

**Cash Management Improvement Act Agreement
between
The State of Maryland
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 Maryland (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 Maryland shall be the Chief Deputy Treasurer for the State Treasurer of Maryland 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 07/01/2020 and shall remain in effect until 06/30/2021.

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.

4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on the expenditures recorded in the State's Single Audit for fiscal year ending 06/30/2019.

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 \$60,000,000.

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
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.195 Section 8 Housing
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S Unemployment Insurance -- State Benefit Account
20.205 Highway Planning and Construction
20.500 Federal Transit Capital Improvement Grants
20.507 Federal Transit Capital and Operating Assistance Formula Grants
20.525 State of Good Repair Grants Program
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
93.558 Temporary Assistance for Needy Families
93.563 Child Support Enforcement
93.568 Low-Income Home Energy Assistance
93.658 Foster Care -- Title IV-E
93.767 Children's Health Insurance Program
93.778 Medical Assistance 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:

84.063 Federal Pell Grant Program --- Exclusion:Non-State
84.268 Federal Direct Student Loan --- Exclusion:Non-State

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:

Maryland Department of Health
Maryland Department of Housing and Community Development
Maryland Department of Human Services
Maryland Department of Labor, Licensing and Regulation
Maryland Department of Transportation
Maryland State Department of Education

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 17.225S Unemployment Insurance -- State Benefit Account
Conduent State & Local Solutions 10.551 Supplemental Nutrition Assistance Program
Conduent State & Local Solutions 93.558 Temporary Assistance for Needy Families
Optum 93.767 Children's Health Insurance Program
Optum 93.778 Medical Assistance Program
Scion Dental 93.767 Children's Health Insurance Program
Scion Dental 93.778 Medical Assistance Program
Solutran, Inc 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

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.

6.2 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.

Actual Clearance, ZBA - ACH

The State shall request funds 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. The amount of the request shall be for the amount of funds that clear the State's account on the settlement date. This funding technique is interest neutral.

Actual Clearance, ZBA - Same Day Payment

The State shall request funds the same day it pays out funds, in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. A Federal agency will deposit funds in a State account the same day as requested. The amount of the request shall be for the amount of funds that clear the State's account that day. This funding technique is interest neutral.

Average Clearance

The State shall request funds such that they are deposited by ACH on the dollar-weighted average day of clearance for the disbursement, in accordance with the clearance pattern specified in Exhibit II. 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 for the exact amount of that disbursement. This funding technique is interest neutral.

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.

Cost Allocation Plans - Monthly

The State shall request funds once a month, such that they are deposited on the median day of the month, to fund activity of the prior month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request for a given month's activity shall be based on actual costs distributed in accordance with the State's approved cost allocation plan. This funding technique is interest neutral.

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.

There are no funding techniques listed in Section 6.2.3

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.

Actual Clearance, ZBA Same Day Payment - Debit Cards

The State shall request funds such that they are deposited by Federal Wire in a State account on the settlement date of the payments issued by the State. The State shall make the payment via Federal Wire on the same day to the bank. The bank will fund the cards on the same day. The funds loaded to the Debit Cards will be available for use by claimants on the same day. 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 for the exact amount of funds that clear the State 's account on the settlement date. This funding technique is interest neutral.

Average Clearance - Modified

The State shall request funds such that they are deposited by ACH on the dollar weighted average day of clearance for the disbursement in accordance with the clearance pattern Average Clearance Payroll specified in Exhibit II. The Payroll clearance pattern will be applied to an estimate of the actual payroll cost based on the most recent cost allocation distribution. This estimate will be reconciled to actual costs approximately 30-50 days after the end of the quarter. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

Bi-Weekly Actual - Payroll

The State will request funds bi-weekly based on the actual expenditures incurred during the biweekly payroll cycle. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of each request shall equal the total actual expenditures posted during the State's bi-weekly payroll cycle. This funding technique is interest neutral.

