

**Addendum Two
to the
Electronic Government Service Level Agreement Between
Nebraska Interactive, LLC,
Nebraska State Records Board,
and
Nebraska Department of Labor**

This Addendum Two to the Electronic Government Service Level Agreement made by and among Nebraska Interactive, LLC (hereinafter referred to as Nebraska.gov), the Nebraska State Records Board (NSRB), and Nebraska Department of Labor sets forth certain services to be provided by Nebraska.gov (operated under the auspices and authority of the Nebraska State Records Board), prices to be charged for such Nebraska.gov services, and terms of payment for such Nebraska.gov services. The Nebraska Department of Labor has authority to assess and collect the fees described herein.

Project: Unemployment Overpayments

Revenue Type: Instant Access

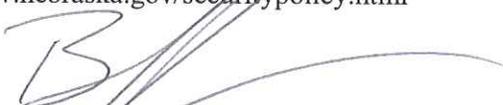
Implementation: 2015

Price Structure is subject to a 10% share of portal revenues.

Service	Nebraska Department of Labor Fee	Nebraska.gov Portal Fee	NSRB Share
Unemployment Overpayments Credit Card	Full statutory/assessed fee charged by Partner	2.49%	10% of Nebraska.gov Portal Fee
Unemployment Overpayments Electronic Check	Full statutory/assessed fee charged by Partner	\$1.75	10% of Nebraska.gov Portal Fee

Terms: Nebraska.gov will process the total of all transactions through the Nebraska Interactive merchant account. The shared revenue received pursuant to this addendum shall be deposited by Nebraska.gov in the accounts designated by Nebraska Department of Labor and the NSRB.

Security: A list of Nebraska.gov security provisions may be found at <http://www.nebraska.gov/securitypolicy.html>

By: 
 General Manager – Brent Hoffman
 Nebraska Interactive, LLC

Date: 5/14/15

By: _____
 Chairman – Secretary of State John Gale
 Nebraska State Records Board

Date: _____

By: 
 Authorized Officer
 Nebraska Department of Labor

Date: 5/14/2015

Summary

Nebraska Department of Labor

Addendum Two

Project: Nebraska Department of Labor Unemployment Overpayments.

Unemployment Overpayments take place when an unemployed beneficiary receives more assistance than what was legally allowed. This project will allow the Nebraska Department of Labor to collect payment online for monies owed after unemployment compensation was overpaid.

By offering an online payment solution, constituents receive a more flexible and transparent interaction with the Department of Labor in hopes of paying monies and preventing late fee charges.

Current Process Overview:

The Department of Labor relies on the mail and in-office visits to collect payments owed for Unemployment Overpayments. Currently the office processes cash and checks over the counter in addition to checks and money orders received through the mail.

The Department of Labor assess late fees to constituents if payments are not received by their due date. Often, late fees upset constituents as they are now required to send another payment by mail or take time to travel to the office again.

Project Overview/Proposal

This project will allow for the online usage of credit card and electronic check (ACH) payments for Unemployment Overpayment using the Nebraska Interactive Payment Portal. The Nebraska Department of Labor will pass payment data to the Nebraska Interactive Payment Portal. Once the online transaction occurs, the data is sent back to the Department of Labor to update the agency database. This keeps constituents' accounts current, creating simplified reconciliation for both the agency and constituent.

Online payments will significantly reduce the risk and time of in-office traffic by migrating monies from employee hands to an automated online process. This creates more in-office efficiency by allowing employees to focus on additional tasks and provide constituents a convenient way to pay anywhere and anytime.

By leveraging the merchant services of Nebraska Interactive and NIC, the Nebraska Department of Labor will obtain a robust and powerful payment engine. One that provides diverse, customizable reporting on a consistent 3-day disbursement schedule. Which in turn, creates easy reconciliation for agencies as they now know what will be disbursed in advance.

Information on what the fee presented is based upon:

The constituents have requested an online option as a way of making immediate payments to the Department of Labor. Based upon adoption rates and fees assessed to past PayPort addendums NI proposes an identical rate for the Department of Labor to achieve maximum adoption for Unemployment Overpayments. A percentage fee of 2.49% will be applied to all credit card transactions with a flat fee of \$1.75 for all eCheck (ACH) transactions.

Anticipated volume of users of the application and what percentage of the total potential users is the anticipated volume:

Over 6,897 overpayment transactions occurred in 2014 creating \$1.3+ million in overpayments. NI predicts an initial adoption of 50% in year one with a 10% adoption increase in subsequent years through ongoing marketing efforts by NI and the Department of Labor promoting the service. A potential of 70% adoption exist as constituents prefer the convenience of paying online. NI predicts 30% of users will avoid paying online fees in favor of mail-in and traditional in-office visits to make payments.

Expected rate of return (in what time period):

NI expects a rate of return in YR4 from the time the application is launched (YR2). The Department of Labor has verified public interest in an online payment solution yet no rate of return can be guaranteed. Total project revenue is based upon revenue potential of 2.49% subtracting all project cost.

In 2014 the Nebraska Department of Labor processed \$1,304,460 in Overpayment Cash Entries. A maximum gross revenue potential of \$32,481 exists if 100% adoption were reached. After expenses, NI’s operating income would be \$5,320 which means NI would be processing \$1.3 million for less than .5%.

		YR1	YR2	YR3	YR4	YR5
Market	Adoption %		50%	60%	70%	70%
	Revenue Potential based on 2014 DOL Cash Entries	\$ 32,481	\$ 16,241	\$ 19,489	\$ 22,737	\$ 22,737
Project Cost	Margin Share/Banking/Communication to State	22%	\$ (3,573)	\$ (4,288)	\$ (5,002)	\$ (5,002)
	Operating Costs	58%	\$ (7,347)	\$ (8,817)	\$ (10,286)	\$ (10,286)
	Operating Income		\$ 5,320	\$ 6,384	\$ 7,449	\$ 7,449
	Project & Ongoing Enhancement Hours		100	20	10	10
	Project & Ongoing Enhancement Cost	\$ 12,500	\$ 2,500	\$ 1,250	\$ 1,250	\$ 1,250
	Total Running Project Cost		\$ 15,000	\$ 16,250	\$ 17,500	\$ 18,750
	Total Project Revenue		\$ (9,680)	\$ (4,545)	\$ 1,653	\$ 7,852

NI's investment in this application (any costs incurred):

Nebraska.gov assumes partial development upfront costs and investments associated with this project. There is no guarantee that anyone will use the services developed and no guaranteed rate of return.

NI's risk (in providing this service):

As with all applications that Nebraska.gov provides for the State of Nebraska, all costs related to hosting, hardware, licensing, security etc., are assumed by Nebraska.gov. Every project involves project management, development, testing and ongoing customer support that is not charged to the partner.