



STATE BOARD OF EDUCATION MEETING
October 19, 2020

Office of the State Board of Education
Len B. Jordan Building
650 W State Street, 3rd Floor
Boise, Idaho

Public Participation: Facebook Live Streaming - <https://www.facebook.com/idsboe/>
Audio Only: (877) 820-7829
Public Participant Code: 8461895 (listen only)

Monday, October 19, 2020, 3:00 p.m. (Mountain Daylight Time)

PLANNING, POLICY AND GOVERNMENTAL AFFAIRS

1. ClassWallet Contract – Action Item

The State Board of Education tentatively plans to convene weekly for a virtual Special Board Meeting during the COVID-19 pandemic to receive updates on the status of public education in Idaho and to take action as necessary.

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SUBJECT

ClassWallet Contract

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies and Procedures V.I.

BACKGROUND/DISCUSSION

The Office of the Governor submitted a request to the Coronavirus Financial Advisory Committee (“CFAC”) for \$50 million in CARES Act funding awarded to Idaho to use for the Strong Families, Strong Students Initiative program in order to “cover critical educational expenses due to school building closures caused by COVID19 and to provide economic support to parents so they do not have to exit the work force to ensure their children receive a quality educational experience.” CFAC recommended approval of the request and Governor Little approved CFAC’s recommendation on September 15, 2020 and directed the Board office to administer the program.

The program will fund grant awards of \$1,500 per eligible student, with a maximum award of \$3,500 per family, for use by grant recipients to purchase educational services and products. Funds will be provided to grant recipients through a “digital wallet” from which educational supplies and materials, technology, internet connectivity and service providers such as tutors and therapists will be accessible from approved vendors.

CARES Act funds must be expended by December 30, 2020. The contract with ClassWallet will provide for an application process, eligibility determinations, managee funds, reconcile required paperwork and receipts and provide an “digital wallet” for grant recipients to use for educational services and products.

IMPACT

Total due at contract execution: \$515,000, which includes:

- A one-time implementation fee of \$250,000; and
- A Submitted Application service fee for the first 5,000 Submitted Applications: \$265,000 (5,000 x \$53)
- Submitted Application fee of \$53 per each Application in excess of the first 5,000: \$53.00 per Submitted Application, invoiced monthly.
- Reimbursement fees: \$15 per Awardee payable by the Board Office, invoiced together with invoice for Awardee Amount

ATTACHMENTS

Attachment 1 – ClassWallet Contract

STAFF COMMENTS AND RECOMMENDATIONS

If approved ClassWallet will provide a fulfillment platform for processing applications and establishing accounts for each eligible family. The platform will

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create a virtual wallet and online marketplace for families to use. Through this platform the awarded family will be able to access their awards in the digital wallet and use funds to purchase eligible devices and educational services. ClassWallet's platform will manage the reimbursement process providing reporting, disbursement, accountability and fraud determent. ClassWallet has a proven track record of serving as a fulfillment platform for managing teacher receipts and reimbursements and is currently working with four other state Board/Departments of Education (Arizona, North Carolina, Tennessee, and Oklahoma) providing a platform and management for similar family grants.

Staff recommends approval.

BOARD ACTION

I move to authorize the Executive Director to execute the contract in substantial conformance to the form provided in attachment 1.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

SOFTWARE AS A SERVICE CONTRACT
For the
STRONG FAMILIES, STRONG STUDENTS INITIATIVE

This Software as a Service Contract (“Contract”) is entered as of the date of the last signature set forth below by and between the State of Idaho (the “State”) by and through the Office of the State Board of Education (“Board Office”) and Kleo Inc., a Delaware corporation, d/b/a ClassWallet (“ClassWallet”). The Board Office and ClassWallet are referenced in this Contract individually a “Party” and together as the “Parties.”

RECITALS

A. Congress allotted funds to the State to address the impacts of the 2019 novel coronavirus (COVID-19) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

B. In Executive Order No. 2020-07, Governor Brad Little formed the Coronavirus Financial Advisory Committee (“CFAC”) to oversee the allocation and distribution of Idaho’s CARES Act funds.

C. On September 15, 2020, CFAC recommended and Governor Little approved a request by the Office of the Governor to establish the Strong Families, Strong Students Initiative. A copy of the approved proposal is attached as Exhibit A (the “Initiative”). The Initiative identifies the Board Office as the manager of the Initiative.

D. In preparation for CFAC approval of the Initiative, the Board Office requested an exemption from competitive procurement under to the State Procurement Act, Idaho Code Title 67 chapter 92, and the Rules of the Division of Purchasing, IDAPA 38.05.01 (the “Purchasing Rules”) to engage a vendor in connection with the Initiative. The Purchasing Administrator approved a one time exemption pursuant Purchasing Rule 42.10 on September 8, 2020. The approval is attached as Exhibit B (the “Exemption”).

E. Pursuant to the authority granted by the Exemption, the Board Office shall administer the Initiative and desires to engage ClassWallet to provide certain software services to the Board Office under the terms and conditions of this Contract.

AGREEMENT

NOW, THEREFORE, in consideration of the recitals set forth above, which are incorporated herein by this reference, and the mutual promises set forth herein, the Parties agree as follows:

1. Definitions. Terms, whether capitalized or not, in this Contract shall have the meanings set forth in this Contract, including the Scope of Work and the Recitals, unless the context requires otherwise.

2. Term. The term of this Contract shall commence on October 21, 2020 (the “Effective Date”), and shall expire on July 30, 2021, unless earlier terminated as provided herein. This Contract may be extended by mutual written agreement of the Parties.

3. Scope of Work. ClassWallet shall perform the services set forth in the attached Exhibit C (the “Scope of Work”).

4. Payment Terms.

4.1 *Costs and Expenses*. As full and complete compensation for all services performed and products provided under this Contract, the Board Office shall pay the expenses, charges and costs set forth in Exhibit D (the “Billing Schedule”). The Board Office and the State shall not be liable for any expenses ClassWallet pays or incurs or any charges or costs billed to the Board Office under this Contract unless set forth in the Contract. ClassWallet shall not deduct or bill accounts and awardees for any expenses not set forth in Exhibit D. ClassWallet shall disclose in writing to the Board Office all subcontractors engaged by ClassWallet to provide services or supplies to the State under the Initiative. Except as set forth in this Contract, ClassWallet shall supply or cause to be supplied, at its sole expense, all staff, equipment, tools, materials or supplies to accomplish the work to be performed pursuant to this Contract.

4.2 *Invoices and Payment Process*. ClassWallet shall submit all invoices to the Office of the State Board of Education, 650 W State St., Suite 307, Boise, ID 83702-0037. ClassWallet shall clearly identify each charge or cost, including a specific reference to the charge or cost item set forth in Exhibit D under which the charge or cost is billed. The time period for payment pursuant to Idaho Code, Section 67-2302 shall not begin until the Board Office accepts the invoice item. The Board Office shall accept or reject an invoice item as set forth in this Contract, within ten (10) days, in written plans approved by the Parties or, if not addressed in this Contract or an approved plan, in fifteen (15) days. If the Board Office fails to accept or reject the invoice item within the time frame in the immediately preceding sentence, the invoice item will be deemed accepted. The Board Office, in its discretion, may require written documentation of invoice items as a condition of payment. If the Board Office requests written documentation substantiating an invoice item, the item shall be severed from the invoice until the Board Office approves the item and the Board Office shall not be liable for payment prior to approval.

