Cash Management Improvement Act Agreement
between
The State of California
and
The Secretary of the Treasury,
United States Department of the Treasury

The Secretary of the Treasury, United States Department of the Treasury (hereafter 'Secretary'), and State of California (hereafter 'State'), in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended (hereafter 'Act'), agree as follows:

1.0 AGENTS OF THE AGREEMENT

1.1 The Authorized Official(s) for the State of California shall be the the Chief Operating Officer for the Department of Finance in all matters concerning this Agreement.

1.2 The Assistant Commissioner, Revenue Collections Management, Bureau of the Fiscal Service (Fiscal Service), U.S. Department of the Treasury, shall act as the Secretary's representative in all matters concerning this Agreement.

2.0 AUTHORITY

2.1 The authority for this Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 1992 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

2.2 The regulations codified at 31 CFR Part 205 shall apply to all matters pertaining to this Agreement, and are incorporated herein by reference. In the event of any inconsistency between this Agreement and 31 CFR Part 205, the regulations shall govern.

3.0 DURATION, AMENDING, TERMINATING, AND MISCELLANEOUS PROVISIONS

3.1 This Agreement shall take effect on 07/01/2015 and shall remain in effect until 06/30/2016.

3.2 This Agreement may be amended at any time by written, mutual consent of the State and the Fiscal Service. This Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify the Fiscal Service in writing within 30 days of the time the State becomes aware of a change that involves additions or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns. The notification must include a proposed amendment for review by the Fiscal Service.

3.3 Notwithstanding section 3.2, in the event of Federal or State non-compliance with Subpart B of 31 CFR, Part 205, the Fiscal Service may amend this Agreement at any time to incorporate additional programs and the entities that administer those programs.

3.4 This Agreement may be terminated by either party with 30 days' written notice. If this Agreement is terminated, the Fiscal Service will prescribe the funding techniques, clearance patterns, and methods for calculating interest liabilities to be used by the State.

3.5 DEFINITIONS

In addition to the definitions contained in 31 CFR Section 205.2 which will govern the interpretation of any terms cited in this Agreement, the following definitions will clarify the terms used in this Agreement which are unique to the State:

Check is an instrument for payment on demand for a specific amount from a bank account in the centralized State Treasury System. Note: The Fiscal Service uses the term check instead of warrant in this Agreement. Therefore, for the purposes of this Agreement, terms check and warrant will be used synonymously.

Warrant is an order drawn by the State Controller's Office for payment from a fund in the State Treasury and not from a bank account. Note: The Fiscal Service uses the term check instead of warrant in this Agreement. Therefore, for the purposes of this Agreement, the terms check and warrant will be used synonymously.

Clearance Pattern, as defined in 31 CFR Section 205.2, will be used to schedule the receipt of Federal funds. For the purposes of this Agreement, the term Clearance Pattern and Redemption Pattern are used synonymously for those programs utilizing the Pre-Issuance funding technique.

Redemption Patterns are the weighted average days from warrant issuance to clearance/redemption that are used to calculate the interest liabilities for pre-issuance funded payment components. For the purposes of this Agreement, the term Clearance Pattern and Redemption Pattern are used synonymously for those programs utilizing the Pre-Issuance funding technique.

Clearance/redemption is paying out funds for program purposes.

Refund Transaction means an entry to the record of a State bank account representing a single deposit of refunds of $50,000 or more. A refund transaction may consist of a single check or item, or a bundle of accumulated checks.

State Controller's Office (SCO) is responsible, in part, for fiscal control over the receipt and disbursement of public funds.

State Treasurer's Office (STO) is responsible, in part, for the custody of all money and securities, investment of money, and the redemption and reconciliation of State warrants drawn by the SCO.

State Department of Finance (Finance) is responsible, in part, for maintaining a complete and uniform State accounting system. The Fiscal Systems and Consulting Unit is responsible for administering the Cash Management Improvement Act.

Local agencies are entities that receive assistance payments from the State departments. Depending on the programs, disbursements are made to one or more local agencies. The primary entities include city government, county government, community based organizations, school districts, and various service providers.

4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on the State's 2013-14 Single Audit Report for fiscal year ending 06/30/2014.

All major Federal assistance programs shall be covered by this Agreement, unless otherwise specified in section 4.4 of this Agreement.

4.2 The State's threshold for major Federal assistance programs is $229,000,000.

The following programs meet or exceed the threshold and are not excluded in Section 4.4:

10.551 Supplemental Nutrition Assistance Program
10.553 School Breakfast Program
10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
10.558 Child and Adult Care Food Program
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S Unemployment Insurance -- State Benefit Account
20.205 Highway Planning and Construction
20.319 High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States
84.367 Improving Teacher Quality State Grants
93.558 Temporary Assistance for Needy Families
93.563 Child Support Enforcement
93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658 Foster Care -- Title IV-E
93.659 Adoption Assistance
93.667 Social Services Block Grant
93.767 Children's Health Insurance Program
93.778 Medical Assistance Program
93.959 Block Grants for Prevention and Treatment of Substance Abuse
96.006 Supplemental Security Income
97.067 Homeland Security Grant Program

4.3 The following programs fall below the State's threshold but have been required to be covered by Fiscal Service in accordance with the non-compliance provisions of Subpart B of 31 CFR Part 205:

There are currently no programs listed for Section 4.3.

4.4 The following programs exceed the State's threshold but have been excluded from coverage for the reason indicated:

There are currently no programs listed for Section 4.4.

5.0 ENTITIES COVERED

5.1 State agencies and instrumentalities that meet the definition of a State per 31 CFR Part 205, shall be subject to the terms of this Agreement. The following is a list of such entities that administer funds under the programs listed in Section 4.0 of this Agreement:

Department of Child Support Services (5175)
Department of Education (6100)

Department of Health Care Services (4260)
Department of Public Health (4265)
Department of Rehabilitation (5160)
Department of Social Services (5180)
Department of Transportation (2660)
Employment Development Department (7100)
Governor's Office of Emergency Services (0690)
High-Speed Rail Authority (2665)

5.2 Entities that meet the definition of a Fiscal Agent per 31 CFR Part 205 shall be subject to the terms of this Agreement. The following is a list of Fiscal Agents that administer funds under the programs listed in the Section 4.0 of this Agreement:

Bank of America 17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Bank of America 17.225S Unemployment Insurance -- State Benefit Account
Xerox State and Local Solutions, Inc. 10.551 Supplemental Nutrition Assistance Program

6.0 FUNDING TECHNIQUES

6.1 General Terms

6.1.1 The State shall request Federal funds in accordance with the appropriate cut-off times shown in Exhibit I to ensure funds will be received and credited to a State account by the times specified in the funding techniques. Exhibit I is incorporated by reference herein.