Drawdowns at Fixed Intervals - Monthly (modified)

The State shall request funds once a month, such that they are deposited on the day of the month specified for each component. 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 based on the most recent monthly expenditure data available based on either actual or estimated costs; whichever is applicable to the component. If necessary, adjustments will be made when actual grant costs are known, approximately 30-50 days after the end of each quarter. This funding technique is interest neutral.

Drawdowns at Fixed Intervals - Quarterly

The State shall request funds once a quarter, such that they are deposited on the 30th day of the month following the end of the quarter. 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 based on the actual costs allocated to the program for the quarter. This funding technique is interest neutral.

Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. Reconciliation will occur within 60 days of the end of each quarter. The State shall request 1/6 or 1/7 of the quarterly award, based on the number of pay periods within the quarter. This funding technique is interest neutral.

Payment Schedule

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The State shall draw down 1/12 of the total annual expected expenditures (based on actual expenditures of the prior fiscal year or the current budget) on the median day of the month. An adjusting draw will be made when actual expenditures are known, approximately 30-50 days after the end of the quarter. For Demonstration Projects, where actual expenditures are not available until 30 days after the end of the quarter, an adjusting draw will occur within 45 days after the quarter's end. This funding technique is interest neutral.

Post Expenditure Funding

The State shall request Federal funds only after related expenditures have been warranted for payment in the States Accounting System. The request shall be made in accordance with the appropriate agency cut-off time specified in Exhibit I and the State clearance days shown in Exhibit II. Federal funds are requested to be received by the next business day. As long as the State does not draw funds prior to the warrant date for the related disbursement, and as long as the State receives the Federal funds no later than two business days after warranted, neither the State nor the Federal Government shall incur an interest liability. The amount of the request shall be for the amount of that disbursement in whole dollars. This funding technique is interest neutral.

Weekly Billing

The State shall request funds weekly for the program. The amount shall be for all eligible costs that have been recorded since the last request for funds. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

Weekly Draws

The State shall request funds once a week. The Voucher Only amount requested will be based on expenditures incurred and recorded in the State of Maryland's Medicaid Management Information System (MMIS). The Disproportionate Share amount will be based on the amount calculated as due by the Program, since the last request for such funds.

The Provider Payments (Non-Voucher only, not processed through MMIS) will be based on cash expenditures reflected in the State of Maryland's Financial Management Information System (FMIS), since the last request for such funds.

This technique is considered to be interest neutral and, based on the information available, matches as closely as possible the draw of Federal funds with the time they are paid out for program purposes, in accordance with the clearance pattern specified in Exhibit II (MMIS). The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. 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: Maryland Department of Human Services
% of Funds Agency Receives: 100.00
Component: Payments to Beneficiaries
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

10.553 School Breakfast Program
Recipient: Maryland State Department of Education
% of Funds Agency Receives: 100.00
Component: Direct & Indirect Costs
Technique: Cost Allocation Plans - Monthly
Average Day of Clearance: N/A

10.555 National School Lunch Program
Recipient: Maryland State Department of Education
% of Funds Agency Receives: 100.00
Component: Direct and Indirect Costs
Technique: Cost Allocation Plans - Monthly
Average Day of Clearance: N/A

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Maryland Department of Health
% of Funds Agency Receives: 65.00
Component: Benefit Payments
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Maryland Department of Health
% of Funds Agency Receives: 35.00
Component: Administrative Costs
Technique: Drawdowns at Fixed Intervals - Monthly (modified)
Average Day of Clearance: 1 Day

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Recipient: Maryland Department of Human Services
% of Funds Agency Receives: 70.00
Component: Payroll
Technique: Average Clearance - Modified
Average Day of Clearance: 0 Days

Recipient: Maryland Department of Human Services
% of Funds Agency Receives: 30.00
Component: Administrative Costs-Non-Payroll & Vendor Payments
Technique: Drawdowns at Fixed Intervals - Monthly (modified)
Average Day of Clearance: 1 Day