5. Awardee Accounts.

5.1 *Funding Awardee Accounts*.

a. A digital wallet shall be created for each Awardee as set forth in the Scope of Work. ClassWallet shall invoice the State for amounts due to the Awardees’ digital wallets (the “Awardee Amount”) and shall give Awardees access to their digital wallets after ClassWallet’s receipt and the settlement of payment of the entire invoiced amount from the State. If the State desires, the State shall fund a reserve amount (the “Reserve Amount”) for an amount mutually determined by both parties, and ClassWallet may fund Awardee digital wallets from the Reserve

Amount, provided the Reserve Amount has sufficient funds, thereby not requiring ClassWallet to wait for the receipt and the settlement of payment of the entire invoiced amount from the State. The State would still be obligated to make payment on the invoiced amount to ensure the Reserve Amount has sufficient funds for each Awardee funding cycle.

b. No later than July 30, 2021, at and in accordance with the written instruction of the Board Office, ClassWallet shall return to the State any State Funds then remaining in the ClassWallet Segregated Account which have not been used by Awardees.

5.2 *Fund Segregation.*

a. ClassWallet shall hold the monies it receives from the Board Office for Awardee Accounts (the "State Funds") in a segregated account titled the "ClassWallet Segregated Account f/b/o Board Office" (the "ClassWallet Segregated Account"). The ClassWallet Segregated Account shall be solely for the purpose of collecting State Funds and crediting them to Awardee Accounts.

b. By acting as a conduit between the Board Office and Awardees, ClassWallet exercises no control over the State Funds other than as contemplated herein. The Board Office shall provide to ClassWallet the data set used to fund Awardee Accounts and ClassWallet shall act in a nondiscretionary manner in respect of the funding of Awardee Accounts in accordance with that data set and instructions provided by the Board Office. ClassWallet shall not commingle any other monies in ClassWallet Segregated Account. ClassWallet shall not use the State Funds for its own benefit, except as may be explicitly permitted by the Board Office.

c. All funds in the ClassWallet Segregated Account shall be the property of the State unless and until disbursed in accordance with this Contract. The Board Office, in its sole discretion and authority as Initiative Administrator, shall instruct ClassWallet in respect of the State Funds in accordance with the Initiative and this Contract, it being understood and agreed by the parties that ClassWallet shall act as an agent of the State only in respect of the State Funds in the ClassWallet Segregated Account and for the sole purpose of the disbursement of State Funds to Awardee Accounts.

d. ClassWallet shall provide the Board Office with online access to view the ClassWallet Segregated Account. The online access shall allow the Board Office to review all electronic transactions and/or monthly bank statements associated with the ClassWallet Segregated Account.

6. Audits, Books and Records.

6.1 *Audited Financial Statements.* ClassWallet shall submit to the Board Office its most recent annual audited financial statements or financial statement review (as applicable) within

seven (7) days of the execution of this Contract. Thereafter, during the term of this Contract, ClassWallet shall submit to the Board Office its most recent annual audited financial statements or financial statement review (as applicable), within thirty (30) days of receipt.

6.2 *Access to Records.* Financial records, supporting documents, audit work papers and any other records relating to the administration of this Contract shall be available at reasonable times for inspection, review, and audit by the Board Office and its authorized representatives subject to no additional fee or cost. Costs borne by the Board Office in connection with such inspection, review or audit shall be the sole responsibility of the Board Office, and ClassWallet shall not be responsible for the Board Office's administrative or audit costs. Financial records, supporting documents and audit work papers in ClassWallet's possession relating to the administration of the ClassWallet Segregated Account shall be retained, in native format, or other format accepted by the Board Office, for a period of five (5) years from the date the record was generated or, for any audit or litigation commenced within five (5) years from the last date of correspondence, continuing until all audit exceptions have been resolved, whichever is greater. Any records pertaining to audits, appeals, litigation or settlement of claims arising out of performance of this Contract shall be retained until such audits, appeals, litigation, or claims have been resolved.

6.3 *Corrective Action.* Should review of the audit reports provided by ClassWallet pursuant to Section 6.1 of this Contract or records provided by ClassWallet pursuant to Section 6.2 of this Contract disclose instances of noncompliance with this Contract, ClassWallet shall have 30 calendar days from the date of notice of noncompliance by the Board Office to take appropriate corrective action and notify the Board Office of the action taken. Should corrective action not be taken, the Board Office shall have rights and remedies provided by law and this Contract.

7. Confidentiality, Use of Information and Information Security.

7.1 *Restrictions on Data Use.*

a. "Customer Data" shall mean: all information and data provided by Applicants to the State through the Application System in connection with the Initiative, including data and information that is included in Applications, and documents submitted to or received by ClassWallet to verify the eligibility of Applicants. Customer Data may include, but is not limited to, income, educational, and citizenship verification; data regarding the expenditure of monies in Awardee Accounts; banking information related to Awardees and Vendors; and, financial transaction information related to Awardees and Vendors.

b. ClassWallet may use Customer Data in connection with the performance of its obligations under this Contract, but shall not use Customer Data for any purpose other than fulfilling its obligations under this Contract.

c. ClassWallet shall secure Customer Data in accordance with and subject to applicable federal and state laws, rules, regulations, and policies.

d. ClassWallet represents and warrants that Customer Data not be sold, assigned, conveyed, provided, released, disseminated or otherwise disclosed by ClassWallet, its employees, officers, directors, subsidiaries, affiliates, agents, representatives, assigns, subcontractors, independent contractors, successor or any other persons or entities (collectively, “Disclosers”), other than in connection with and to the extent necessary to perform services under this Contract without prior express written permission by the Board Office and the Applicant or Awardee. ClassWallet shall instruct all Disclosers that Customer Data shall not be disclosed or used without the prior express written approval of the Board Office and the Applicant or Awardee except as necessary for ClassWallet to render services under this Contract.

e. For the purposes of this section, the following terms shall have the following meanings:

A “security incident” shall mean the unauthorized access by non-authorized persons by or through ClassWallet software or systems, or, to the extent known to ClassWallet, that of other Disclosers, to unencrypted Customer Data or the Platform, including the physical removal of Customer Data such as printing documents from software or systems.

A “data breach” shall mean the unauthorized access by a non-authorized person by or through ClassWallet software or systems, or, to the extent known to ClassWallet, that of other Disclosers, that results in the use, disclosure or theft of unencrypted Customer Data, including the physical removal of Customer Data such as printing documents from software or systems.

“Unauthorized access” shall mean access that is not required to perform this Contract or approved by the Board Office in writing.

ClassWallet shall notify the Board Office within twenty-four (24) hours of ClassWallet first becoming aware of the security incident or data breach. ClassWallet shall take commercially reasonable measures to address a data breach in a timely manner. Such measures include, but are not limited to, contacting law enforcement, fielding media inquiries, cooperating with the Board Office to review the data breach and to report the data breach as required under law, and implementing remedial measures to prevent the use of the Customer Data by non-authorized persons. ClassWallet’s obligations under this section shall be at its sole cost and expense.

f. ClassWallet acknowledges that any unauthorized access of Customer Data may cause immediate and irreparable harm to the Applicant or Awardee and may violate state or federal statutes, rules and regulations. If ClassWallet or its affiliates, parent company, subsidiaries, employees, officers, directors, assignees, agents, representatives, independent contractors, and subcontractors improperly use, appropriate, sell, assign, convey, provide, release, access, acquire, disclose or otherwise disseminate such Customer Data to any person or entity in violation of this Contract, the Board Office shall immediately be entitled to injunctive

relief and any other rights or remedies available under this Contract, at equity or pursuant to applicable statutory, regulatory, and common law without a cure period.

g. ClassWallet shall notify the Board Office upon receipt of any discovery requests, litigation holds, discovery searches and expert testimonies directed to ClassWallet or its subcontractor, which are related to the Customer Data, or which in any way might reasonably require access to the Customer Data. ClassWallet shall not respond to subpoenas, service of process and other legal requests related to the Customer Data without first notifying the Board Office, unless prohibited by law from providing such notice.