6.1.2 The State shall schedule the receipt of Federal funds such that the funds are received and credited to a State account in accordance with the clearance patterns specified in Exhibit II - List of State Clearance Patterns. Exhibit II is incorporated by reference herein.

6.1.3 In instances where the receipt of funds is scheduled for a Saturday, the State shall request funds for deposit on Friday. In instances where the receipt of funds is scheduled for a Sunday, the State shall request funds for deposit on Monday. In instances where the receipt of Federal funds is scheduled for deposit on a day when the State is not open for business, the State shall request funds for deposit the day following the scheduled day; in instances where the receipt of Federal funds is scheduled for deposit on a day when the Federal Government is not open for business, the State shall request funds for deposit the day prior to the scheduled day.

6.1.4 Estimates and Reconciliation of Estimates:
Where estimated expenditures are used to determine the amount of the drawdown, the State will indicate in the terms of the State unique funding technique how the estimated amount is determined and when and how the State will reconcile the difference between the estimate and the State's actual expenditures.

6.1.5 Supplemental Funding:
Unless otherwise defined by program rules, Supplemental Funding is the award of additional funds to provide for an increase in costs due to unforeseen circumstances.

The State will comply with all Federal program agency policies and procedures for requesting supplemental grant funding.

The State will comply with the following guidelines when requesting supplemental funding for the Medical Assistance Program and associated administrative payments (CFDA 93.778):

The State must submit a revised Medicaid Program Budget Report (CMS-37) to request supplemental funding. The CMS guidelines and instructions for completing the CMS-37 are provided in Section 2600F of the State Medicaid Manual (SMM). The CMS/CO must receive the revised Form CMS-37 through the Medicaid Budget Expenditure System/Children's Budget Expenditure System (MBES/CBES) no later than 10 calendar days before the end of the quarter for which the supplemental grant award is being requested.

Additional guidance on this policy is available from the respective CMS Regional Office, U.S. Department of Health & Human Services.

The State will comply with the following guidelines when requesting supplemental funding for TANF (CFDA 93.558), CCDF (CFDA 93.575), CSE (93.563), and the FC/AA (CFDA 93.658 and CFDA 93.659) programs administered by the U.S. Department of Human Services, Administration for Children and Families (HHS/ACF):

a. Timing of the Request
A State should initiate its request for supplemental funding during a quarter as soon as it becomes aware of the fact that a shortfall does/will exist. For the TANF and CCDF grants, supplemental funding requests (estimates) may be submitted by a State, for consideration by ACF, up through and including the 15th day of the third month of the first, second or third quarter of any fiscal year. Since TANF and CCDF are block grant programs, all unawarded portions of the annual allotment will automatically be issued at the beginning of the fourth quarter. Therefore, supplemental funding requests will not be available during the fourth quarter for these programs. For the CSE and FC/AA programs, supplemental funding requests may be submitted by a state, for consideration by ACF, up through and including the 15th day of the third month of any quarter of a fiscal year.

b. Justification for the Request
The request for a supplemental funding for any of the above mentioned programs should contain a justification clearly documenting the need for the additional funding authority during the current quarter. This documentation should be in the form of State accounting records or similar documents that will show the actual expenditures through the most recent month for which such data are available, as well as the State's most accurate projection of its anticipated expenditures during the remaining month(s) of the quarter. For either the TANF or the CCDF program, the State's justification should also include an explanation of the activities requiring the obligation and/or expenditure of amounts that exceed the normal quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

c. Form Submittal
Supplemental funding requests should be made by completing the appropriate ACF quarterly report of expenditures and estimates applicable to the particular program for which the grant award request is being made.

d. Approval Process
Upon receipt of the state's request for additional funding authority for a quarter, the ACF Regional Office will promptly review the supporting documentation. If the request is properly justified, so long as ACF has adequate funding availability, the State's request will be expedited and supplemental funding will be issued within 5 days of ACF receiving the request. The State will be notified by the Regional Office when the supplemental award has been transmitted to the Payment Management System (PMS) and when it may initiate drawdowns against the supplemental funding.

Additional guidance on this policy is provided in the U.S. Department of Health & Human Services, Administration for Children and Families, letter (May 19, 2004) to State Administrators from the Deputy Assistant Secretary for

Administration.

6.1.6 Unless otherwise specified, the State uses the pre-issuance funding technique for the major Federal assistance programs. Interest liabilities are incurred by the State under the provisions of CMIA because the State Constitution requires cash on hand before warrants are issued. Therefore, Federal funds will be requested before warrants are issued--and will not be based on the clearance/redemption patterns specified in Section 6.1.2. The State's interest liabilities will be based on the number of days from the time Federal funds are deposited in the State account until the funds are paid out for federal assistance program purposes.

The state Department of Child Support Services will request federal funds to cover Child Support Enforcement (CFDA 93.563) Administrative Costs using the Pre-Issuance funding technique only in those instances where the Monthly Estimate/Monthly Draw technique would cause the inability to meet Payroll/Operating expense obligations under Section 6.3.2.

6.2 Description of Funding Techniques

6.2.1 The following are terms under which standard funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Pre-Issuance

The State shall request funds such that they are deposited in a State account not more than three business days prior to the day the State makes a disbursement.The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be the amount the State expects to disburse. This funding technique is not interest neutral.

6.2.2 The following are terms under which funding techniques for administrative costs shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.2

6.2.3 The following are terms under which miscellaneous funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Reverse Flow Program - SSI (CFDA 96.006)

In accordance with the terms in Section 9.0 of this Agreement,the Federal Government makes payments on behalf of the Statefor the Supplemental Security Income (SSI) program, CFDA No. 96.006. This funding technique is interest neutral.

6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Modified Zero Balance Accounting

The State departments will request an estimated amount of Federal funds each day for food voucher redemption. The estimated amount is calculated based on the average daily requested amount over a one year period. The Federal funds will be transferred to the State on the following business day to redeem the vouchers submitted for payment that day. Adjustments to the daily amounts requested for the difference between the estimated and actual redeemed voucher amounts will be made two days in arrears. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The State and Federal government will not incur any interest liability for the minor adjustment amounts. This funding technique is interest neutral.

Monthly Estimate/Monthly Draw

The State departments will estimate the monthly expenditures during the first week of each month. This amount will be requested within the first ten working days of each month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The State will reconcile the actual expenditures to the estimate for each month and adjust the subsequent request for funds. This funding technique is interest neutral.