14.195 Section 8 Housing

Recipient: Maryland Department of Housing and Community Development

% of Funds Agency Receives: 100.00

Component: Housing Assistance Payments through Annual Contribution Contract

Technique: Pre-Issuance

Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs

Recipient: Maryland Department of Labor, Licensing and Regulation

% of Funds Agency Receives: 10.00

Component: GRANTS TO SUBRECIPIENTS-(Information Tech. Support Center, ICON, UI)

Technique: Average Clearance

Average Day of Clearance: 8 Days

Recipient: Maryland Department of Labor, Licensing and Regulation

% of Funds Agency Receives: 61.00

Component: PAYROLL-(ITSC, ICON, Unemployment Insur, EUC & REA)

Technique: Average Clearance - Modified

Average Day of Clearance: 0 Days

Recipient: Maryland Department of Labor, Licensing and Regulation

% of Funds Agency Receives: 10.00

Component: INDIRECT COSTS-(ITSC, ICON, Unemployment Insurance, EUC & REA)

Technique: Drawdowns at Fixed Intervals - Monthly (modified)

Average Day of Clearance: N/A

Recipient: Maryland Department of Labor, Licensing and Regulation

% of Funds Agency Receives: 19.00

Component: NON PERSONNEL SERVICES-(ITSC, ICON, Unemployment Insur, EUC & REA)

Technique: Drawdowns at Fixed Intervals - Monthly (modified)

Average Day of Clearance: N/A

17.225S Unemployment Insurance -- State Benefit Account

Recipient: Maryland Department of Labor, Licensing and Regulation

% of Funds Agency Receives: 100.00

Component: State Benefit Payments-Debit Card

Technique: Actual Clearance, ZBA Same Day Payment - Debit Cards

Average Day of Clearance: 0 Days

20.205 Highway Planning and Construction

Recipient: Maryland Department of Transportation

% of Funds Agency Receives: 6.00

Component: Payments to Sub-Recipients

Technique: Actual Clearance, ZBA - ACH

Average Day of Clearance: 1 Day

Recipient: Maryland Department of Transportation
% of Funds Agency Receives: 94.00
Component: Construction/Consultant Costs/Payroll/Sub-Recipients
Technique: Weekly Billing
Average Day of Clearance: N/A

20.500 Federal Transit Capital Improvement Grants
Recipient: Maryland Department of Transportation
% of Funds Agency Receives: 1.00
Component: Administrative Costs
Technique: Drawdowns at Fixed Intervals - Quarterly
Average Day of Clearance: N/A

Recipient: Maryland Department of Transportation
% of Funds Agency Receives: 99.00
Component: Vendor Payments
Technique: Post Expenditure Funding
Average Day of Clearance: 2 Days

20.507 Federal Transit Capital and Operating Assistance Formula Grants
Recipient: Maryland Department of Transportation
% of Funds Agency Receives: 1.00
Component: Administrative Costs
Technique: Drawdowns at Fixed Intervals - Quarterly
Average Day of Clearance: N/A

Recipient: Maryland Department of Transportation
% of Funds Agency Receives: 99.00
Component: Vendor Payments
Technique: Post Expenditure Funding
Average Day of Clearance: 2 Days

20.525 State of Good Repair Grants Program
Recipient: Maryland Department of Transportation
% of Funds Agency Receives: 1.00
Component: Administrative Costs
Technique: Drawdowns at Fixed Intervals - Quarterly
Average Day of Clearance: N/A

Recipient: Maryland Department of Transportation
% of Funds Agency Receives: 99.00
Component: Vendor Payments
Technique: Post Expenditure Funding
Average Day of Clearance: 2 Days