7.2 *Data Protection.*

a. ClassWallet represents and warrants that it has developed and implemented a secure system of controls and procedures designed to protect all Customer Data. ClassWallet shall use reasonable efforts to maintain the administrative, physical, technical and procedural infrastructure associated with this Contract in such a manner that Customer Data is reasonably secure from unintended disclosure. Notwithstanding the foregoing, at a minimum the following shall apply:

b. Unless waived by the Board Office, ClassWallet shall ensure that all information systems that hold or contain Customer Data, including the Platform, comply with the following security and privacy controls:

i. All Customer Data shall be encrypted at rest and in transit with controlled access. ClassWallet is solely responsible for encryption of Customer Data. All encryption shall be consistent with validated cryptography standards such as the current standards in FIPS 140-2, Security Requirements for Cryptographic Modules, or the then current for information systems issued by the National Institute of Standards and Technology (“NIST”).

ii. The storage of Customer Data at rest shall be located solely in data centers within the United States.

iii. ClassWallet shall not allow Customer Data to be stored on portable devices, except for devices that are used and kept only within the data centers used by ClassWallet to support this Contract, within a physical security perimeter to prevent unauthorized access at such data center, and with physical entry controls in place so that only authorized personnel have access to Customer Data.

iv. All Customer Data shall be stored in a system compliant with the Federal Risk and Authorization Management Program (FedRAMP) standards.

8. Contract Relationship.

8.1 *Independent Contractor.* ClassWallet's status under this Contract shall be that of an independent contractor and not that of an agent (except in respect of the matters set forth in Section 5.2) or employee of the State. ClassWallet shall be responsible for paying all employment-related taxes and benefits, such as federal and state income tax withholding, social security contributions, worker's compensation and unemployment insurance premiums, health and life insurance premiums, pension contributions and similar items. ClassWallet shall indemnify the State and hold it harmless from any and all claims for taxes (including but not limited to social security taxes), penalties, attorneys' fees and costs that may be made or assessed against the State arising out of ClassWallet's failure to pay such taxes, fees or contributions.

8.2 *Use of State's Name for Marketing.* ClassWallet shall not prior to, in the course of, or after performance under this Contract, use the Board Office or State's name in any advertising or promotional media, including press releases without the prior written consent of the Board Office.

9. Ownership of Materials and Information.

a. All rights, title, and other interests in any intellectual property owned, developed, or licensed by ClassWallet or any subcontractor as of the date hereof, or developed by or on behalf of ClassWallet or any subcontractor pursuant to this Contract, together with any improvements or derivatives thereof, shall be owned by and reserved in the Party developing (or otherwise owning) such intellectual property during the term of this Contract and following termination. Nothing in this Contract constitutes a work for hire, and nothing in this Contract constitutes an agreement by either Party to assign or otherwise convey title or license to any existing intellectual property rights or data to the other Party except as explicitly set forth herein, and the State and Board Office shall have no claim and shall make no claim of ownership or other interest therein (other than the limited license rights as explicitly set forth below). Provided that under no circumstances shall any Customer Data constitute ClassWallet intellectual property for purposes of the foregoing provisions (which Customer Data shall remain the property of the Board Office).

b. With respect to ClassWallet intellectual property, ClassWallet grants the Board Office, for no additional consideration, a non-transferable, non-exclusive, royalty-free, fully paid license, solely for the internal business use of the Board Office and State, to use, copy, modify, display, perform, transmit and prepare derivative works of ClassWallet's intellectual property embodied in or delivered to the Board Office in conjunction with this Contract. The foregoing licenses include the right to sublicense third parties, solely for the purpose of engaging such third parties to assist or carry out the State or Board Office's or ClassWallet's respective internal business use in connection with the services to be delivered pursuant to this Contract. Except for the preceding licenses and use rights, all rights in Customer Data remain with the Board Office. The foregoing licenses include the right to sublicense third parties, solely for the purpose of engaging such third parties to assist or carry out Board Office's internal business use of the

services to be delivered pursuant to this Contract. Except for the preceding licenses, all rights in ClassWallet's intellectual property remain in ClassWallet. Upon termination of the Contract for any reason, each Party shall have the right, upon demand, to obtain access to all properties, including, but not limited to, current copies of all application programs and associated documentation and all data, files, intermediate materials, and supplies held by the other Party.

10. Subcontracting and Assignment. ClassWallet shall not subcontract or assign its duties under this Contract without the prior written approval of the Board Office, provided, that the engagement by ClassWallet of Nelnet Business Solutions, Inc. (d/b/a/ FACTS Management) as a subcontractor in connection with this Contract is hereby accepted and approved by the Board Office. The Board Office may, in its sole discretion, impose reasonable requirements upon ClassWallet prior to the approval of any subcontract or assignment. Notwithstanding the Board Office's approval of any subcontract, ClassWallet shall be solely responsible for the satisfactory performance of all subcontractors and subcontracted services and for the compensation of all subcontractors. ClassWallet shall be and shall remain liable for all costs and damages to the Board Office or the State caused by performance or non-performance of the subcontracted services. ClassWallet shall ensure that each subcontractor agrees to comply and complies with the terms of this Contract applicable to its scope of performance.

11. Public Records. Pursuant to the Idaho Public Records Act, title 74, chapter 1, Idaho Code, records received from ClassWallet and certain records produced by ClassWallet in the performance of this Contract may be open to public inspection and copying unless exempt from disclosure. Upon request, ClassWallet shall provide records subject to inspection pursuant to Idaho Code, Section 74-102 and not maintained by the Board Office. In any record provided to the Board Office, ClassWallet shall clearly designate individual portions of records that it desires to keep exempt as "exempt" on each page of such documents and shall indicate the basis for such exemption. The Board Office will not accept a legend or statement on one (1) page that all, or substantially all, of a document is exempt from disclosure. ClassWallet shall indemnify and defend the Board Office against all liability, claims, damages, losses, expenses, actions, attorneys' fees and suits whatsoever for honoring ClassWallet's designation of exempt records or for ClassWallet's failure to designate records as exempt. ClassWallet's failure to designate as exempt any record that is released by the Board Office shall constitute a complete waiver of any and all claims for damages caused by any such release. If the Board Office receives a request for materials claimed exempt by ClassWallet, ClassWallet shall provide the legal defense for such claim and pay all expenses incurred by the Board Office in connection with such request.

12. Patent and Copyright Infringement

12.1 *Indemnification.* ClassWallet shall indemnify and hold the Board Office and the State harmless and shall defend at its own expense any claim or action brought against the Board Office or the State based upon a claim of infringement or misappropriation of a United States enforceable patent, a copyright, a trade secret, a trademark or other proprietary right for products and services delivered by ClassWallet, or its subcontractors, within this Contract. ClassWallet shall pay all liabilities, expenses, damages, and costs arising from such claims or actions.

ClassWallet shall be notified promptly in writing by the Board Office of any notice of such claim. ClassWallet shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise, provided that the Board Office may select, at its own expense, advisory counsel. The Board Office shall cooperate with ClassWallet in a reasonable way to facilitate settlement or defense of any claim or suit.

12.2 *Continued Right to Use or Replacement.* Should products or services provided under this Contract become, or in ClassWallet's opinion be likely to become, the subject of a claim of infringement or misappropriation of a United States enforceable patent, a copyright, a trade secret, a trademark, or other proprietary right, the Board Office shall permit ClassWallet, at ClassWallet's option and expense, either to procure for the Board Office the right to continue using the products or services provided under this Contract or to replace or modify the products or services provided under this Contract so that they become non-infringing. In the event that ClassWallet is unable or unwilling to secure continued rights to the products or services provided under this Contract within a reasonable time, the Board Office may, in its sole discretion, terminate this Contract upon written notice to ClassWallet, in which event ClassWallet shall refund payments made by the Board Office for services not yet received under this Contract which are precluded by the failure of ClassWallet to secure continued rights to the products or services provided under this Contract.