Monthly Estimate/Monthly Draw--Administrative Costs

Monthly operating and equipment expenditures shall be estimated monthly and recorded on the median day of the month. The State shall request payroll funds such that they are deposited to coincide with the State's monthly payroll cycle. The amount of the requests shall be an estimate of expenditures based on historical data. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The estimate will be reconciled to actual costs within 45 days after the end of the month, and future draws will be adjusted accordingly. This funding technique is interest neutral.

Reimbursement

The State departments will request Federal funds after it has made payments for program purposes with State funds. The request shall be made in accordance with the appropriate Federal agency cut-off time. The State agrees that the Federal government will not incur any interest liability for this funding technique. This funding technique is interest neutral.

Reimbursement--Department of Transportation

The Department of Transportation will request Federal funds once the expenditures have been incurred, recorded, and identified as billable. In most instances, the request of funds will occur after the State has paid out its funds. This funding technique is interest neutral.

Unemployment Insurance Electronic Benefits

The Employment Development Department (EDD) shall request an estimated amount of federal funds for CFDA 17.225 F/S such that they are deposited by ACH in a state account on the settlement date of payments issued by the state. The request shall be made in accordance with the appropriate Federal Agency cut-off time specified in Exhibit I. EDD shall track daily (1) the amount of federal funds received, (2) actual disbursement amounts and (3) the residual between (1) and (2). The state shall estimate and request federal funds based these three inputs. Any residual amount shall be disbursed on the following working day. The EDD shall evaluate and adjust daily to minimize the residual amount based on the actual weekly trend. This funding technique is not interest neutral.

Zero Balance Accounting

The State departments will request Federal funds one day before the funds are transferred to the service delivery area agencies. The funds will be transferred to the State on the following business day. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. On the same day that the Federal Funds are deposited into the State account, the funds will be wire transferred or interbranch deposited into the service delivery area department bank account. No State and Federal interest liability will be incurred if funds are deposited in a State account on the next business day and the funds are paid out for program purposes on the same day. This funding technique is interest neutral.

6.3 Application of Funding Techniques to Programs

6.3.1 The State shall apply the following funding techniques when requesting Federal funds for the component cash flows of the programs listed in sections 4.2 and 4.3 of this Agreement.

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.551 Supplemental Nutrition Assistance Program
Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 100.00
Component: Benefit Payments
Technique: Zero Balance Accounting
Average Day of Clearance: 0 Days

10.553 School Breakfast Program
Recipient: Department of Education (6100)
% of Funds Agency Receives: 100.00
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

10.555 National School Lunch Program
Recipient: Department of Education (6100)
% of Funds Agency Receives: 100.00
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Department of Public Health (4265)
% of Funds Agency Receives: 67.00
Component: Food voucher redemption
Technique: Modified Zero Balance Accounting
Average Day of Clearance: 0 Days

Recipient: Department of Public Health (4265)
% of Funds Agency Receives: 5.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Public Health (4265)
% of Funds Agency Receives: 28.00
Component: Payments to local contractors
Technique: Pre-Issuance
Average Day of Clearance: N/A

10.558 Child and Adult Care Food Program
Recipient: Department of Education (6100)
% of Funds Agency Receives: 0.81
Component: Payroll/Operating Expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Education (6100)
% of Funds Agency Receives: 99.19
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 2.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 98.00
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Employment Development Department (7100)
% of Funds Agency Receives: 8.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Employment Development Department (7100)
% of Funds Agency Receives: 92.00
Component: Benefit payments
Technique: Unemployment Insurance Electronic Benefits
Average Day of Clearance: N/A

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Employment Development Department (7100)
% of Funds Agency Receives: 100.00
Component: Benefit Payments
Technique: Unemployment Insurance Electronic Benefits
Average Day of Clearance: N/A

20.205 Highway Planning and Construction
Recipient: Department of Transportation (2660)
% of Funds Agency Receives: 79.58
Component: Payments for Right-of-Way, Consultant Contracts, Subventions, Subvention Reimbursements, Labor, Construction Contracts, and Indirect Cost Rate Assessments
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Transportation (2660)
% of Funds Agency Receives: 20.42
Component: Payments for revolving fund, miscellaneous direct payments, utilities, service center charges, accounts receivable/reimbursement adjustments, and other miscellaneous adjustments
Technique: Reimbursement--Department of Transportation
Average Day of Clearance: N/A

20.319 High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants
Recipient: High-Speed Rail Authority (2665)
% of Funds Agency Receives: 85.00
Component: Payments for contract vendors
Technique: Reimbursement
Average Day of Clearance: N/A

Recipient: Department of Transportation (2660)
% of Funds Agency Receives: 15.00
Component: Payments for labor and contracts
Technique: Reimbursement--Department of Transportation
Average Day of Clearance: N/A

84.010 Title I Grants to Local Educational Agencies
Recipient: Department of Education (6100)
% of Funds Agency Receives: 1.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Education (6100)
% of Funds Agency Receives: 99.00
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: Department of Education (6100)
% of Funds Agency Receives: 2.00
Component: Payroll/Operating expenses

Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Education (6100)
% of Funds Agency Receives: 98.00
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States
Recipient: Department of Rehabilitation (5160)
% of Funds Agency Receives: 59.00
Component: Payroll/Operating Expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Rehabilitation (5160)
% of Funds Agency Receives: 41.00
Component: Payment to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

84.367 Improving Teacher Quality State Grants
Recipient: Department of Education (6100)
% of Funds Agency Receives: 2.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Education (6100)
% of Funds Agency Receives: 98.00
Component: Payments to local educational agencies and various State departments
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 1.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 99.00
Component: Payments to local agencies
Technique: Pre-Issuance

Average Day of Clearance: N/A

93.563 Child Support Enforcement
Recipient: Department of Child Support Services (5175)
% of Funds Agency Receives: 21.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Child Support Services (5175)
% of Funds Agency Receives: 79.00
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.575 Child Care and Development Block Grant
Recipient: Department of Education (6100)
% of Funds Agency Receives: 88.94
Component: Payments to child care providers
Technique: Monthly Estimate/Monthly Draw
Average Day of Clearance: N/A

Recipient: Department of Education (6100)
% of Funds Agency Receives: 0.10
Component: Payroll/Operating Expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Education (6100)
% of Funds Agency Receives: 10.96
Component: Payments to local edcuation agencies and various State departments
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Recipient: Department of Education (6100)
% of Funds Agency Receives: 95.46
Component: Payments to child care providers
Technique: Monthly Estimate/Monthly Draw
Average Day of Clearance: N/A

