff to implement the transfer of duties. The Department reserves the right to determine which projects/service delivery nearing completion will remain with the current Contractor of record.

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52. Unallowable Costs

The cost principles set forth in the Code of Federal Regulations, 2 C.F.R. § 200, (Issued December 26, 2013), including later amendments and editions, shall be used to determine the allowability of incurred costs for the purpose of reimbursing costs under contract provisions that provide for the reimbursement of costs. Costs that are specifically defined as unallowable therein will not be submitted for reimbursement by the Contractor and may not be reimbursed with Department funds.

53. Visitation, Inspection and Copying

Contractor's and/or subcontractor's facilities, services and individuals served, books and records pertaining to this Contract shall be available for visitation, inspection, monitoring, and copying by the Department and any other appropriate agent of the State or Federal Government. At the discretion of the Department, visitation, inspection and copying may be at any time during regular business hours, announced or unannounced. If the Department deems it to be an emergency situation, it may at any time visit and inspect the Contractor's or subcontractor's facilities, services and individuals served, as well as inspect and copy their contract-related books and records.

54. Warranty of Services

In addition to the Uniform Terms and Conditions, Section 7, the following shall apply:

The Contractor warrants that all services provided under this Contract shall conform to the requirements stated herein and any amendments hereto. The Department's acceptance of services provided by the Contractor shall not relieve the Contractor from its obligations under this warranty. In addition to its other remedies, the Department Procurement Officer may, at the Contractor's expense, require prompt correction of any services failing to meet the Contractor's warranty herein. Services corrected by the Contractor shall be subject to all of the provisions of this Contract in the manner and to the same extent as the services originally furnished.

55. Information Access

- 55.1 System Measures. Contractor shall employ appropriate system management and maintenance, fraud prevention and detection, and encryption application and tools to any systems or networks containing or transmitting proprietary, sensitive, or Confidential State Data.
- 55.2 Individual Measures. Contractor personnel shall comply with applicable State policies and procedures regarding Data access, privacy, and security, including prohibitions on remote access and obtaining and maintaining access identifications (IDs) and passwords. Contractor is responsible to State for ensuring that any State access IDs and passwords are used only by the person to whom they were issued. Contractor shall ensure that personnel are only provided the minimum only such level of access necessary to perform their duties. Contractor shall, on request, provide a current register of the access IDs and corresponding access levels currently assigned to its personnel.
- 55.3 Access Control. Contractor is responsible to State for ensuring that hardware, software, Data, information, and that has been provided by State or belongs to or is in the custody of State and is accessed or accessible by Contractor personnel is only used in connection with carrying out the Work and is never commercially exploited in any manner whatsoever not expressly permitted under the Contract. State may restrict access of Contractor personnel, or instruct Contractor to restrict their access, if in its determination the requirements of this subparagraph are not being met.

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56. AZDOHS Information Security Program, Warranties, and Requirements

- 56.1 Applicability. Article 16 applies when a cloud-based solution is being employed which hosts State Data outside of the State's network, or transmits and/or receives State Data. These requirements may also apply to professional services providers as indicated in the Scope of Work.
- 56.2 Security Assessment Requirements. Contractor shall ensure that any Software as a Service (SaaS), Platform as a Service (PaaS), or Infrastructure as a Service (IaaS) products utilized to process, transmit, or store State Data comply with the Statewide Information Security Program Requirements. AZDOHS has designated GovRAMP as the preferred method for assessing and authorizing Contractors against the Statewide Information Security Program requirements. Specific GovRAMP requirements for this contract, if any, are identified in the Scope of Work. Alternative means to satisfy this requirement may be accepted by the State at its sole discretion.
- 56.3 Compliance with Applicable Policies, Procedures, and Standards. Contractor shall comply, in their entirety, with the most current versions of applicable policies, procedures, and standards from: the Arizona Strategic Enterprise Technology (ADOA-ASET); the Arizona Department of Homeland Security (AZDOHS) Information Security; and any other agency-specific policies, procedures, and standards relating to information security and technology.
NOTE (1): For convenience of reference only, policies, procedures, and standards for ADOA-ASET can be found at:
<https://aset.az.gov/policies-standards-and-procedures>
and for AZDOHS at <https://azdohs.gov/information-technology-it-policies-standards-and-procedures>
- 56.4 Supplemental Security Assessments and Testing. State reserves the right to conduct, hire a third party to conduct, or require the Contractor to hire an approved third party to conduct penetration tests, risk assessments, or vulnerability assessments of the Contractor's applications and environment. The Contractor will be alerted in advance of any assessment to establish a mutually agreeable timeline. Contractor shall respond to all flaws deemed serious by the State by providing an acceptable timeframe to resolve the issues and/or implement compensating controls.
- 56.5 Security Documentation and Compliance Reviews. At the State's request, Contractor shall provide the following items for review: System Logs from the Cloud system, delivered in the format specified; Information Security Policies including, but not limited to, System Security Plans (SSP), Written Information Security Programs (WISP), or supporting written IT policies; and Third-Party Compliance Reports such as Cybersecurity Frameworks (CSF) data, Trust Documents, Self-Attestations, and industry compliance reports (including, but not limited to, ISO/IEC, SOC 2, SOC 3, PCI, or HIPAA).
- 56.5.1 The content of the Contractor's Information Security documentation will be held confidential by the State and not subject to public records requests. Any requested Information Security documentation will be deleted once the review of the documentation is completed and any identified deficiencies are corrected.
- 56.5.2 Secure transfer of the requested documents can be coordinated with AZDOHS by emailing: GRC@AZDOHS.gov.
- 56.6 The State shall not be required to sign any Non-Disclosure Agreements (NDA) in order to review any requested information in this section.
- 56.7 Contractor must employ a government-rated Cloud compartment to better protect sensitive or regulated State Data.