13. Indemnification and Limitation of Liability.

13.1 Subject to the conditions and limitations of this Contract, ClassWallet shall indemnify and hold harmless the Board Office and State of Idaho, its officers, agents, employees, and volunteers from and against any and all liability, claims, damages, losses, expenses, actions, settlements, attorneys' fees, and suits whatsoever caused by, arising out of, or in connection with ClassWallet's negligent acts or omissions, willful misconduct or breach of the terms of this Contract, or which result from ClassWallet's violation of any state or federal statute, law, regulation, or rule, provided that if the State's or the Board Office's negligent act or omission or the violation of law by the Board Office or its agents or representatives is also a cause of such suit or claim, the Board Office shall not be entitled to indemnification from ClassWallet with respect to such suit or claim to the extent such liability, claims, damages, losses, expenses, actions, settlements, attorneys' fees, and suits are caused by the State's or the Board Office's negligent act or omission or the violation of law.

13.2 ClassWallet's aggregate liability for damages to the Board Office for any cause whatsoever is limited to \$515,000; provided, however, that the following shall not be subject to the foregoing limit:

- a. Patent and copyright indemnity required by the Contract;
- b. Claims for personal injury, including death;
- c. Claims for damages from a data breach;

- d. Amounts which are recovered through the insurance coverage required by this Contract;
- e. Claims for damage to real property or tangible or intangible property arising from ClassWallet's negligent acts or omissions (or those of its subcontractor) in breach of the Contract; and
- f. Damages arising from the gross negligence or willful misconduct of ClassWallet, its employees, its subcontractors, or its agents.

ClassWallet will not be liable for any lost profits, consequential, indirect, punitive, exemplary, or special damages. Also, ClassWallet shall have no liability arising from or relating to any third-party hardware, software, information, or materials selected or supplied by the State.

14. Insurance.

14.1 As a condition of this Contract, ClassWallet shall procure at its own expense, and shall provide the Board Office with proof of insurance coverage with the applicable liability limits set forth below. Any approved subcontractor of ClassWallet shall procure and, upon written request, provide proof of the same coverage.

14.2 ClassWallet shall obtain and maintain insurance at its own expense as required herein for the duration of the Contract, and comply with all limits, terms and conditions stipulated. Any approved subcontractor of ClassWallet shall procure and, upon written request, provide proof of the same coverage. Policies shall provide, or be endorsed to provide, all required coverage. ClassWallet shall provide certificates of insurance or certified endorsements as applicable for the insurance required. ClassWallet shall not commence work under this Agreement until satisfactory evidence of all required insurance is provided to the Board Office.

14.3 All insurance, except for Workers Compensation shall be endorsed to name the State and the Board Office as Additional Insured.

14.4 All insurance shall be with insurers rated A-, VII, or better in the latest Bests Rating Guide, and be in good standing and authorized to transact business in Idaho. The coverage provided by such policies shall be primary. Policies may contain deductibles, but such deductibles shall not be deducted from any damages due the State or Board Office.

14.5 If any of the liability insurance required for this Contract is arranged on a "claims-made" basis, "tail coverage" will be required at the completion or termination of this agreement for a duration of twenty-four (24) months thereafter. Continuous "claims-made" coverage will be acceptable in lieu of "tail-coverage" provided the retroactive date is on or before the effective date of this Contract, or twenty-four-months "prior acts" coverage is provided. ClassWallet will

be responsible for furnishing certification of “tail coverage” or continuous “claims-made” coverage.

14.6 By requiring insurance herein, the Board Office does not represent that coverage and limits will necessarily be adequate to protect ClassWallet, and such coverage and limits shall not be deemed as a limitation on ClassWallet’s liability under the indemnities granted to the Board Office and State under Sections 12 and 13.

14.7 ClassWallet shall maintain insurance in amounts not less than the following:

- a. Workers’ Compensation and Employer’s Liability Insurance in accordance with and to the extent required by applicable law;
- b. Commercial General Liability Insurance covering the risks of personal injury, bodily injury (including death) and property damage, including coverage for contractual liability, with a limit of liability of not less than \$5,000,000 per occurrence;
- c. Directors and Officers Insurance which shall include Employment Practices Liability as well as Consultant’s Computer Errors and Omissions Coverage, if information technology services are provided under this Contract, with limits not less than \$5,000,000 per occurrence;
- d. Security and Privacy Liability insurance, including coverage for failure to protect confidential information and failure of the security of Supplier’s computer systems that results in unauthorized access to Customer Data with limits \$5,000,000 per occurrence; and
- e. Third Party Crime/Employee Dishonesty Insurance with a limit of liability of not less than \$1,000,000 per occurrence. If policy or policies are written on a claims-made basis, coverage must be in place for a period of at least 12 months after the completion or termination of the Contract.

15. Compliance with Law. ClassWallet shall comply with all requirements of federal and state statutes, rules, and regulations applicable to ClassWallet or to the services performed by ClassWallet pursuant to this Contract. For the duration of this Contract, ClassWallet shall maintain in effect, and have in its possession, all licenses and certifications required by federal, state and local laws, rules and regulations, including, but not limited to business and professional licenses. Specifically and without limitation, ClassWallet shall comply with the following:

15.1 *FERPA*. The Family Education Rights and Privacy Act of 1974, codified at 20 U.S.C. Section 1232(g) and its accompanying regulations, codified at 34 C.F.R. Section 99 (FERPA).

15.2 *Idaho Student Data Law*. The provisions of Idaho Code, Section 33-133 concerning the use and limitations of student data.

15.3 *HIPAA*. The Health Insurance Portability and accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Data (HITECH) and the implementing regulations for HIPAA and HITECH.

15.4 *Identity Theft*. The provisions of Idaho Code, Title 28 Chapter 51.

16. Nondiscrimination.

16.1 ClassWallet shall provide all services funded through or affected by this Contract without discrimination on the basis of race, color, national origin, religion, sex, age, or physical/mental impairment. ClassWallet is bound to the terms and conditions of Section 601, Title VI, Civil Rights Act of 1964, in that "No person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance." In addition, "[n]o otherwise qualified handicapped individual in the United States shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." Section 504 of the Rehabilitation Act of 1973. Furthermore, for contracts involving federal funds, the applicable provisions and requirements of Executive Order 11246 as amended, Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, Section 701 of Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967 ("ADEA"), 29 USC Sections 621, et seq., the Age Discrimination Act of 1975, Title IX of the Education Amendments of 1972, U.S. Department of Interior regulations at 43 CFR Part 17, and the Americans with Disabilities Act of 1990, are also incorporated into this Contract. ClassWallet shall comply with pertinent amendments to such laws made during the term of this Contract and with all federal and state rules and regulations implementing such laws. ClassWallet must include this provision in every subcontract relating to this Contract.

16.2 All services and products performed under this Contract shall be accessible by persons with disabilities. Websites shall be in compliance with Idaho Technology Authority's (ITA) Policy P5010 provisions related to accessibility and the P5010 implementing standards and guidelines, which are published and available at the ITA's website. The Board Office shall provide copies of such policies, standards and guidelines upon request by the Contractor. Should any communication or associated support documents be non-compliant, Class Wallet shall correct and redeliver such communication immediately upon discovery or notice, at no additional cost to the Board Office. Additionally, as part of compliance with accessibility requirements where documents are only provided in non-electronic format, ClassWallet shall promptly provide such communication and any associated support documents in an alternate format usable by individuals with disabilities upon request and at no additional cost.