Recipient: Department of Education (6100)
% of Funds Agency Receives: 4.54
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

93.658 Foster Care -- Title IV-E
Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 2.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 98.00
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.659 Adoption Assistance
Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 1.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 99.00
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.667 Social Services Block Grant
Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 27.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 73.00
Component: Payments to service providers and to state and local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.767 Children's Health Insurance Program
Recipient: Department of Health Care Services (4260)
% of Funds Agency Receives: 3.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Health Care Services (4260)
% of Funds Agency Receives: 97.00
Component: Payments to health care providers and to state and local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.778 Medical Assistance Program
Recipient: Department of Health Care Services (4260)
% of Funds Agency Receives: 1.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Health Care Services (4260)
% of Funds Agency Receives: 99.00
Component: Payments to health care providers and to state and local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.959 Block Grants for Prevention and Treatment of Substance Abuse
Recipient: Department of Health Care Services (4260)
% of Funds Agency Receives: 4.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Department of Health Care Services (4260)
% of Funds Agency Receives: 96.00
Component: Payments to health care providers and to states and local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

96.006 Supplemental Security Income
Recipient: Department of Social Services (5180)
% of Funds Agency Receives: 100.00
Component: Benefit payments
Technique: Reverse Flow Program - SSI (CFDA 96.006)
Average Day of Clearance: N/A

97.067 Homeland Security Grant Program
Recipient: Governor's Office of Emergency Services (0690)
% of Funds Agency Receives: 10.00
Component: Payroll/Operating expenses
Technique: Monthly Estimate/Monthly Draw--Administrative Costs
Average Day of Clearance: N/A

Recipient: Governor's Office of Emergency Services (0690)
% of Funds Agency Receives: 90.00
Component: Payments to local agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

State Board of Equalization (0860)

7.0 CLEARANCE PATTERNS

7.1 The State shall develop separate clearance patterns for each of the following:

CFDA	Program Name
10.553	School Breakfast Program
10.555	National School Lunch Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title 1 Grants to Local Educational Agencies
84.027	Special Education- Grants to States (IDEA, Part B)
84.126	Rehabilitation Services - Vocation Rehabilitation Grants to States
84.367	Improving Teacher Quality State Grants
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds for the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance, Recovery Act Funded
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.006	Supplemental Security Income
97.067	Homeland Security Grant Program

7.2 The following shall develop the State's clearance patterns:

The SCO will develop the clearance patterns for specified programs and funds.

7.3 The sources of data the State shall use when developing its clearance patterns are as follows:

The SCO's paid warrants files.

7.4 The State shall use the following methodology when developing its clearance patterns:

When developing each clearance pattern, the State shall track at least 99% of the funds disbursed, from issuance to clearance, for a period of at least three months.

7.4.1 The redemption patterns for programs covered in this agreement were developed from warrants redeemed from January through December 2014.

7.5 The State shall identify for each check or warrant (hereafter, check) in the population: (1) the date the check was released for payment; (2) the date the check was debited from the State's account, and, (3) the amount of the check.

7.6 The State shall use the following method to calculate the dollar-weighted average day of clearance:

To determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from the date the check cleared the State's account.

To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account each day shall be summed and then divided by the amount of the total disbursement.

For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor.

The dollar-weighted average day of clearance for the disbursement shall be determined by summing the clearance factor of each day following the disbursement.

7.7 The State shall adjust each clearance pattern to reflect the dollar-weighted proportion of funds paid out by EFT/Direct payroll, with the following exceptions:

NONE

The State shall also adjust each clearance pattern to reflect:

For the clearance patterns that are more than one day, the State will adjust by one day each redemption pattern applied to the pre-issuance funded payment components for the programs listed in Section 7.1. Funds are paid out for program purposes by the bank one day earlier than the date stamped on the warrants by the STO. The number of redemption days calculated by the SCO is based on the issuance date of the warrant and the date stamped by the STO after the bank redeems the warrant. (The issuance date is the date the warrants are mailed, released or otherwise made available to the recipients.) This adjustment will reflect accurately when funds are paid out for program purposes.

7.8 Each of the State's clearance patterns is calculated in calendar days.

7.9 An authorized State official shall certify that each clearance pattern developed by the State accurately corresponds to the clearance activity of the programs to which it is applied. This certification shall be provided to the Fiscal Service prior to the effective date of the Agreement. The State shall recertify its clearance patterns at least every five years.

7.10 The State shall follow the procedures of 31 CFR 205 if it has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity.

8.0 INTEREST CALCULATION METHODOLOGY

8.0.1 The dollar-weighted average days of redemption for each month shall be weighted against the total amount of dollars redeemed each month. The sum of the dollar-weighted average days of redemption will be used in the calculation

of the interest liability.

8.1 General Terms

8.1.1 The State and the Secretary agree that no interest liabilities will be incurred for transfers of funds made in accordance with the procedures specified in section 6 of this Agreement where the following funding techniques are applied:

Modified Zero Balance Accounting
Monthly Estimate/Monthly Draw
Monthly Estimate/Monthly Draw--Administrative Costs
Reimbursement
Reimbursement--Department of Transportation
Reverse Flow Program - SSI (CFDA 96.006)
Zero Balance Accounting

8.1.2 The State shall maintain information on disbursements and receipts of funds to verify the implementation of any funding technique and document interest liabilities.
For each disbursement, the State shall be able to identify:
(1) amount of the issuance
(2) date of issuance
(3) date Federal funds are received and credited to a State account
(4) amount of Federal funds received
(5) date funds were requested

8.2 Federal Interest Liabilities

8.2.1 A Federal interest liability shall accrue from the day the State pays out its own funds for program purposes to the day Federal funds are credited to a State account. With regard to funds transferred out of the Federal Highway Trust Fund, if a State does not bill at least weekly for current project costs, the Federal interest liability shall not accrue prior to the day the State submits a request for funds.

8.2.2 The State shall use the following method to calculate Federal interest liabilities:

To determine the total time State money is disbursed, the State shall separately measure two time periods: (1) warrants issuance to Federal funds deposit in State account; and (2) warrants issuance to the redemption. With Federal-State matching programs, interest shall be calculated on the Federal percentage of the disbursement.