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Uniform Terms and Conditions

- 1. Definition of Terms.** As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:
- 1.1 "AI" means the science and engineering of making machines capable of performing task that are typically associated with human intelligence, such as learning and problem-solving, and includes without limitation: AI systems, classic AI, external AI, generate AI, and large language model (LLM) AI.
 - 1.2 "*Attachment*" means any item the Solicitation which requires the Offeror to submit as part of the Offer.
 - 1.3 "*Contract*" means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement of Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments.
 - 1.4 "*Contract Amendment*" means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.
 - 1.5 "*Contractor*" means any person who has a Contract with the State.
 - 1.6 "*Data*" means recorded information, regardless of form or the media on which it may be recorded. The term may include technical data and computer software. The term does not include information incidental to contract administration, such as financial, administrative, cost or pricing, or management information.
 - 1.7 "*Days*" means calendar days unless otherwise specified.
 - 1.8 "*Exhibit*" means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation generally containing maps, schematics, examples of reports, or other documents that will be used to perform the requirements of the Scope of Work after contract award.
 - 1.9 "*Gratuity*" means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
 - 1.10 "*Materials*" means all property, including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.
 - 1.11 "*Procurement Officer*" means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract.
 - 1.12 "*Services*" means the furnishing of labor, time or effort by a Contractor or Subcontractor which does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements.
 - 1.13 "*State*" means any department, commission, council, board, bureau, committee, institution, agency, government corporation or other establishment or official of the executive branch or corporation commission of the State of Arizona that executes the Contract.

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- 1.14 “*State Fiscal Year*” means the period beginning with July 1 and ending June 30.
- 1.15 “*Subcontract*” means any Contract, express or implied, between the Contractor and another party or between a Subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any Materials or any Services required for the performance of the Contract.
- 1.16 “*Subcontractor*” means a person who contracts to perform work or render Services to a Contractor or to another Subcontractor as a part of a Contract with the State.

2. Contract Interpretation

- 2.1 Arizona Law. The Arizona law applies to this Contract including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona and the Arizona Procurement Code, Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code (A.A.C.) Title 2, Chapter 7.
- 2.2 Implied Contract Terms. Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.
- 2.3 Contract Order of Precedence. In the event of a conflict in the provisions of the Contract, as accepted by the State and as they may be amended, the following shall prevail in the order set forth below:
- 2.3.1 Special Terms and Conditions;
 - 2.3.2 Uniform Terms and Conditions;
 - 2.3.3 Statement or Scope of Work;
 - 2.3.4 Specifications;
 - 2.3.5 Attachments;
 - 2.3.6 Exhibits; then
 - 2.3.7 Any other documents referenced or included in the Solicitation including, but not limited to, any Bid or Offer documents provided by the Contractor that do not fall into one of the above categories.
- 2.4 Relationship of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.
- 2.5 Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.
- 2.6 No Parol Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.
- 2.7 No Waiver. Either party’s failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3. Contract Administration and Operation

- 3.1 Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each Subcontractor to retain any and all Data and other “records” relating to the acquisition and performance of the Contract for a period of five (5) years after the completion of the Contract. All records

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shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.

- 3.2 Non-Discrimination. The Contractor shall comply with State Executive Order Nos. 2023-09, 2023-01, 2009-09 and any and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act. Contractor shall include these provisions in contracts with Subcontractors when required by Federal or State law.
- 3.3 Audit. Pursuant to A.R.S. § 35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor's or any Subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.
- 3.4 Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, Subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or Materials covered under this Contract as required under A.R.S. § 41-2547. The State shall also have the right to test, at its own cost, the Materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor Materials testing shall constitute final acceptance of the Materials or Services. If the State determines non-compliance of the Materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.
- 3.5 Notices. Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be made by the Contractor to the Solicitation Contact Person indicated on the Solicitation, stated in the Contract, or listed on the State's eProcurement system. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.
- 3.6 Advertising, Publishing and Promotion of Contract. The Contractor shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.
- 3.7 Continuous Improvement. Contractor shall recommend continuous improvements on an on-going basis in relation to any Materials and Services offered under the Contract, with a view to reducing State costs and improving the quality and efficiency of the provision of Materials or Services. State may require Contractor to engage in continuous improvements throughout the term of the Contract.
- 3.8 Other Contractors. State may undertake on its own or award other contracts to the same or other suppliers for additional or related work. In such cases, the Contractor shall cooperate fully with State employees and such other suppliers and carefully coordinate, fit, connect, accommodate, adjust, or sequence its work to the related work by others. Where the Contract requires handing-off Contractor's work to others, Contractor shall cooperate as State instructs regarding the necessary transfer of its work product, Materials, Services, or records to State or the other suppliers. Contractor shall not commit or permit any act that interferes with the State's or other suppliers' performance of their work, provided that, State shall enforce the foregoing section equitably among all its suppliers so as not impose an unreasonable burden on any one of them.
- 3.9 Ownership of Intellectual Property.
- 3.9.1 Rights In Work Product. All intellectual property originated or prepared by Contractor pursuant to the Contract, including but not limited to, inventions, discoveries, intellectual copyrights,

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trademarks, trade names, trade secrets, technical communications, records reports, computer programs and other documentation or improvements thereto, including Contractor's administrative communications and records relating to the Contract, are considered work product and Contractor's property, provided that, State has Government Purpose Rights to that work product as and when it was delivered to State.