17. Remedies and Termination.

17.1 *Remedial Action.* In addition to any remedies available to the Board Office under law or equity, the Board Office may at its sole discretion require one (1) or more of the following remedial actions, if ClassWallet is not in compliance with this Contract: (1) require ClassWallet to take corrective action to ensure that performance conforms to Contract requirements; (2) withhold payment for deficient services until such services are remediated; or (3) terminate this Contract.

17.2 *Termination.*

a. The Board Office may terminate this Contract immediately upon written notice, or upon such notice as it in its sole discretion deems appropriate, if at any time: (a) ClassWallet's license or certification required by law is suspended, not renewed, or is otherwise not in effect at the time service is provided; (b) ClassWallet fails to comply with any applicable law, regulation, or rule; or, (c) ClassWallet materially breaches this Contract.

b. The Board Office may terminate this contract immediately upon written notice, or upon such notice as it in its sole discretion deems appropriate, if at any time a judicial interpretation of federal or state laws, regulations, or rules renders fulfillment of this Contract infeasible or impossible. If this Contract is so terminated, the Board Office shall be liable only for payment in accordance with the terms of this Contract for performance satisfactorily rendered prior to the effective date of termination. In case of such termination, the Board Office will pay to ClassWallet the agreed upon price, if separately stated, for deliverables for which acceptance has been given by the Board Office and reasonable amounts for services provided prior to the date of termination for which no separate price is stated and which are not associated with or related to a specific deliverable for which acceptance has been given.

c. The Board Office may cancel this Contract at any time, with or without cause, upon no less than thirty (30) calendar days' prior written notice to ClassWallet specifying the date of termination. During this thirty (30) day period, ClassWallet shall wind down and cease its performance of this Contract as quickly and efficiently as reasonably possible, without performing unnecessary services or activities and by minimizing negative effects on the Board Office, Applicants or Awardees from such winding down and cessation of performance. If this Contract is so terminated, the Board Office shall be liable only for payment in accordance with the terms of this Contract for performance satisfactorily rendered prior to the end of the wind-down period. In case of such termination, the Board Office will pay to ClassWallet the agreed upon price, if separately stated, for deliverables for which acceptance has been given by the Board Office, amounts for services provided prior to the end of the wind-down period for which no separate price is stated and which are not associated with or related to a specific deliverable for which acceptance has been given.

d. The Board Office shall have the right to terminate this Contract: (a) upon the institution against ClassWallet of insolvency, receivership or bankruptcy proceedings or any

other proceedings for the settlement of ClassWallet's debts, (b) ClassWallet making an assignment for the benefit of creditors, or (c) upon ClassWallet's dissolution or ceasing to do business.

e. Upon termination of this Contract for whatever reason, to the extent commercially feasible, ClassWallet shall maintain Board Office data and reports related to the Initiative for the period of two (2) calendar years from Contract termination, and provide the Board Office with electronic access to the data and reports if required.

18. Fiscal Necessity and Non-Appropriation.

18.1 The Board Office is a government entity and it is understood and agreed that the Board Office's payments herein provided for may be paid from Idaho State Legislative appropriations and appropriations by the United States Congress. The Legislature and Congress are under no legal obligation to make appropriations to fulfill this Contract. This Contract shall in no way or manner be construed so as to bind or obligate the State beyond the term of any particular appropriation of funds by the Idaho Legislature as may exist from time to time.

18.2 The Board Office reserves the right to terminate this Contract in whole or in part (or any order placed under it) if, in its sole judgment, the Idaho Legislature or the United States Congress fails, neglects, or refuses to appropriate sufficient funds as may be required for the Board Office to continue such payments, or requires any return or "give-back" of funds required for the Board Office to continue payments, or if the Executive Branch mandates any cuts or holdbacks in spending, or if funds are not budgeted or otherwise available, or if the State discontinues or makes a material alteration of the program under which funds were provided. The State and the Board Office shall not be required to transfer funds between accounts in the event that funds are reduced or unavailable.

18.3 All affected future rights and liabilities of the Parties shall thereupon cease within ten (10) calendar days after notice to the ClassWallet. Further, in the event of non-appropriation, the Board Office shall not be liable for any penalty, expense, or liability, or for general, special, incidental, consequential or other damages resulting therefrom.

19. Taxes. The State is generally exempt from payment of state sales and use taxes and from personal property tax for property purchased for its use. The State is generally exempt from payment of federal excise tax under a permanent authority from the District Director of the Internal Revenue Service. The Board Office will furnish exemption certificates upon written request by ClassWallet. If ClassWallet is required to pay any taxes incurred as a result of this Contract, ClassWallet shall be solely and absolutely responsible for the payment of those taxes.

20. Notices. Any notice given in connection with this Contract shall be given in writing and shall be delivered either by hand or by certified mail, return receipt requested, to the other Party

at the address stated below. Either Party may change its address by giving notice of the change in accordance with this section.

Idaho Board of Education: P.O. Box 83720
Boise, Idaho 83720-0037
Attention: Executive Director

ClassWallet: Kleo, Inc. DBA ClassWallet
6100 Hollywood Blvd Suite 108
Hollywood, Florida 33024
Attention: Jamie Rosenberg

21. Complete Statement of Terms. The Contract constitutes the entire agreement between the Parties hereto and shall supersede all previous proposals, oral or written, negotiations, representations commitments, and all other communications between the Parties. This Contract may not be modified without the written consent of the Parties.

22. Officials Not Personally Liable. In no event shall any official, officer, employee or agent of the Board Office be liable or responsible for any representation, statement, covenant, warranty or obligation contained in, or made in connection with, this Contract, express or implied.

23. Governing Law. This Contract shall be governed by and construed under the laws of the State of Idaho and the Parties hereto consent to the jurisdiction of the state courts of Ada County in the State of Idaho in the event of any dispute with respect to this Contract.

24. Attorneys' Fees. In the event of a legal proceeding of any kind instituted under this Contract or to obtain performance of any kind under this Contract the prevailing party shall be awarded such additional sums as the court may adjudge for reasonable attorneys' fees and to pay all costs and disbursements incurred in such proceeding.

25. Force Majeure. Neither Party shall be liable for or deemed to be in default for any delay or failure to perform under this Contract if such delay or failure to perform results from an act of God, civil or military authority, act of war, riot, insurrection or other occurrence beyond that Party's control. In such case, the intervening cause must not be caused by the Party asserting it and the excused Party is obligated to promptly perform in accordance with the terms of this Contract after the intervening cause ceases. Notwithstanding the foregoing, the Parties do not intend the effects of COVID-19 to waive or extend the performance of either Party. Either Party may notify the other of a circumstance arising under COVID-19 causing a delay or failure to perform and request a modification of this Contract necessary to address such circumstance. Acceptance of such modification shall not be unreasonably withheld.

26. Registration and Service of Process. Companies transacting business in the State must independently determine if registration with the Idaho Secretary of State is legally required. In addition to any methods of service allowed by Idaho law, ClassWallet hereby consents to service

of process upon it by registered or certified mail, return receipt requested, at its last known address. ClassWallet must notify the Board Office in writing of any change of address to which service of process can be made. Service shall be completed upon ClassWallet's actual receipt of process, or upon the Board Office's receipt of the return thereof by the United States Postal Service as refused or undeliverable. ClassWallet shall have thirty (30) calendar days after completion of service in which to respond.

27. No Waiver. The failure of the Board Office to require strict performance of any term or condition of this Contract, or to exercise any option or discretion granted to it, in any one or all instances shall not be construed to be a waiver or relinquishment of any such term or condition. The same shall be and remain in full force and effect unless there is a prior written waiver by the Board Office.

28. Sovereign Immunity. No provision of this Contract is in any way intended to constitute a waiver by the Board Office or the State of any immunities from suit or from liability that the Board Office or the State may have by operation of law.