The calculation procedure is:

Clearance Time--Pre-Deposit Time:
I=Pxrx{CT-PD}, where

I=Total Federal interest liability

P=Total annual amount of Federal funds deposited subsequent to the State's payment of its own funds

r=Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year divided by 365 days

CT=Dollar-weighted average number of days between issuance and clearance of checks, as determined by the appropriate clearance pattern in Exhibit II

PD=Dollar-weighted average number of days between warrant issuance and deposit of Federal funds in State account

8.3 The Unemployment Trust Fund

8.3.1 The State shall use the following method to calculate State interest liabilities on funds withdrawn from the several accounts in the Unemployment Trust Fund:

The state shall track daily (1) federal funds received, (2) actual disbursement amounts, and (3) the residual between (1) and (2). The interest liabilities will be based on the residual (3) of federal funds.

Calculation Procedure:

I = P x R x CT, where
I = State' s total interest liability
P = Total annual residual of federal funds
R = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a state' s fiscal year divided by 365 days
CT = Dollar-weighted average number of days residual of federal funds are held by state prior to disbursement.

8.4 Refund Liabilities

8.4.1 The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes. The State shall apply a $50,000 refund transaction threshold below which the State shall not incur or calculate interest liabilities on refunds. A transaction is defined as a single deposit.

8.4.2 For each refund, the State shall maintain information identifying:
(1) date a refund is credited to a State account
(2) date of the subsequent deposit of Federal funds against which the refund is offset
(3) amount of the refund

8.4.3 The State shall use the following methodology to calculate interest liabilities on refunds:

Refunds deposited to Non-Interest Neutral Programs - Liability Calculated from when the refund is deposited in a State account until refunds are paid out for program purposes, except for the Medical Assistance Program (CFDA 93.778):

The State will measure this period by dividing it into two periods: the pre-disbursement period and the redemption period. The pre-disbursement period is from the deposit of refunds to issuance of warrants. The redemption period is from the issuance to redemption of warrants.

8.4.4 In addition to Section 8.4.2, the State shall also identify the warrant issue date for the disbursement related to the subsequent deposit of federal funds.

The dollar-weighted average days of redemption for each month shall be weighted against the total amount of dollars redeemed each month. The sum of the dollar-weighted average days of redemption will be used in the calculation of the

interest liability.

8.4.5 For purposes of this Agreement, Section 8.4.1 - 8.4.3 does not apply to the Medical Assistance Program.

8.4.6 The State Department of Health Care Services (DHCS) will document the following information on separate worksheets for the refunds received by the Medical Assistance Program:
(1) Mid-point date between the date refunds are deposited in a bank account in the centralized State Treasury System and the date refunds are credited to a State account.
(2) Warrant issue date for the disbursement related to the subsequent deposit of Federal funds.
(3) Amount of the refunds.

8.4.7 The State will use the following methodology to calculate interest liabilities on refunds for the Medical Assistance Program:

Interest will be calculated based on the difference in whole days between the mid-point date of the refunds and the date refunds are paid out for program purposes. The State will measure this period by dividing it into two periods: the pre-disbursement period and the redemption period. The pre-disbursement period is from the mid-point date between the date refunds are deposited in a bank account in the centralized State Treasury System and the date the refunds are credited to a State account to the issuance of warrants. The redemption period is from the issuance to redemption of warrants.

8.4.8 For the pre-disbursement period, the individual refund amounts and corresponding number of pre-disbursement days will be used to calculate the total weighted average days for each program. For the redemption period, the period will be determined by the appropriate program redemption pattern specified in Exhibit II.

The total weighted average days for the two periods will be applied to the total refunds to calculate the State interest liabilities. The calculations will use a formula similar to Section 8.6.

8.4.9 A State department will have the option of returning the refunds to the Federal government and/or offsetting the refunds against subsequent fund requests. If a refund is returned, the State interest liability to the Federal government will be calculated from the refund deposit date in the State account to the deposit date in the Federal government's bank account.

8.5 Exemptions

8.5.1 Where more than one State agency is a recipient of Federal funds under a program, a particular State agency's funding may be excluded from interest calculation procedures if the State agency receives an amount of funds less than 5 % of the State's threshold for major Federal assistance programs. Notwithstanding this potential exemption, however, in no case shall less than 90% of a program's total funding be subject to interest calculation procedures.

Proration of calculations: If less than total program funding is subject to interest calculation procedures, the resulting interest liability calculations shall be prorated to 100% of program funding.

8.6 State Interest Liabilities

8.6.1 The State shall be liable for interest on Federal funds from the date Federal funds are credited to a State account until the date those funds are paid out for program purposes.

8.6.2 The State shall use the following method to calculate State interest liabilities on Federal funds:

8.6.2.1 Measuring Time Funds Are Held

Deposit to Issuance; Issuance to Clearance:
To determine the total time Federal funds are held, the State shall separately measure two time periods: (1) the date Federal funds are deposited to the date checks are issued; and (2) the date checks are issued to the date funds are debited from the State's account.

8.6.2.2 Source of Data

The period from when Federal funds are deposited and warrants are issued will be determined from information documented by State departments that administer the programs. The time period from warrant issuance to redemption will be determined by the appropriate program or fund redemption pattern specified in Exhibit II.

8.6.2.3 Standards Applied

The State will use the following method to calculate State interest liabilities on Federal funds:

(a) The State will use the actual activity method to calculate State interest liabilities. With Federal-State matching programs, interest will be calculated on the Federal share of the disbursement.

(b) To determine the total time Federal funds are held, the State will separately measure two time periods: (1) Federal funds deposit in State account to warrants issuance, and (2) warrants issuance to redemption.

8.6.2.4 Calculation Procedure

Pre-Issuance Time + Clearance Time:
$I = P \times r \times \{PI + CT\}$, where

I = State's total interest liability

P = Total annual expenditures of Federal funds for program or component cash flow of program

r = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year divided by 365 days

PI = Dollar-weighted average number of days Federal funds are held by State prior to issuance

CT = Dollar-weighted average number of days Federal funds are held by State between issuance and clearance of checks, as determined by the appropriate clearance pattern in Exhibit II

8.6.7 The State DOT will use the following method to calculate and document the interest liability for payments for construction contracts, right-of-way, consultant contracts, subventions, labor and indirect cost assessments for the Highway Planning and Construction program (CFDA 20.205).

(a) To determine the total time Federal funds are held for construction contract right-of-way, consultant contracts, subventions, labor and indirect cost assessments payments, the State DOT will measure the time from when Federal funds are deposited in a State account and the funds are paid out for program purposes.

(b) This period will be determined from information captured by the State DOT's accounting system and information recorded at the State Controller's Office.