3.9.2 "Government Purpose Rights" are:

3.9.2.1 the unlimited, perpetual, irrevocable, royalty free, non-exclusive, worldwide right to use, modify, reproduce, release, perform, display, sublicense, disclose and create derivatives from that work product without restriction for any activity in which State is a party;

3.9.2.2 the right to release or disclose that work product to third parties for any State government purpose; and

3.9.2.3 the right to authorize those to whom it rightfully releases or discloses that work product to use, modify, release, create derivative works from the work product for any State government purpose; such recipients being understood to include the federal government, the governments of other states, and various local governments.

3.9.3 "Government Purpose Rights" do not include any right to use, modify, reproduce, perform, release, display, create derivative works from or disclose that work product for any commercial purpose, or to authorize others to do so.

3.9.4 Joint Developments. The Contractor and State may each use equally any ideas, concepts, know-how, or techniques developed jointly during the course of the Contract, and may do so at their respective discretion, without obligation of notice or accounting to the other party.

3.9.5 Pre-existing Material. All pre-existing software and other Materials developed or otherwise obtained by or for Contractor or its affiliates independently of the Contract or applicable Purchase Orders are not part of the work product to which rights are granted State under subparagraph 3.9.1 above, and will remain the exclusive property of Contractor, provided that:

3.9.5.1 any derivative works of such pre-existing Materials or elements thereof that are created pursuant to the Contract are part of that work product;

3.9.5.2 any elements of derivative work of such pre-existing Materials that was not created pursuant to the Contract are not part of that work product; and

3.9.5.3 except as expressly stated otherwise, nothing in the Contract is to be construed to interfere or diminish Contractor's or its affiliates' ownership of such pre-existing Materials.

3.9.6 Developments Outside Of Contract. Unless expressly stated otherwise in the Contract, this Section does not preclude Contractor from developing competing Materials outside the Contract, irrespective of any similarity to Materials delivered or to be delivered to State hereunder.

3.10 Property of the State. If there are any materials that are not covered by Section 3.9 above created under this Contract, including but not limited to, reports and other deliverables, these materials are the sole property of the State. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.

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- 3.11 Federal Immigration and Nationality Act. Contractor shall comply with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, Contractor shall flow down this requirement to all Subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of Contractor and Subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the Contractor or any Subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, termination of the contract for default and suspension or debarment of the contractor.
- 3.12 E-Verify Requirements. In accordance with A.R.S. § 41-4401, Contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A.
- 3.13 Offshore Performance of Work involving Data is Prohibited. Any Services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and involve access to Data shall be performed within the defined territories of the United States.
- 3.14 Protection of State Cybersecurity Interests. The Contractor shall comply with State Executive Order No. 2023-10, which includes, but not limited to, a prohibition against (a) downloading and installing of TikTok on all State-owned and State-leased information technology; and (b) accessing TikTok through State information technology.
- 3.15 Artificial Intelligence (AI) Prohibitions. Consistent with State policy, if Contractor supplies AI Services or Materials (either directly or through Subcontractors or the sale of licenses), such as research, development, training, implementation, deployment, maintenance, provision, or sale of AI systems, the Contractor is prohibited from using State of Arizona Materials or Data in generative AI queries or for building or training proprietary generative AI programs unless explicitly approved by in advance by the State in writing.
- 3.15.1 Contractor shall also disclose the utilization of generative AI before producing works owned by the State and/or integrating generative AI into Materials or Services used by the State.
- 3.15.2 Contractor shall perform due diligence to ensure proper licensure of model training data for all generative AI services throughout the life of the Contract.
- 3.16 Certifications Required by State Law.
- 3.16.1 If Contractor is a Company as defined in A.R.S. § 35-393, Contractor certifies that it is not currently engaged in a boycott of Israel as described in A.R.S. §§ 35-393 et seq. and will refrain from any such boycott for the duration of this Contract.
- 3.16.2 Contractor further certifies that it shall comply with A.R.S. § 35-394, regarding use of the forced labor of ethnic Uyghurs, as applicable.

4. **Costs and Payments**

- 4.1 Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt and acceptance of Materials or Services, the Contractor shall submit a complete and accurate invoice for payment from the State within thirty (30) days.