84.010 Title I Grants to Local Educational Agencies

Recipient: Maryland State Department of Education

% of Funds Agency Receives: 93.00

Component: Payments to Local Education Agencies/Service Providers

Technique: Average Clearance

Average Day of Clearance: 8 Days

Recipient: Maryland State Department of Education

% of Funds Agency Receives: 1.00

Component: Payroll

Technique: Average Clearance - Modified

Average Day of Clearance: 0 Days

Recipient: Maryland State Department of Education

% of Funds Agency Receives: 6.00

Component: Indirect and other Costs

Technique: Cost Allocation Plans - Monthly

Average Day of Clearance: N/A

84.027 Special Education -- Grants to States

Recipient: Maryland State Department of Education

% of Funds Agency Receives: 98.00

Component: Payments to Local Education Agencies/Service Providers

Technique: Average Clearance

Average Day of Clearance: 8 Days

Recipient: Maryland State Department of Education

% of Funds Agency Receives: 1.00

Component: Payroll

Technique: Average Clearance - Modified

Average Day of Clearance: 0 Days

Recipient: Maryland State Department of Education

% of Funds Agency Receives: 1.00

Component: Indirect and Other Costs

Technique: Cost Allocation Plans - Monthly

Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 37.00

Component: Payments to Beneficiaries

Technique: Actual Clearance, ZBA - Same Day Payment

Average Day of Clearance: 0 Days

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 29.00

Component: Payroll

Technique: Average Clearance - Modified

Average Day of Clearance: 0 Days

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 33.00

Component: Administrative Costs-Non Payroll

Technique: Drawdowns at Fixed Intervals - Monthly (modified)

Average Day of Clearance: 1 Day

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 1.00

Component: Emergency Payments to Beneficiaries

Technique: Payment Schedule

Average Day of Clearance: 1 Day

93.563 Child Support Enforcement

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 50.00

Component: Payroll

Technique: Bi-Weekly Actual - Payroll

Average Day of Clearance: 0 Days

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 50.00

Component: Administrative Costs (Non-Payroll) and Vendor Payments

Technique: Drawdowns at Fixed Intervals - Monthly (modified)

Average Day of Clearance: 1 Day

93.568 Low-Income Home Energy Assistance

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 1.00

Component: Payroll

Technique: Bi-Weekly Actual - Payroll

Average Day of Clearance: 0 Days

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 99.00

Component: Administrative costs - (non-payroll) and vendor payments

Technique: Drawdowns at Fixed Intervals - Monthly (modified)

Average Day of Clearance: 1 Day

93.658 Foster Care -- Title IV-E

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 30.00

Component: Payroll

Technique: Average Clearance - Modified

Average Day of Clearance: 0 Days

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 15.00

Component: Administrative Costs-Non-Payroll & Vendor Payments

Technique: Drawdowns at Fixed Intervals - Monthly (modified)

Average Day of Clearance: 1 Day

Recipient: Maryland Department of Human Services

% of Funds Agency Receives: 55.00

Component: Payments to Beneficiaries

Technique: Payment Schedule

Average Day of Clearance: 1 Day

93.767 Children's Health Insurance Program

Recipient: Maryland Department of Health

% of Funds Agency Receives: 98.00

Component: Provider payments (Non-Voucher only, processed through MMIS)

Technique: Average Clearance

Average Day of Clearance: 2 Days

Recipient: Maryland Department of Health

% of Funds Agency Receives: 1.00

Component: Administrative Cost

Technique: Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted

Average Day of Clearance: 1 Day

Recipient: Maryland Department of Health

% of Funds Agency Receives: 1.00

Component: Voucher Only-Disproportionate Share Payments & Benefit Payments including (Local Public, Non Public and Lead Agencies)

Technique: Weekly Draws

Average Day of Clearance: N/A

93.778 Medical Assistance Program

Recipient: Maryland Department of Health

% of Funds Agency Receives: 85.00

Component: Provider payments (Non-Voucher only, processed through MMIS)