(c) To measure the time Federal funds are held in a State account, from deposit to pay out, the State DOT will use statistical sampling. The sample will be randomly selected and will be of sufficient size to ensure, at a minimum, a 95% confidence level no wider than + or - 0.3 dollar-weighted days about the estimated mean.

For each warrant in the sample population, the State DOT will:

(1) Subtract the deposit date from the redemption date.
(2) Multiply the difference of step 1 by the warrant amount.
(3) Divide the product of step 2 by the total amount of funds drawn in the sample to determine the dollar-weighted number of days Federal funds were held in a State account.
(4) Sum the result of step 3 for each warrant to arrive at the total dollar-weighted average number of days Federal funds were held in a State account.

8.6.8 The State's interest liability for the Highway Planning and Construction program's construction contract, right-of-way, consultant contracts, subventions, labor and indirect cost assessments payments will be calculated by applying the following formula:

I = P x R x T where

I = State's interest liability

P = Amount of Federal funds drawn for construction contract payments

R = Annualized interest rate equal to the average equivalent yields of 13-week Treasury Bills auctioned during the State's fiscal year divided by 365 days.

T = Dollar-weighted average number of days Federal funds are held in a State account, as calculated above.

8.7 Supplemental Provisions

8.7.1 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA 10.561)--Reimbursements. After the Food Nutrition Service's close-out of a Letter of Credit, any additional Federal funds for a given fiscal year will be requested through the submission of a Request for Advance or Reimbursement. The reimbursement process may require from 6 months to several years before Federal fund payments are made.

During this waiting period, the State department will maintain an "accounts receivable" until the reimbursement payments are received. If State funds are paid out to reimburse local agencies, the Federal government will incur an interest liability to the State from when State funds are paid out for program purposes and Federal funds are deposited in a State account (subject to the limitations stated in 31 CFR 205.14).

8.7.2 Highway Planning and Construction (CFDA 20.205)--Advance Construction and Other Payments. The State and Federal government will not incur any interest liability related to advance construction payments, or for the categories of reimbursements which are not material to the program and the tracking of and accounting for the related interest liability would constitute an undue administrative burden. These categories are specified as follows: revolving fund payments,

miscellaneous payments made directly to vendors by the SCO, utility payments, service center charges, accounts receivable/reimbursement adjustments, and other miscellaneous adjustments.

8.7.3 Interest Liability Adjustments. The calculation of interest liabilities covered by this Agreement will be based upon simple interest. Interest will not be calculated on interest, including interest liability adjustments.

8.7.4 Adjustments to the Amount of Federal Funds Requested. To calculate interest liability, the State will track the cash flows of Federal fund requests and refunds for the applicable Federal assistance programs specified in Section 6.3.

The State will not calculate an interest liability on adjustments made to the amount of Federal funds requested, such as changes to Federal-State funding ratios, reconciliation for underdraws or overdraws, and the like.

8.7.5 Funds Drawn Down, Paid Out, But Never Redeemed. The state will not incur an interest liability on funds drawn down according to the appropriate funding technique/clearance pattern, paid out by the state but are never redeemed. These funds will be used to either reduce a subsequent federal drawdown or will be returned to the federal government.

8.7.6 Disbursements Without Warrants. For payments made with journal entries (without warrants) between state departments, the state will incur an interest liability between the time federal funds are deposited in the state account and the journal entry date. The federal government will incur an interest liability between the journal entry date and the deposit of federal funds. The funds are paid out for program purposes when transferred to the other state department's account. In this case, one state department is acting as a vendor for another state department. There is no redemption period for these payments because the journal entries between state departments occur simultaneously.

9.0 REVERSE FLOW PROGRAMS

9.1 The Federal government makes payments on behalf of the State for the Supplemental Security Income (SSI) program.

9.2 Definitions

State Supplementary Payment (SSP): Monthly payment made by the State to the Social Security Administration (SSA), as a voluntary supplement to monthly SSI payments made by the SSA to the State' s SSI beneficiaries.

SSI/SSP: The monthly SSI payment made by the SSA to beneficiaries, which combines both Federal SSI program funds and SSP funds.

SSI/SSP Transfer Date: The dollar-weighted average day of clearance of the regularly issued monthly SSI/SSP checks issued by the SSA, adjusted to reflect three payment variations.

Due Date: The day on which States are required to deposit funds to the SSA.

Deposit Date: The day on which State funds are deposited to the SSA.

9.3 Funding Technique

The State and the Federal government will apply the following funding technique to the SSI program:

Component: State Supplementary Payment

Technique: SSI Funding Technique

Description: In accordance with Public Law 106-170, the State shall deposit funds to the SSA no later than the business day preceding the date on which the SSA Commissioner pays monthly benefits, or with respect to monthly benefits paid for the month that is the last month of the State' s fiscal year, the fifth business day following such date.

9.4 Clearance Pattern

The SSI/SSP Transfer Date is determined by adjusting the dollar weighted average day of clearance for regularly issued monthly SSI/SSP checks, as determined by the Federal Reserve Bank's Survey of Float on US Government Checks, with the three payment variations below, to reflect the proportion of SSI/SSP payments made to beneficiaries as follows:

By check on days later in a month: To calculate this adjustment, SSA will determine the nationwide percentage of total SSI/SSP payments made to beneficiaries by check on days later in a month, using full data from the most recent Federal fiscal year. The average day of clearance for regularly issued monthly SSI/SSP checks shall be dollar-weighted for SSI/SSP payments made to beneficiaries by check on days later in the month, which are assumed to be issued on the 11th business day of the month.

By direct deposit on the regularly designated day of the month for delivery of SSI/SSP payments: To calculate this adjustment, SSA will determine the nationwide percentage of total SSI/SSP payments made to beneficiaries by direct deposit on the regularly designated day of the month for delivery of SSI/SSP payments, using full data from the most recent Federal fiscal year. The average day of clearance for regularly issued monthly SSI/SSP checks shall be dollar-weighted with the average day of clearance for SSI/SSP payments made to beneficiaries by direct deposit on the regularly designated day of the month for delivery of SSI/SSP payments to beneficiaries.

By direct deposit on days later in a month: To calculate this adjustment, SSA will determine the nationwide percentage of total SSI/SSP payments made to beneficiaries by direct deposit on days later in a month, using full data from the most recent Federal fiscal year. The average day of clearance for regularly issued monthly SSI/SSP checks shall be dollar-weighted with the average day of clearance for SSI/SSP payments made to beneficiaries by direct deposit on days later in a month, which are assumed to be issued on the 11th business day of the month.