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- 4.2 Delivery. Unless stated otherwise in the Contract, per A.R.S. § 47-2319, all prices shall be F.O.B. (“free on board”) Destination and shall include all freight delivery and unloading at the destination.
- 4.3 Firm, Fixed Price. Unless stated otherwise in the Special Terms and Conditions of the Contract, all prices shall be firm-fixed-prices.
- 4.4 Applicable Taxes.
- 4.4.1 Payment of Taxes. The Contractor shall be responsible for paying all applicable taxes.
- 4.4.2 State and Local Transaction Privilege Taxes. The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect such taxes from the buyer does not relieve the seller from its obligation to remit taxes.
- 4.4.3 Tax Indemnification. Contractor and all Subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all Subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker’s Compensation.
- 4.4.4 IRS W9 Form. In order to receive payment the Contractor shall have a current I.R.S. W9 Form on file with the State of Arizona, unless not required by law.
- 4.5 Availability of Funds for the Next State Fiscal Year. Funds may not presently be available for performance under this Contract beyond the current State Fiscal Year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current State Fiscal Year until funds are made available for performance of this Contract.
- 4.6 Availability of Funds for the Current State Fiscal Year. Should the State Legislature enter back into session and reduce the appropriations or for any reason and these Materials or Services are not funded, the State may take any of the following actions:
- 4.6.1 Accept a decrease in price offered by the Contractor;
- 4.6.2 Cancel the Contract; or
- 4.6.3 Cancel the Contract and re-solicit the requirements.

5. Contract Changes

- 5.1 Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of Materials or Services, the revision of payment terms, or the substitution of Materials or Services, directed by a person who is not specifically authorized by the Procurement Officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.
- 5.2 Subcontracts. The Contractor shall not enter into any Subcontract under this Contract for the performance of this Contract without the advance written approval of the Procurement Officer as described in Arizona

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State Procurement Office Standard Procedure 002. The Contractor shall clearly list any proposed Subcontractors and the Subcontractor's proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.

- 5.3 Assignment and Delegation. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The State shall not unreasonably withhold approval.

6. Risk and Liability

- 6.1 Risk of Loss: The Contractor shall bear all loss of conforming Materials covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming Materials shall remain with the Contractor regardless of receipt.

6.2 Indemnification

6.2.1 Contractor/Vendor Indemnification (Not Public Agency) To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or Subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of such Contractor to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents, and employees for losses arising from the work performed by the Contractor for the State of Arizona. This indemnity shall not apply if the Contractor or Subcontractor(s) is/are an agency, board, commission or university of the State of Arizona.

6.2.2 Public Agency Language Only Each party (as 'indemnitor') agrees to indemnify, defend, and hold harmless the other party (as 'indemnitee') from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers."

- 6.3 Indemnification - Patent and Copyright. The Contractor shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement of any patent, trademark or copyright arising out of Contract performance or use by the State of Materials furnished or work performed under this Contract. The State shall reasonably notify the Contractor of any claim for which it may be liable under this

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paragraph. If the Contractor is insured pursuant to A.R.S. § 41-621 and § 35-154, this paragraph shall not apply.

6.4 Force Majeure.

6.4.1 Except for payment of sums due, neither the Contractor nor State shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "*force majeure*" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy, war, riots, strikes, mobilization, labor disputes, civil disorders, fire, flood, lockouts, injunctions-intervention-acts, failures or refusals to act by government authority, and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

6.4.2 Force Majeure shall not include the following occurrences:

6.4.2.1 Late delivery of equipment, Materials, or Services caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;

6.4.2.2 Late performance by a Subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or

6.4.2.3 Inability of either the Contractor or any Subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.

6.4.3 If either the Contractor or State is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

6.4.4 Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

6.5 Third Party Antitrust Violations. The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern Materials or Services supplied by third parties to the Contractor, toward fulfillment of this Contract.

7. **Warranties**

7.1 Liens. The Contractor warrants that the Materials supplied under this Contract are free of liens and shall remain free of liens.

7.2 Quality. Unless otherwise modified elsewhere in the Special Terms and Conditions, the Contractor warrants that, for one (1) year after acceptance by the State of the Materials, they shall be:

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- 7.2.1 Of a quality to pass without objection in the trade under the Contract description;
- 7.2.2 Fit for the intended purposes for which the Materials are used;
- 7.2.3 Within the variations permitted by the Contract and are of even kind, quantity, and quality within each unit and among all units;
- 7.2.4 Adequately contained, packaged, and marked as the Contract may require; and
- 7.2.5 Conform to the written promises or affirmations of fact made by the Contractor.
- 7.3 Conformity to Requirements.
 - 7.3.1 Contractor warrants that, unless expressly provided otherwise elsewhere in the Contract, the Materials and Services will for one (1) year after acceptance and in each instance:
 - 7.3.1.1 Conform to the requirements of the Contract, which by way of reminder include without limitation all descriptions, specifications, and drawings identified in the Scope of Work and any and all Contractor affirmations included as part of the Contract;
 - 7.3.1.2 Be free from defects of material and workmanship;
 - 7.3.1.3 Conform to or perform in a manner consistent with current industry standards; and
 - 7.3.1.4 Be fit for the intended purpose or use described in the Contract.
 - 7.3.2 Mere delivery or performance does not substitute for express acceptance by the State. Where inspection, testing, or other acceptance assessment of Materials or Services cannot be done until after installation or invoicing, the forgoing warranty will not begin until State's explicit acceptance of the Materials or Services.
- 7.4 Inspection/Testing. The warranties set forth in this Section 7 [Warranties] are not affected by inspection or testing of or payment for the Materials or Services by the State.
- 7.5 Contractor Personnel. Contractor warrants that its personnel will perform their duties under the Contract in a professional manner, applying the requisite skills and knowledge, consistent with industry standards, and in accordance with the requirements of the Contract. Contractor further warrants that its key personnel will maintain any and all certifications relevant to their work, and Contractor shall provide individual evidence of certification to State's authorized representatives upon request.
- 7.6 Compliance With Applicable Laws. The Materials and Services supplied under this Contract shall comply with all applicable federal, state, and local laws and policies (including, but not limited to, information technology policies, standards, and procedures available on the State's website and/or the website of any department, commission, council, board, bureau, committee, institution, agency, government corporation or other establishment or official of the executive branch or corporation commission of the State of Arizona). Federal requirements may be incorporated into this Contract, if required, pursuant to A.R.S. § 41-2637. Contractor shall maintain any and all applicable license and permit requirements. This requirement includes, but is not limited to, any and all Arizona state statutes that impact state contracts, regardless of whether those statutory references have been removed during the course of contract negotiations; this is notice to Contractors that the State does not have the authority to modify Arizona state law by contract.