29. Survival. Any termination, cancellation, or expiration of this Contract notwithstanding, provisions which are intended to survive and continue shall survive and continue.

30. Headings. The captions and headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Contract.

31. Counterparts. This Contract may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

32. Exhibits. All terms of all exhibits attached to this Contract are incorporated into this Contract.

IN WITNESS WHEREOF, the Parties have executed this Contract as of the date of the last signature set forth below.

State of Idaho
Office of the State Board of Education

Kleo Inc., d/b/a ClassWallet

By _____
Its _____
Date: _____

By _____
Its _____
Date: _____

EXHIBIT A: INITIATIVE APPROVAL
Software as a Service Contract for the Strong Families, Strong Students Initiative



Governor Brad Little

State Capitol :: Boise, Idaho 83720
(208) 334-2100 :: gov.idaho.gov

September 15, 2020

Alex J. Adams, Chairman
Coronavirus Financial Advisory Committee (CFAC)
304 N 8th St, 3rd Floor
Boise, ID 83702

Chairman Adams,

I have reviewed the recommendations of the Coronavirus Financial Advisory Committee, agree with and approve the funding recommendations as follows:

- \$99,272,500 to be distributed by the State Department of Education to public schools, as described in Appendix A.
- \$50,000,000 to the State Board of Education for the “Strong Families, Strong Students” Initiative as described in Appendix B.
- \$69,052 to the City of Boise to reimburse the Boise Police Department costs associated with the public safety payroll costs associated with the extraordinary session of the 2020 Idaho legislature. These costs were for a substantially different use than previously budgeted, given the special session focused on COVID-19 related issues, as described in Appendix C and D.

In my judgment, these are necessary expenditures incurred due to the public health emergency and align with the U.S. Treasury guidance on allowable uses of funds.

Please work with the State Controller on carrying out these recommendations and reporting all expenditures to Transparent Idaho.

Best regards,

A handwritten signature in black ink, appearing to read "Brad Little", written over a light blue horizontal line.

Brad Little
Governor



State of Idaho
Division of Financial Management
Executive Office of the Governor

BRAD LITTLE
Governor

ALEX J. ADAMS
Director

To: Alex Adams, Coronavirus Financial Advisory Committee
From: Gideon Tolman
Date: September 11, 2020
Subject: Public Schools Reopening Funding Request

The Department of the Treasury's Coronavirus Relief Fund guidance was updated September 2 with a provision that allows funding to be used for expenses associated with the safe reopening of schools. It states that "expenses of up to \$500 per elementary and secondary school student to be eligible expenditures, such that schools do not need to document the specific use of funds up to that amount."

This request is to allocate \$99,272,500 of the Coronavirus Relief Fund to Idaho's k-12 public schools. This is the amount by which the Fiscal Year 2021 Public Schools budget was reduced through the 5% Governor's holdback and subsequent Board of Examiners action. It equates to approximately \$315 per student. This will ensure schools have the resources they need to respond to the COVID-19 pandemic and facilitate safe reopening.

**CFAC Request from the Office of the Governor
“Strong Families, Strong Students” Initiative**

Request:

The Office of the Governor is requesting \$50 million in funding for grants to Idaho families to cover critical educational expenses due to school building closures caused by COVID-19 and to provide economic support to parents so they do not have to exit the work force to ensure their children receive a quality educational experience. The grant program would be managed by the Office of the State Board of Education.

Goals:

- Provide support to eligible families to facilitate distance learning in connection with school building closures including devices, connectivity, and eligible educational services.
- Provide resources to Idaho parents to help with their students be successful in school so that they can remain in the labor force.

Background:

Since March, when the pandemic hit Idaho, the Board has been discussing the challenges in meeting Idaho’s responsibility to provide a uniform and thorough system of public education during these unprecedented times. Families are facing many challenges as they are forced to rapidly adapt to changing circumstances in their children’s education. In addition to providing the resources to school districts and charter schools to be able to serve students, the Board has discussed providing resources directly to families and students to mitigate the achievement gap and address the digital divide.

It has been documented how school-related closures have created pressure that may push parents out of the labor force,^{1,2} which could further strain the state’s unemployment insurance trust fund solvency and have adverse impact on the state’s economic rebound from the COVID-19 pandemic. Providing resources to these families can help mitigate potential second-order effects of the emergency.

Should CFAC grant the request, the funding would be used to provide access to resources that can be used for educational purposes that are directly controlled by the eligible families. Each eligible family would have access to **\$1,500 per eligible student**, with a maximum award of **\$3,500 per family**. The Board will contract with a fulfillment company with expertise in delivering similar programs for educators and families.

Family Eligibility Criteria:

Student eligibility will include, at a minimum, students who meet the state definition of school age and may include, but not limited to, public school and private school students. Eligibility criteria will conform to Treasury guidance and will include families impacted by a COVID-19-related full or partial

¹<https://apnews.com/ad57cb9e16746df766215301163a4f08>

² <https://www.cnbc.com/2020/08/06/lack-of-school-and-child-care-may-push-some-parents-out-of-workforce.html>

school closure, or a disruption to a parent's employment between March 1, 2020 and December 30, 2020. The State Board may set additional eligibility criteria that identifies families that have had the highest impact from COVID-19.

Eligible Expenses:

Once families are determined to be eligible, an account will be created for families to purchase eligible educational materials, devices and services.

This program's eligible expenses are limited to expenses that facilitate distance learning as a result of school building closures, including but not limited to:

- (a) computer hardware, software, and other devices, including adaptive learning technology;
- (b) internet connectivity;
- (c) instructional materials;
- (d) fees for courses;
- (e) tutoring services;
- (f) education services and therapies.

Application Process:

The grant program is open to all eligible families regardless of income level. Because there may be more applications than available grants, the Board will establish priority criteria. The Board will work with a fulfillment company to create a web-based application, and the fulfillment company will prioritize applications based on established criteria. Prioritization will consider income guidelines for free and reduced-price meals program, and adjusted gross income. The fulfillment company could manage income verification to mitigate fraud.

- Wave 1 - AGI less than or equal to \$50,000
- Wave 2 - AGI less than or equal to \$75,000
- Wave 3 - AGI less than or equal to \$100,000
- Wave 4 – All Idaho Families

EXHIBIT B: PURCHASING EXEMPTION
Software as a Service Contract for the Strong Families, Strong Students Initiative

**Request for One Time Exemption from Competition
from
Idaho Division of Purchasing (DOP)**

E-mail Completed Request Form to: purchasing@adm.idaho.gov

Agency Purchasing Representative (Name):	Todd Kilburn, Chief Fiscal Officer
E-mail/Phone:	Todd.kilburn@osbe.idaho.gov /(208)332-1563
Name of Agency:	Office of the State Board of Education
Request for the Purchase of:	Family Grant Management: fulfillment services for online marketplace of goods and services for family access of educational services and goods for accessing educational services.
Cost (attach quote):	Negotiations Pending CFAC funding approval – Up to \$30M ^{\$50M}

Cost updated according to actual amount approved by CFAC. VB

IDAPA 38.05.01.042.10 provides that the administrator may exempt an acquisition from competitive procurement if the administrator determines that bidding is impractical, disadvantageous or unreasonable under the circumstances. Examples include, but are not limited to: special market conditions; property requiring special contracting procedures due to uniqueness; and services for which competitive solicitation procedures are impractical.

Background and Justification (attach additional sheets as needed):

COVID-19 has had a dramatic and detrimental impact on the education of Idaho students with a number of school districts and schools closing their buildings last spring and still unable to fully open their buildings for normal school operations this fall. Since March when the pandemic hit Idaho, the Board of Education and task forces assembled by the Governor have been discussing how to meet Idaho's obligation to provide a uniform, thorough system of public education during the pandemic.