Technique: Average Clearance

Average Day of Clearance: 2 Days

Recipient: Maryland Department of Health

% of Funds Agency Receives: 3.00

Component: Administrative Costs

Technique: Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted

Average Day of Clearance: 1 Day

Recipient: Maryland Department of Health

% of Funds Agency Receives: 5.00

Component: Provider payments (Non-Voucher only, not processed through MMIS)

Technique: Weekly Draws

Average Day of Clearance: N/A

Recipient: Maryland Department of Health

% of Funds Agency Receives: 7.00

Component: Voucher Only-Disproportionate Share Payments & Benefit Payments including (Local Public, Non Public and Lead Agencies)

Technique: Weekly Draws

Average Day of Clearance: N/A

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

No Agencies are exempt from coverage on the basis of materiality.

7.0 CLEARANCE PATTERNS

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

Vendor Payments and Payroll

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

The State Treasurer's Office

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

The files maintained by the State Treasurer's Office which indicate the date each vendor check, payroll check, or ACH payment was disbursed, and data obtained from the State's disbursement bank indicating when each vendor check or payroll check cleared the bank

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.

7.5 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:

No exceptions at this time.

The State shall also adjust each clearance pattern to reflect:

No exceptions at this time.

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

8.1 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:

Actual Clearance, ZBA - ACH

Actual Clearance, ZBA - Same Day Payment

Actual Clearance, ZBA Same Day Payment - Debit Cards

Average Clearance

Average Clearance - Modified

Bi-Weekly Actual - Payroll

Cost Allocation Plans - Monthly

Drawdowns at Fixed Intervals - Monthly (modified)

Drawdowns at Fixed Intervals - Quarterly

Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted

Payment Schedule

Post Expenditure Funding

Weekly Billing

Weekly Draws

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:

For all transactions where the State pays out its own funds for program purposes prior to receiving Federal funds, the State shall track each payment from the date it is paid out of a State account to the date Federal funds are subsequently credited to a State account to cover that outlay. The Federal interest liability on each payment shall be based on the difference in whole days between the two events. With Federal-State matching programs, interest shall be calculated on the Federal percentage of the disbursement.

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:

When the Funding Technique is properly used, there should be no interest earnings on funds withdrawn from the State account, as the State has implemented Actual Clearance, ZBA Same Day Payment - Debit Cards, an interest-neutral funding technique, for such transfers. For transfers UTF that do not follow the technique specified in section 6.2 and result in a positive balance of funds in a State account, the State's liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings of the benefit payment account on the pro-rata share less the related banking costs attributed to such funds.

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:

With programs to which applicable interest neutral funding techniques are applied, the State interest liability shall be based on the difference in whole days between the date the refund is deposited in a State account and the date the refund is offset against a subsequent deposit of Federal funds.

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

To determine the total time Federal funds are held, the State shall measure the time between the date Federal funds are received and credit to a State's account and the date those funds are debited from the State's account.

8.6.2.2 Source of Data

The time period from issuance of funds to the date funds are debited from the State's account shall be determined by the appropriate clearance pattern specified in Exhibit II.

8.6.2.3 Standards Applied

The clearance of State funds shall be determined by the appropriate clearance pattern, depending on the funding technique.

8.6.2.4 Calculation Procedure

The basic formula for calculating interest liabilities shall be: $1/365$ times the annualized 13-week Treasury Bill rate times the number of whole days as determined above, times the dollar amount of the transaction.

9.0 REVERSE FLOW PROGRAMS

The State is not required to cover any reverse flow programs under the terms of this Agreement because the program falls below the State's threshold.

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:

Actual bank costs incurred to obtain check paid information where the data was not previously provided; direct agency costs to develop and maintain clearance pattern data; determine interest calculation data in compliance with CMIA; direct computer programming costs to develop and maintain clearance pattern data; and determine interest calculation data to comply with CMIA.