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- 7.7 Intellectual Property. Contractor warrants that the Materials and Services do not and will not infringe or violate any patent, trademark, copyright, trade secret, or other intellectual property rights or laws, except only to the extent the Specifications do not permit use of any other product and Contractor is not and cannot reasonably be expected to be aware of the infringement or violation.
- 7.8 Licenses and Permits. Contractor warrants that it will maintain all licenses required to fully perform its duties under the Contract and all required permits valid and in force.
- 7.9 Operational Continuity. Contractor warrants that it will perform without relief notwithstanding being sold or acquired; no such event will operate to mitigate or alter any of Contractor's duties hereunder absent a consented delegation under paragraph 5.3 [Assignment and Delegation] that expressly recognizes the event.
- 7.10 Performance in Public Health Emergency. Contractor warrants that it will:
- 7.10.1 Have in effect, promptly after commencement, a plan for continuing performance in the event of a declared public health emergency that addresses, at a minimum:
- 7.10.1.1 Identification of response personnel by name;
- 7.10.1.2 Key succession and performance responses in the event of sudden and significant decrease in workforce; and
- 7.10.1.3 Alternative avenues to keep sufficient product on hand or in the supply chain.
- 7.10.2 Provide a copy of its current plan to State within three (3) business days after State's written request. If Contractor claims relief under paragraph 6.4 [Force Majeure] for an occurrence of force majeure that is a declared public health emergency, then that relief will be conditioned on Contractor having first implemented its plan and exhausted all reasonable opportunity for that plan implementation to overcome the effects of that occurrence, or mitigate those effects to the extent that overcoming entirely is not practicable.
- 7.10.3 A request from the State related to this paragraph 7.10 does not necessarily indicate that there has been an occurrence of force majeure, and the Contractor will not be entitled to any additional compensation or extension of time by virtue of having to implement a plan.
- 7.10.4 Failure to have or implement an appropriate plan will be a material breach of contract.
- 7.11 Lobbying
- 7.11.1 Prohibition. Contractor warrants that it will not engage in lobbying activities, as defined in 40 Code of Federal Regulations (CFR) part 34 and A.R.S. § 41-1231, et seq., using monies awarded under the Contract, provided that, the foregoing does not intend to constrain Contractor's use of its own monies or property, including without limitation any net proceeds duly realized under the Contract or any value thereafter derived from those proceeds; and upon award of the Contract, it will disclose all lobbying activities to State to the extent they are an actual or potential conflict of interest or where such activities could create an appearance of impropriety. Contractor shall implement and maintain adequate controls to assure compliance with above. Contractor shall obtain an equivalent warranty from all Subcontractors and shall include an equivalent no-lobbying provision in all Subcontracts.

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7.11.2 Exception. This paragraph 7.11 does not apply to the extent that the Services are defined in the Contract as being lobbying for State's benefit or on State's behalf.

7.12 Covered Telecommunications or Services. Contractor warrants that the Materials and Services rendered under this Agreement will not require Contractor to use for the State, or provide to the State to use, "covered telecommunications equipment or Services" as a substantial or essential component of any system, or as critical technology as part of any system, within the meaning of Federal Acquisition Regulation ("FAR") Section 52.204-25.

7.13 Debarment, Suspension, U.S. Government Restricted Party Lists. Contractor warrants that it is not, and its Subcontractors are not, on the U.S. government's Denied Parties List, the Unverified List, the Entities List, the Specially Designated Nationals and Blocked Parties List, and neither the Contractor nor any Subcontractors are presently debarred, suspended, proposed for debarment or otherwise declared ineligible for award of federal contracts or participation in federal assistance programs or activities.

7.14 False Statements. Contractor represents and warrants that all statements and information Contractor prepared and submitted in response to the Solicitation or as part of the Contract documents are current, complete, true, and accurate. If the Procurement Officer determines that Contractor submitted an Offer or Bid with a false statement, or makes material misrepresentations during the performance of the Contract, the Procurement Officer may determine that Contractor has materially breached the Contract and may void the submitted Offer or Bid and any resulting Contract.

7.15 Survival of Rights and Obligations after Contract Expiration or Termination.

7.15.1 Survival of Warranty. All representations and warranties made by Contractor under the Contract will survive the expiration or earlier termination of the Contract.