The State Board of Education, working with the Governor's Office, would like to provide grants directly to families with eligible students for the purchase of eligible educational services and devices, including adaptive technology for special needs populations, and connectivity for accessing virtual education content. The funding for this effort would be from CARES Act funds available to Idaho, which are required to be expended by the end of this calendar year. Due to the immediate need for additional educational resources for students and the limited window in which CARES Act funds are available to address COVID-19 caused educational needs, the Board needs to contract now with a fulfillment company to manage the family application process for awarding funds and making available educational services and devices and connectivity to Idaho students.

The Board is asking for an emergency exemption to contract with ClassWallet. ClassWallet would serve as the fulfillment vendor, providing a parent/family access platform processing applications and establishing accounts for each eligible family. The platform would provide a virtual wallet, prepaid card, and online market place and have pre-approval capabilities and reimbursement management. The family would then be able to spend funds from the account for eligible devices and educational services. ClassWallet would manage the reimbursement process with the Board office and be responsible for reporting, disbursement, accountability and fraud prevention. ClassWallet has a proven track record of serving as a fulfillment company providing a platform to manage teacher receipts and reimbursements and is currently working with four other state Board/Departments of Education (Arizona, North Carolina, Tennessee, and Oklahoma) providing a platform and management for similar family grants. ClassWallet is the only identified platform with state level education experience that provides the entire range of necessary options, pre-approval capabilities, and fraud management capabilities.

Agency Certification: The information provided above is true and accurate to the best of my knowledge, and supports the need for a direct procurement of the described goods or services, in the best interest of the State:

Agency Representative (signature): [Handwritten Signature] Date: September 2, 2020

Approved

Additional conditions apply to this approval.

OSBE must work with legal counsel to ensure that the resulting agreement meets all legal requirements and is, to the greatest extent possible, consistent with Idaho policies and general contracting principles.

Rejected

DOP Administrator Signature: Valerie Bollinger Digitally signed by Valerie Bollinger
Date: 2020.09.08 13:40:08 -06'00'

DOP Administrator Printed Name: Valerie Bollinger

Date: 8 Sept 2020

EXHIBIT C: SCOPE OF WORK
Software as a Service Contract for the Strong Families, Strong Students Initiative

A. Definitions.

For purposes of this Scope of Work, the following terms shall be defined to mean:

Applicant(s):	Parent or legal guardian applying for grant on behalf of their School Age student(s).
Application:	The information requested by the State submitted online by an Applicant through the Application System.
Application System:	Online platform created by ClassWallet through which Applicants submit Applications.
Awardee(s):	Parent or legal guardian awarded a Grant on behalf of their School Age student(s).
Awardee Account:	Funds awarded to each Awardee’s digital wallet.
Distance learning:	Learning conducted off school grounds, including online or virtual instruction.
Eligible Expenses:	Those educational services and products that facilitate distance learning, including: <ul style="list-style-type: none">(a) computer hardware, software, and other devices, including adaptive learning technology;(b) internet connectivity;(c) instructional materials;(d) fees for courses;(e) tutoring services; and(f) educational services and therapies, including licensed day care.
Eligible Family:	An Applicant meeting the criteria set forth in Section C of this Exhibit.
Fiscal Management and Payment System:	Online platform created and run by ClassWallet for Awardees to receive Grants and use Grants for Eligible Expenses.
Grants:	Funds available to families under the Initiative.
Initiative Administrator:	Board Office staff designated by the Board of Education Executive Director to administer the Initiative and oversee matters related to performance of this Contract.

Marketplace:	Venue through which Eligible Expenses are purchased by Awardees.
Platform:	Umbrella term referring to all components including Application System, Fiscal Management and Payment System and Marketplace, online support and training, and online reporting services.
School Age:	As defined in Idaho Code § 33-201.
Submitted Application:	An Application status established when the Applicant clicks the submit button in the Application System.
Vendor(s):	Initiative Administrator approved ecommerce or service provider of Eligible Expenses.

B. Eligibility Verification.

Through this Contract, the Board Office has provided ClassWallet with the Initiative requirements in order for ClassWallet to determine Grant eligibility. ClassWallet shall compare the Customer Data submitted by Applicants through the Application System to the Initiative criteria set forth below in order to determine eligibility. ClassWallet shall send notices of eligibility and ineligibility to all Applicants on behalf of the State. If an Applicant’s eligibility is not verified, ClassWallet shall include the following provision and a description of the unverified eligibility criteria in the notice:

Your eligibility has not been verified for the reasons described in this notice. Grants are discretionary and not subject to appeal rights, including, but not limited to, appeals under the Idaho Administrative Procedure Act. You may request reconsideration within five (5) business days of this notice. To request reconsideration, contact the Office of the State Board of Education at strongfamilies@osbe.idaho.gov. If you request reconsideration, you must submit all requested information in the time period specified by the Office of the State Board of Education. The Office of the State Board of Education’s determination concerning your eligibility shall be final and binding. No additional rights or challenges shall be provided following the Office of the State Board of Education’s decision.

C. Eligible Family.

An Eligible Family:

- (a) must reside in Idaho and have one or more students who are School Age; and
- (b) have students who were enrolled in an Idaho public school or Idaho private school between March 1, 2020 and December 30, 2020, or are currently enrolled in such

a school, including students who access one or more school programs, courses or services or are dually enrolled pursuant to Idaho Code § 33-203; or

- (c) include one or more parents or guardians who were employed prior to March 1, 2020 and whose employment was disrupted between March 1, 2020 and December 30, 2020 by COVID-19.

D. Grant Awards.

1. The State shall provide the data set of Awardees eligible to receive Grants to ClassWallet and ClassWallet shall use the data set as instruction to award the Grants on a priority basis according to the Applicant's adjusted gross income ("AGI") in the following categories:

- (a) Wave 1 - AGI of less than or equal to \$50,000.
- (b) Wave 2 - AGI of less than or equal to \$75,000.
- (c) Wave 3 - AGI of less than or equal to \$100,000.
- (d) Wave 4 - All Idaho families.

2. Subject to the provisions of Section F of this Exhibit, the Application period is between October 21, 2020 and December 8, 2020. ClassWallet shall deposit Grant funds to Awardees' digital wallets as Grants are awarded.

3. ClassWallet shall award Grants:

- (a) first to all eligible families in Wave 1, before fulfilling awards in Waves 2 through 4;
- (b) second to all eligible families in Wave 2, before fulfilling awards in Waves 3 through 4;
- (c) third to all eligible families in Wave 3; and then
- (d) fourth to all remaining Eligible Families.

4. If there are not enough funds to award Grants to all Eligible Families, the Initiative Administrator shall instruct ClassWallet to prioritize Grant awards within Waves based on date of receipt of Submitted Application.

5. The Initiative Administrator shall set the dates for application award periods for each wave, in consultation with ClassWallet in respect of operational considerations, to ensure that Initiative objectives are met. ClassWallet shall provide assistance and consultation to the Board Office concerning operational considerations relative to the Wave award periods.

E. Application Process.

1. ClassWallet shall create and supply a parent and student friendly online Application Platform for use by Applicants, Awardees, the Initiative Administrator, and Vendors.
2. The Platform shall be designed for ease of use by Applicants and include:
 - (a) a portal for Applicants to enter information required for ClassWallet to make an eligibility determination;
 - (b) a Fiscal Management and Payment System; and
 - (c) a Marketplace for Awardees to make purchases of items qualifying as an Eligible Expense. ClassWallet shall supply all necessary support, training, and reporting services. The Platform shall be designed or provide supports for non-English speaking Applicants.
 - (d) a process that allows Awardees who have bank accounts to submit receipts for reimbursement, link their bank account to the ClassWallet Payment Platform and receive ACH direct deposit.
 - (e) a process that allows Awardees to accept terms as set forth in a certification.