9.5 Interest Calculations

The Federal Government shall use the following methods to calculate and document Federal and State interest liabilities for SSI.

To calculate the interest liability, SSA shall record the Deposit Date of each monthly SSP payment and compare it to the SSI/SSP Transfer Date for each month. The liability for interest will be based on the following:

Payments received before the Due Date: The interest liability provisions of the CMIA do not apply to payments paid by a State before the Due Date, pursuant to Public Law 106-170. All payments received prior to the Due Date will be deemed as received on the Due Date, for the purposes of calculating interest.

Payments received on the Due Date: A Federal interest liability should be computed from (1) the Due Date to (2) the day SSA pays out the State funds for program purposes (SSI/SSP Transfer Date).

Payments received after the Due Date but on or before the SSI/SSP Transfer Date: Interest liability provisions of the

CMIA do not apply.

Payments received after the SSI/SSP Transfer Date: A State interest liability will accrue from (1) the SSI/SSP Transfer Date until (2) the day State funds are credited to the SSA.

SSA shall calculate Federal and State interest liabilities on the variance between (1) the amount of the monthly State payment, which is an estimate, and (2) the actual monthly outlays for program purposes made by the SSA on behalf of the State. The monthly State payment includes the cumulative balance brought forward from the previous month. For each month of the State's fiscal year, SSA will compare the amount of the State payment to the amount of the actual outlays made on behalf of the State. To the extent the State payment (including the estimated cumulative balance) is greater than actual outlays, a Federal interest liability will accrue. To the extent the State payment (including estimated cumulative balance) is less than actual outlays, a State interest liability will be calculated. In either case, the interest liability will be calculated based on the difference in whole days from (1) the day the monthly State payment was deposited to a Federal account to (2) the day a subsequent monthly State payment is deposited to a Federal account.

Any overpayment that results in a cumulative balance does not constitute an early deposit as defined in Public Law 106-170, Section 410, Schedule for SSI Supplementation Agreements.

9.6 Refunds

Pursuant to 31 CFR 205.25 (c)(3), the State or the Federal government will not incur interest liabilities on refunds under the Supplemental Security Income Program as States are credited with the refunds in advance, before SSA collects the funds.

9.7 Interest Report

In order for the State to meet the December 31 CMIA Annual Report deadline, the Federal agency for the reverse flow program shall provide the interest report to Finance, Fiscal Systems and Consulting Unit, on or before November 1 each year, or as soon as practical thereafter but preferably no later than November 15.

10.0 INTEREST CALCULATION COSTS

10.1 As set forth in 31 CFR 205.27, interest calculation costs are defined as those costs necessary for the actual calculation of interest, including the cost of developing and maintaining clearance patterns in support of the interest calculations. Interest calculation costs do not include expenses for normal disbursing services, such as processing of checks or maintaining records for accounting and reconciliation of cash balances, or expenses for upgrading or modernizing accounting systems. Interest calculation costs in excess of $50,000 in any year are not eligible for reimbursement, unless the State provides justification with the annual report.

10.2 The State expects to incur the following types of interest calculation costs:

As a result of CMIA regulations, interest calculation costs will include those costs incurred by the Department of Finance that are related to the calculation of interest, including the cost of developing and maintaining clearance patterns in support of interest calculations.

10.3 The State shall submit all claims for reimbursement of interest calculation costs with its Annual Report in accordance with 31 CFR 205.

11.0 NON-COMPLIANCE

11.1 The provisions of 31 CFR Part 205.29 and 31 CFR Part 205.30 shall apply in cases of non-compliance with the terms of this Agreement.

12.0 AUTHORIZED SIGNATURES

Todd Jerue
Chief Operating Officer
Department of Finance
State of California

Signature: _____ Date Signed: 6/26/15

Date Submitted 06/23/2015

Corvelli A. McDaniel
Assistant Commissioner
Revenue Collections Management
Bureau of the Fiscal Service
U.S. Department of the Treasury

Signature: _____ Date Signed: 7/6/15

Exhibit I - Funds Request and Receipt Times Schedule
State of California

Federal Agency	Payment Type	Request Cut-Off Time	Receipt Window
Agriculture-FNS	ACH	11:59 PM	1 day
Agriculture-FNS	Fedwire	5:45 PM	0 day
Agriculture-FS	ACH	3:00 PM	1 day
Air National Guard	ACH	12:00 PM	15 days
Army National Guard	ACH	12:00 PM	15 days
Commerce-NOAA	ACH	2:00 PM	1 day
Dept of Homeland Security (FEMA)	Fedwire	2:00 PM	0 day
Dept of Homeland Security (ODP)	ACH	2:00 PM	2 days
Dept of Homeland Security (ODP)	Fedwire	2:00 PM	2 days
EPA	ACH	2:00 PM	2 days
EPA	Fedwire	2:00 PM	0 day
Education	ACH	3:00 PM	1 day
Education	Fedwire	2:00 PM	0 day
Energy	ACH	4:00 PM	1 day
Energy	Fedwire	3:00 PM	0 day
HHS	ACH	6:30 PM	1 day
HHS	Fedwire	3:00 PM	0 day
HUD	ACH	5:30 PM	2 days
HUD	Fedwire	3:00 PM	0 day
Interior-FWS	ACH	11:59 PM	1 day
Interior-FWS	Fedwire	5:45 PM	0 day
Interior-OSM	ACH	3:00 PM	1 day
Interior-OSM	Fedwire	5:45 PM	0 day
Justice	ACH	11:00 PM	6 days
Justice	Fedwire	2:00 PM	2 days
Labor-Non-UTF	ACH	3:00 PM	1 day
Labor-UTF	ACH	3:00 PM	1 day
Labor-UTF	Fedwire	3:00 PM	0 day
National Science Foundation (NSF)	ACH	8:00 PM	1 day
National Science Foundation (NSF)	Fedwire	5:45 PM	0 day
Social Security Administration	ACH	11:59 PM	1 day
Social Security Administration	Fedwire	5:45 PM	0 day
Transportation (FAA)	ACH	2:00 PM	1 day
Transportation (FHWA)	ACH	12:00 PM	3 days
Transportation (FHWA)	Fedwire	12:00 PM	0 day
Transportation (FTA)	ACH	2:00 PM	1 day
Veterans Administration	ACH	12:00 PM	3 days

Exhibit II - State of California

LIST OF STATE CLEARANCE TIMES

(Rounded Dollar-Weighted Average Day of Clearance)