7.15.2 Contractor's Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.

7.15.3 Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Procurement Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.

8. State's Contractual Remedies

8.1 Right to Assurance. If the State in good faith has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing under this Contract, the Procurement Officer may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of Days specified in the demand may, at the State's option, be the basis for terminating the Contract under the Uniform Terms and Conditions or other rights and remedies available by law or provided by the contract.

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8.2 Stop Work Order.

8.2.1 The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.

8.2.2 If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

8.3 Non-exclusive Remedies. The rights and the remedies of the State under this Contract are not exclusive.

8.4 Nonconforming Tender. Materials or Services supplied under this Contract shall fully comply with the Contract. The delivery of Materials or Services or a portion of the Materials or Services that do not fully comply constitutes a breach of contract. On delivery of nonconforming Materials or Services, the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.

8.5 Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

9. Contract Termination

9.1 Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time while the Contract or an extension of the Contract is in effect an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. § 38-511.

9.2 Gratuities. The State may, by written notice, terminate this Contract, in whole or in part, if the State determines that employment or a Gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the State with the purpose of influencing the outcome of the procurement or securing the Contract, an amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about contract performance. The State, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three (3) times the value of the Gratuity offered by the Contractor.

9.3 Suspension or Debarment. The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a Subcontractor of any public procurement unit or other governmental body. Submittal of

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an offer or execution of a contract shall attest that the Contractor is not currently suspended or debarred. If the Contractor becomes suspended or debarred, the Contractor shall immediately notify the State.

9.4 Termination for Convenience. The State reserves the right to terminate the Contract, in whole or in part at any time when in the best interest of the State, without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all Subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, Data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed, and Materials or Services accepted before the effective date of the termination. The cost principles and procedures provided in A.R.S. § 41-2543 and A.A.C. Title 2, Chapter 7, Article 7, shall apply.

9.5 Termination for Default.

9.5.1 In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.

9.5.2 Upon termination under this paragraph, all goods, Materials, documents, Data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.

9.5.3 The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, Materials or Services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring Materials or Services in substitution for those due from the Contractor.

9.6 Continuation of Performance Through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

10. Contract Claims

All contract claims or controversies under this Contract shall be resolved according to A.R.S. Title 41, Chapter 23, Article 9, and rules adopted thereunder.

11. Arbitration

The parties to this Contract agree to resolve all disputes arising out of or relating to this Contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (A.R.S. Title 41).

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Exhibit A - Fiscal Responsibility Act TANF Pilot Framework

Executive Summary

The Fiscal Responsibility Act of 2023 (FRA) authorized a groundbreaking, six-year federal pilot program allowing up to five selected states (Arizona, Iowa, Nebraska, Ohio, and Virginia) to radically reform their Temporary Assistance for Needy Families (TANF) programs.

The core intent of the FRA TANF Pilot is to waive the traditional, process-driven Work Participation Rate (WPR) and replace it with alternative, performance-based metrics. This allows states to pivot from "counting hours" of compliance to designing innovative, human-centered pathways that promote personal responsibility, labor force attachment, and long-term family self-sufficiency.

Core Intent & Vision

The core flexibility granted to these states is the waiver of Section 407 of the Social Security Act, which normally dictates strict work requirements. This allows states to shift from "process-based" tracking (counting hours) to "outcome-based" tracking (measuring actual family success). Pilot states are exempt from the standard WPR mandates. This provides the following specific operational flexibilities:

- **No Defined Work Categories:** States do not have to limit participant activities to the 12 federally defined "allowable" work categories (e.g., job search, vocational training).
- **No Minimum Hour Thresholds:** States are not required to ensure participants meet the strict 30-hour (or 20-hour for single parents with young children) weekly minimums to count toward the state's performance.
- **Elimination of Core/Non-Core Distinctions:** States no longer have to balance "core" activities (like actual employment) against "non-core" activities (like education) to meet federal ratios.
- **Customized Engagement Plans:** States can tailor activities to the specific needs of a family—such as mental health services, barrier remediation, or long-term education—without fear of failing federal participation audits.

Program Structure & Timeline

The pilot spans a Planning Year (FY 2026) and five subsequent Implementation Years (FY 2027–FY 2031):

- **FY 2026 (Planning Year):** Devoted to finalizing program design, establishing baseline data (using stable FY25 data), and negotiating specific target benchmarks with the Administration for Children and Families (ACF).
- **FY 2027–FY 2031 (Implementation Years):** Full implementation where states operate under waived WPR rules and are evaluated against their negotiated benchmarks.

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The Measurement Framework

To provide immediate and actionable feedback during the multi-year pilot lifespan, ACF uses a three-tiered measurement framework organized by timeframe:

1. Long-Term Performance Measures (Accountability)

Calculated by ACF using federal data sources (e.g., National Directory of New Hires [NDNH]), these four measures dictate official state accountability and carry strictly negotiated benchmarks:

- **Employment Rate – 2nd Quarter After Exit:** The share of work-eligible individuals employed two quarters post-program exit.
- **Median Earnings – 2nd Quarter After Exit:** The median earnings of work-eligible individuals employed in the second quarter post-exit.
- **Median Earnings – 4th Quarter After Exit:** Calculated for work-eligible individuals who had earnings in the 2nd quarter (regardless of whether they had earnings in the 4th quarter).
- **Level of Independence from Government Food Benefits – 4th Quarter After Exit:** The share of individuals whose earnings exceed the household SNAP income eligibility level four quarters post-exit.