F. Timelines.

1. The Platform shall be operational by October 21, 2020 (go-live).
 - a. Application-access shall be closed once all Grants have been awarded, or on December 8, 2020, whichever occurs first. Applications in process can continue to be processed at the Board Office's discretion.
2. Through December 30, 2020, the Platform shall allow for reimbursements for Awardees who have bank accounts for Eligible Expenses made between March 1, 2020 and December 30, 2020. After December 30, 2020, the Platform shall not allow for reimbursements. ClassWallet shall not be responsible for determining whether transactions qualify as eligible for reimbursement.
3. The Platform shall remain open for Awardees' use until all Grants have been fully expended or to June 30, 2021, whichever shall come first.

G. Application System.

ClassWallet shall create and provide an interactive Application System that meets the following specifications:

- (a) Allow for the comparison of the Customer Data submitted by Applicants through the Application System to the Eligible Family criteria and determine eligibility.
- (b) Allow Applicants to enter information for multiple students in the household on the same Application.
- (c) Allow for the identification of the potential need for further review and processing.
- (d) Allow for the comparison of Applicant reported income to income thresholds defined by the Initiative and determine eligibility.
- (e) Allow for the verification that Applicant is a parent or guardian of the student or students identified in the Submitted Application.
- (f) Allow for confirmation that an individual student is not used to determine eligibility of more than one Application.
- (g) Allow Applicants to electronically confirm their agreement that they have provided true and accurate information and provide a notification to Applicants that if the information provided is subject to verification and that if it is inaccurate they may be required to forfeit a Grant.
- (h) Allow Applicants to start and stop an Application, save information in the incomplete Application, and resume subsequent completion of the Application.
- (i) Allow the Application System to be closed on December 8, 2020, but have the Marketplace and reimbursement system remain open to Awardees until all funds are expended, or June 30, 2020, whichever shall come first.
- (j) Allow the Initiative Administrator to disapprove and approve Vendors for the Marketplace until the closure of the Platform.
- (k) Allow the Initiative Administrator to approve the Application template prior to use.
- (l) Include on the Application template a provision whereby Applicants consent to use of information and documents provided in the Application for purposes related to the Initiative.
- (m) The Application System must be available in English and Spanish.
- (n) Provide stages of approval based on existing system and reporting capabilities. This may include: Income Review Pending, Income Verified, and additional documentation needed, approved or awarded.
- (o) Allow the Initiative Administrator to view Application status, including what Applications are in process, incomplete, or approved, and to review the Applicant's placement in the Waves, as described above in Section D.

- (p) Allow the Initiative Administrator to upload or input documents on behalf of Applicants.
- (q) Generate an electronic acceptance or denial letter to Applicants in a format approved by the Board Office.
- (r) Allow for additional income verification documents to be uploaded to the Application.
- (s) Allow for upload of documentation required for reimbursement of Eligible Expenses.

H. Fiscal Management and Payment System.

1. ClassWallet shall create, maintain, and operate on behalf of the Board Office a Fiscal Management and Payment System in the Platform for use by Applicants, Vendors, and the Initiative Administrator.
2. The Fiscal Management and Payment System shall allow for the following:
 - (a) creation of Awardee Accounts with digital wallets for Awardees to easily receive a Grant award and pay for Eligible Expenses through the Marketplace;
 - (b) deactivation and defunding of Awardee Accounts;
 - (c) ability to display a customized attestation page when the Awardee logs into the Fiscal Management and Payment System for the first time and shall appear each time until the Awardee conducts a specified call to action on the page;
 - (d) an Awardee Account for each Awardee, which includes all that Awardee's School Age students;
 - (e) ability for Awardees to pay Vendors for Eligible Expenses using their digital wallets through the Marketplace;
 - (f) allow Awardees to check balances and make payments;
 - (g) allow Awardees with bank accounts to link their bank accounts, upload receipts for reimbursement and receive ACH payments for Eligible Expenses;
 - (h) allow Vendors to register for participation in the Marketplace and receive ACH payments;
 - (i) allow Awardees to use their own funds to pay for the remaining balance of a purchase if the final purchase amount exceeds the Awardee Account balance; and
 - (j) allow Awardee Accounts to be frozen, released or canceled if used inappropriately by the Awardee; fraudulent activities are identified; or the students are found to be ineligible for the award.

I. Customer Service.

1. ClassWallet shall provide customer service for all Applicants, Vendors, and the Initiative Administrator, which shall include:

(a) Application System customer service representatives available for Applicants via phone Central Time 7:30 am – 7:00 pm (Central Time) Monday - Thursday and Friday 7:30 a.m. – 5:00 p.m. (Central Time). Chat and email support are available Monday-Thursday 8:00 a.m. - 5:00 p.m. (Central Time) and Friday 7:30 a.m. - 5:00 p.m. (Central Time). Application system customer service is available in Spanish and English.

(b) Fiscal Management and Payment System customer service representatives from 8:00 a.m. to 8:00 p.m. (Eastern Time) Monday through Friday, and from 10:00 a.m. to 4:00 p.m. (Eastern Time) Saturday via email, chat, and phone. Fiscal Management and Payment System customer service is available in Spanish and English.

2. ClassWallet shall use commercially reasonable efforts to make the Platform available 24 hours per day, 7 days per week (99.9% uptime), except for circumstances beyond the control of ClassWallet or scheduled downtime or maintenance. ClassWallet shall notify the Board Office at least 48 hours in advance of scheduled downtime.

J. Reporting.

1. ClassWallet shall make the following reports available via the Platform, as well as all other reports reasonably required by the Initiative Administrator.

2. Reports shall include:

- (a) the status of Applications;
- (b) verification of family eligibility status;
- (c) a list of Awardees;
- (d) a detailed summary of purchases and amounts by Awardees;
- (e) aggregate account balances of all Awardee Accounts; and
- (f) Initiative end close-out of Awardee Accounts and balances.

K. Training.

ClassWallet shall create and deliver training for the identified Initiative Administrator and community groups designated by the Initiative Administrator.

L. Hardware/Operating System Specification.

ClassWallet shall ensure that the Platform is compatible with the current version and the two previous versions (“N-2”) of widely used device platforms and software, including personal computers and mobile devices. At a minimum, the Platform shall be functional with the following:

Platform	Operating System
Windows	Version 7,8,10
Apple	Mac OS10+
Chromebook	Chrome OS 59+
IOS	IOS 11+

M. Web Browser Specifications.

The Platform shall be compatible with the following web browsers, as well as all others commonly used:

- (a) Google Chrome;
- (b) Microsoft Edge, Microsoft Internet Explorer 11 (partial support);
- (c) Firefox; and
- (d) Safari.

EXHIBIT D: BILLING SCHEDULE
Software as a Service Contract for the Strong Families, Strong Students Initiative

Total due at contract execution: \$515,000, which includes:

- A one-time implementation fee of \$250,000; and
- A Submitted Application service fee for the first 5,000 Submitted Applications: \$265,000 (5,000 x \$53)
 - The Submitted Application service fee is a per family / household fee, not per student, and includes administrative support for the processing of all Applications, Applicant customer support, processing, file transfers, and Grant award and denial management and Applicant notification. No fee will be charged for Applications which are not submitted.

Other fees:

- Ecommerce Marketplace transaction fees: none
- DirectPay transaction fees: 2.5% charged to the service provider payee on a per transaction basis. This is a fee charged to service providers. The Board Office is not responsible for this fee.
- Submitted Application fee of \$53 per each Application in excess of the first 5,000: \$53.00 per Submitted Application, invoiced monthly.
- Reimbursement fees: \$15 per Awardee payable by the Board Office, invoiced together with invoice for Awardee Amount