Clearance Times Where the Timing of A Draw Down Is Based on A Clearance Pattern

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
10.551	Supplemental Nutrition Assistance Program	Department of Social Services (5180)	100.00	Benefit Payments	Zero Balance Accounting	0 Days
10.553	School Breakfast Program	Department of Education (6100)	100.00	Payments to local agencies	Pre-Issuance	N/A
10.555	National School Lunch Program	Department of Education (6100)	100.00	Payments to local agencies	Pre-Issuance	N/A
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Public Health (4265)	67.00	Food voucher redemption	Modified Zero Balance Accounting	0 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Public Health (4265)	5.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Public Health (4265)	28.00	Payments to local contractors	Pre-Issuance	N/A
10.558	Child and Adult Care Food Program	Department of Education (6100)	0.81	Payroll/Operating Expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
10.558	Child and Adult Care Food Program	Department of Education (6100)	99.19	Payments to local agencies	Pre-Issuance	N/A
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Department of Social Services (5180)	2.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Department of Social Services (5180)	98.00	Payments to local agencies	Pre-Issuance	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Employment Development Department (7100)	8.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Employment Development Department (7100)	92.00	Benefit payments	Unemployment Insurance Electronic Benefits	N/A
17.225S	Unemployment Insurance -- State Benefit Account	Employment Development Department (7100)	100.00	Benefit Payments	Unemployment Insurance Electronic Benefits	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
20.205	Highway Planning and Construction	Department of Transportation (2660)	20.42	Payments for revolving fund, miscellaneous direct payments, utilities, service center charges, accounts receivable/reimbursement adjustments, and other miscellaneous adjustments	Reimbursement--Department of Transportation	N/A
20.205	Highway Planning and Construction	Department of Transportation (2660)	79.58	Payments for Right-of-Way, Consultant Contracts, Subventions, Subvention Reimbursements, Labor, Construction Contracts, and Indirect Cost Rate Assessments	Pre-Issuance	N/A
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants	Department of Transportation (2660)	15.00	Payments for labor and contracts	Reimbursement--Department of Transportation	N/A
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants	High-Speed Rail Authority (2665)	85.00	Payments for contract vendors	Reimbursement	N/A
84.010	Title I Grants to Local Educational Agencies	Department of Education (6100)	1.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
84.010	Title I Grants to Local Educational Agencies	Department of Education (6100)	99.00	Payments to local agencies	Pre-Issuance	N/A
84.027	Special Education -- Grants to States	Department of Education (6100)	2.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
84.027	Special Education -- Grants to States	Department of Education (6100)	98.00	Payments to local agencies	Pre-Issuance	N/A
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States	Department of Rehabilitation (5160)	59.00	Payroll/Operating Expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States	Department of Rehabilitation (5160)	41.00	Payment to local agencies	Pre-Issuance	N/A
84.367	Improving Teacher Quality State Grants	Department of Education (6100)	2.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
84.367	Improving Teacher Quality State Grants	Department of Education (6100)	98.00	Payments to local educational agencies and various State departments	Pre-Issuance	N/A
93.558	Temporary Assistance for Needy Families	Department of Social Services (5180)	1.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
93.558	Temporary Assistance for Needy Families	Department of Social Services (5180)	99.00	Payments to local agencies	Pre-Issuance	N/A
93.563	Child Support Enforcement	Department of Child Support Services (5175)	21.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
93.563	Child Support Enforcement	Department of Child Support Services (5175)	79.00	Payments to local agencies	Pre-Issuance	N/A
93.575	Child Care and Development Block Grant	Department of Education (6100)	0.10	Payroll/Operating Expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
93.575	Child Care and Development Block Grant	Department of Education (6100)	10.96	Payments to local edcuation agencies and various State departments	Pre-Issuance	N/A
93.575	Child Care and Development Block Grant	Department of Education (6100)	88.94	Payments to child care providers	Monthly Estimate/Monthly Draw	N/A
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Department of Education (6100)	4.54	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Department of Education (6100)	95.46	Payments to child care providers	Monthly Estimate/Monthly Draw	N/A
93.658	Foster Care -- Title IV-E	Department of Social Services (5180)	2.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
93.658	Foster Care -- Title IV-E	Department of Social Services (5180)	98.00	Payments to local agencies	Pre-Issuance	N/A
93.659	Adoption Assistance	Department of Social Services (5180)	1.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
93.659	Adoption Assistance	Department of Social Services (5180)	99.00	Payments to local agencies	Pre-Issuance	N/A
93.667	Social Services Block Grant	Department of Social Services (5180)	27.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
93.667	Social Services Block Grant	Department of Social Services (5180)	73.00	Payments to service providers and to state and local agencies	Pre-Issuance	N/A
93.767	Children's Health Insurance Program	Department of Health Care Services (4260)	3.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
93.767	Children's Health Insurance Program	Department of Health Care Services (4260)	97.00	Payments to health care providers and to state and local agencies	Pre-Issuance	N/A
93.778	Medical Assistance Program	Department of Health Care Services (4260)	1.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
93.778	Medical Assistance Program	Department of Health Care Services (4260)	99.00	Payments to health care providers and to state and local agencies	Pre-Issuance	N/A
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Department of Health Care Services (4260)	4.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Department of Health Care Services (4260)	96.00	Payments to health care providers and to states and local agencies	Pre-Issuance	N/A
96.006	Supplemental Security Income	Department of Social Services (5180)	100.00	Benefit payments	Reverse Flow Program - SSI (CFDA 96.006)	N/A
97.067	Homeland Security Grant Program	Governor's Office of Emergency Services (0690)	10.00	Payroll/Operating expenses	Monthly Estimate/Monthly Draw--Administrative Costs	N/A
97.067	Homeland Security Grant Program	Governor's Office of Emergency Services (0690)	90.00	Payments to local agencies	Pre-Issuance	N/A

I hereby certify that an authorized State official has certified at least every five years that the "Rounded Days of Clearance" listed in Exhibit 2 of this Treasury-State Agreement:

1. Have been prepared in accordance with the standards provided in 31 CFR 205.20;

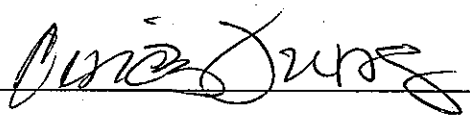
2. Accurately represent the flow of Federal funds under the Federal assistance programs to which they apply;

3. Reflect seasonal or other periodic variations in the clearance activities; and,

4. Are auditable.

Date: 6/26/15

Printed Name: CINDY FUNG

Certifying Signature: 

Title: Supervising Administrative Analyst