2. Intermediate-Term Progress Indicators (Early Signals)

Because federal NDNH wage data can take up to a full year to process, ACF will calculate two intermediate indicators to serve as early progress signals. These do **not** have negotiated benchmarks but give early indications of labor force attachment:

- **Employment Rate – Quarter of Exit:** Percentage of work-eligible individuals employed at the time they exit the program.
- **Employment Rate – 1st Quarter After Exit:** Percentage of work-eligible individuals employed one quarter after leaving the program.

3. Short-Term Progress Indicators (Monitoring & Continuous Improvement)

States must propose two short-term progress indicators utilizing their own state administrative data sources. These do not require negotiated benchmarks but must be approved by ACF to support continuous quality improvement and active monitoring. They can encompass:

- **Process Measures:** Focus on program operations, such as the percentage of participants with established individualized service plans, service attendance/progression, or processing timeframes.
- **Short-Term Outcomes:** Track metrics *during* TANF receipt using state data (e.g., job placements during enrollment, hourly wages at placement, or credential attainment).

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Exhibit B - ADES Organizational Chart

Exhibit provided as a separate attachment

Exhibit C		
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Exhibit C - Activity Framework

Exhibit provided as a separate attachment

Exhibit D		
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Exhibit D - ADES 1-01-45 Address Confidentiality Program

Exhibit provided as a separate attachment

Exhibit E		
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Exhibit E - ADES Administration Policy 1-37-12 Records Management and Reports

Exhibit provided as a separate attachment

Exhibit F		
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Exhibit F - FRA TANF Pilot Benchmarks

Exhibit provided as a separate attachment

Exhibit G		
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Exhibit G - Incentive-Based Payment Invoice

Exhibit provided as a separate attachment

Exhibit H		
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Exhibit H - High Level Architectural and Technology Standards

1. Summary

- 1.1. The purpose of this document is to present a high-level list of the standards and guidelines that should be used as the foundation for any evaluation of technology under consideration for procurement with ADES either at the enterprise or division level.
- 1.2. The Arizona Department of Economic Security (ADES) is establishing a greater cloud footprint that allows for end user collaboration tools to foster a “work from anywhere” culture, a robust data storage solution, and a high performance, highly available platform that will allow DES to continue to deliver services in the event of major system outages. This is in alignment with ADOA/ASET’s Cloud First Policy and Cloud Smart Strategy.
- 1.3. The following Standard is applicable to all Architectures:
 - 1.3.1. Any changes to infrastructure shall not bring a vendor out of compliance with the requirements of any previously approved security RAMP (Risk and Authorization Management Program) and/or state authorization certification(s).
 - 1.3.2. Any changes that may have an impact to compliance such as changes including, but not limited to, data center/cloud location, cloud provider, cloud PaaS platform (Gov. to commercial) shall constitute a significant change in Architecture.
 - 1.3.3. ADES shall require a minimum of 90 days advance notice in the instance of significant change(s) in Architecture.
 - 1.3.4. Significant changes may require the prior advice and consent of DES depending on the severity of the impact to the security of the previously approved solution.
- 1.4. The following content of this document will be split into two sections which will contain the high-level standards and considerations that should be used for :
 - 1.4.1. Cloud based or External to DES hosted technology solutions
 - 1.4.2. In-house (DES Infrastructure) hosted technology solutions

2. Cloud based or External to DES hosted technology Solutions

- 2.1. As an agency of the state of Arizona, DES has minimum compliance and security requirements as defined by NIST sp800-53r5 Moderate. All intended solutions must meet or exceed these requirements. Solutions and services may be subject to additional requirements depending upon the data classification in scope of the solution/service.
- 2.2. As part of the Cloud Smart Strategy the following demonstrates the preference order for the platform to be utilized for the implementation of any technology for the Agency.
 - 2.2.1. Software as a Service (SaaS) or Managed Service (MS)
 - 2.2.2. Platform as a Service (PaaS)

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2.2.3. Infrastructure as a Service (IaaS)

2.2.4. On-premise (In-house)

2.3. DES will utilize a Hybrid deployment model which utilize:

2.3.1. All three Cloud Service Models as defined by NIST (NIST SP 800-145)

2.3.2. A combination of Private, Public, and Community Clouds as well as Vendor and Consortium hosted clouds.

2.4. The specific cloud deployment method/service to be utilized for each application/service will be based on the functional, security, compliance, and operational requirements for that application/service.

2.5. For any Cloud based or External to DES hosted solution the following documents must be satisfactorily completed by the potential hosting entity.

Document Name	Mandatory / Conditional?	Reference Link
Security and Privacy Controls for Information Systems and Organizations	Mandatory - Always Required	NIST SP 800-53 Rev. 5
IRS Pub 1075	Conditional - Required if the recommended system receives, stores, processes or transmits data to/from IRS and the data center or product is not FEDRAMP (HIGH) Certified	IRS Pub 1075
HIPAA	Conditional - Required if the recommended system receives, stores, processes or transmits PHI data and the data center or product is not FEDRAMP (HIGH) Certified	HIPAA doc (NIST.SP.800-66r2.pdf)
Medicaid PII MARS-E	Conditional - Required if the recommended system receives, stores, processes or transmits PII related to Medicaid eligibility and the data center or product is not FEDRAMP (HIGH) Certified	CMS MARS-E v2

3. Key Technical Requirements

3.1. The proposed solution must provide SAML based authentication for Single Sign On (SSO).

3.2. The proposed solution shall support Multi Factor Authentication (MFA).

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- 3.3. The proposed solution must support the ability to log security and system/application related events to a remote log collector.
- 3.4. For any connection to the DES data center, any application or service hosted by an external provider on the behalf of DES, or any external entity where that connection will pass any DES related data the following must be implemented:
 - 3.4.1. The connection must use TLS 1.2 or higher and use strong cipher suites. If data in scope carries a Federal classification, the ciphers used must meet FIPS 140-2 or FIPS 140-3 requirements.
 - 3.4.2. API led connectivity is preferred. API design must prioritize security, consistency, and maintainability by using HTTPS, implementing strong authentication, versioning, and following RESTful principles, while also focusing on clear documentation and error handling.
 - 3.4.3. For file transfer activity, SFTP is required, AES-256 (at a minimum) is required. For file transfers involving Federally regulated data, FIPS 140-2 validated cryptographic library within the SFTP implementation is required.
 - 3.4.4. The proposed system must support role-based security.
 - 3.4.5. Data must be retained for a period of time as prescribed by the Arizona State Library, Archives, and Public Records Retention Schedule.
 - 3.4.6. Data at rest must employ strong encryption. Where data classified as Federal is in scope, the encryption must meet FIPS 140-2 or FIPS 140-3.
- 3.5. The proposed solution must follow Responsive Web Design pattern to ensure the website is accessible from leading market browsers and mobile devices.
- 3.6. If a proposed solution includes a web interface, it must be designed to successfully mitigate the risk of all elements addressed in the most current version of the OWASP Top 10.
- 3.7. If a Web interface is available to the general public, it must (at least) be protected by the DES managed Web Application Firewall.
- 3.8. If document imaging is required, the system/solution must be capable of working with DES' current enterprise document imaging solution.
- 3.9. Cloud Delivered Solutions and Services - Authority to Operate
 - 3.9.1. The Department of Economic Security maintains an active presence in all three major cloud service provider platforms. Where a service or solution will not be hosted or delivered from a DES controlled and DES managed tenant in one of these three platforms, potential business partners will be required to achieve an Authorization to Operate for their service or solution. The requirements for this are:

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3.9.1.1. All services / solutions must meet or exceed the requirement of NIST sp800-53r5 Moderate controls.

3.9.1.2. Services and/or solutions may inherit controls from lower layers of the cloud models (IaaS, PaaS) but must cover all layers including SaaS.

3.9.1.3. Valid ATOs for DES will be provided by FedRAMP, StateRAMP, or AZRAMP. ISO27000 service certifications, SOC2 Type II audits, and the like are not an acceptable substitute for this purpose.

3.10. Other requirements beyond RAMP ATO may be required depending upon the data classification of data that will be transmitted, received, stored, or processed by the proposed solution. These requirements relate to the handling of Federal data who have supplemental requirements beyond NIST sp800-53r5 Moderate.

3.11. All Services/Solutions with Federal data in scope must only be supported by United States citizens who are physically on US soil. (typically this means somewhere in the 50 states - embassies etc are not considered US soil for this purpose.)

3.12. The proposed solution must be ADA Compliant using section508.gov or w3.org accessibility standards.

3.13. The proposed solution must have data backup and recovery mechanisms including disaster recovery (DR.)

3.14. The backed-up data must be encrypted.

3.14.1. FIPS 140-2 encryption for the data at rest and in flight is required for Federal Data classification (data from CJIS, CMS, and IRS.)

3.14.2. FIPS 140-2 strong encryption for the data at rest and in flight is recommended for all other Data.

3.14.3. Data hosted outside of DES should never leave the United States.

3.15. The solution must adhere to DES branding guidelines (i.e. agency header/footer design.)

4. In-house (DES Infrastructure) Hosted Solutions

4.1. Any technology solution to be hosted with the DES Infrastructure (non SAAS / PAAS) must be capable of being hosted on DES' Virtualized infrastructure with the DES data center.

4.1.1. Any business application solution to be hosted within the DES Infrastructure should utilize the following development language standards.

4.1.2. Adherence to DES standard programming languages

4.1.3. DES Relational Database Management System

4.1.4. DES server-based report generation tools

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4.1.5. Responsive Web Design

4.2. The technology solutions below are the high-level Enterprise-wide currently implemented tools, utilized by DES.

4.2.1. Enterprise Workplace Productivity Suite

4.2.2. Electronic document storage, retrieval, and indexing

4.2.3. File/document collaboration/sharing

4.2.4. Identity management, Authentication (LDAP/X-500 based Directory Service)

4.2.5. SAML / OpenID Connect based SSO

4.2.6. Managed File Transfer (MFT)

4.2.7. API/ESB/Rule/Transform Engine

4.2.8. Business Intelligence reporting and analysis

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Exhibit I - Fixed Monthly Payment Invoice

Exhibit provided as a separate attachment

Exhibit J		
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Exhibit J - Reimbursable Pass-Through Invoice

Exhibit provided as a separate attachment