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

Bernadette Benik
Chief Deputy Treasurer
State Treasurer's Office

Signature: *Bernadette t. Benik* Date Signed: Jun 30, 2020
;Bernadette t. Benik (Jun 30, 2020 10:34 EDT)

Date Submitted 06/19/2020

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

Signature: *Corvelli A. McDaniel* Date Signed: Jul 2, 2020
;Corvelli A. McDaniel (Jul 2, 2020 12:02 EDT)

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

| 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 | 2 days |
| 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 | 5:00 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 | 1:00 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 Maryland

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 | Round ed days |
|---------|--|--|--------|---|--|---------------|
| 10.551 | Supplemental Nutrition Assistance Program | Maryland Department of Human Services | 100.00 | Payments to Beneficiaries | Actual Clearance, ZBA - Same Day Payment | 0 Days |
| 10.553 | School Breakfast Program | Maryland State Department of Education | 100.00 | Direct & Indirect Costs | Cost Allocation Plans - Monthly | N/A |
| 10.555 | National School Lunch Program | Maryland State Department of Education | 100.00 | Direct and Indirect Costs | Cost Allocation Plans - Monthly | N/A |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children | Maryland Department of Health | 65.00 | Benefit Payments | Actual Clearance, ZBA - ACH | 1 Day |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children | Maryland Department of Health | 35.00 | Administrative Costs | Drawdowns at Fixed Intervals - Monthly (modified) | 1 Day |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | Maryland Department of Human Services | 30.00 | Administrative Costs- Non-Payroll & Vendor Payments | Drawdowns at Fixed Intervals - Monthly (modified) | 1 Day |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | Maryland Department of Human Services | 70.00 | Payroll | Average Clearance - Modified | 0 Days |
| 14.195 | Section 8 Housing | Maryland Department of Housing and Community Development | 100.00 | Housing Assistance Payments through Annual Contribution Contract | Pre-Issuance | N/A |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Maryland Department of Labor, Licensing and Regulation | 10.00 | GRANTS TO SUBRECIPIENTS- (Information Tech. Support Center, ICON, UI) | Average Clearance | 8 Days |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Maryland Department of Labor, Licensing and Regulation | 61.00 | PAYROLL-(ITSC, ICON, Unemployment Insur, EUC & REA) | Average Clearance - Modified | 0 Days |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Maryland Department of Labor, Licensing and Regulation | 10.00 | INDIRECT COSTS- (ITSC, ICON, Unemployment Insurance, EUC & REA) | Drawdowns at Fixed Intervals - Monthly (modified) | N/A |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Maryland Department of Labor, Licensing and Regulation | 19.00 | NON PERSONNEL SERVICES-(ITSC, ICON, Unemployment Insur, EUC & REA) | Drawdowns at Fixed Intervals - Monthly (modified) | N/A |
| 17.225S | Unemployment Insurance -- State Benefit Account | Maryland Department of Labor, Licensing and Regulation | 100.00 | State Benefit Payments- Debit Card | Actual Clearance, ZBA Same Day Payment - Debit Cards | 0 Days |
| 20.205 | Highway Planning and Construction | Maryland Department of Transportation | 6.00 | Payments to Sub-Recipients | Actual Clearance, ZBA - ACH | 1 Day |

| CFDA | Program Name | Recipient | % | Component | Technique | Round days |
|--------|---|--|-------|--|---|------------|
| 20.205 | Highway Planning and Construction | Maryland Department of Transportation | 94.00 | Construction/Consultant Costs/Payroll/Sub-Recipients | Weekly Billing | N/A |
| 20.500 | Federal Transit Capital Improvement Grants | Maryland Department of Transportation | 1.00 | Administrative Costs | Drawdowns at Fixed Intervals - Quarterly | N/A |
| 20.500 | Federal Transit Capital Improvement Grants | Maryland Department of Transportation | 99.00 | Vendor Payments | Post Expenditure Funding | 2 Days |
| 20.507 | Federal Transit Capital and Operating Assistance Formula Grants | Maryland Department of Transportation | 1.00 | Administrative Costs | Drawdowns at Fixed Intervals - Quarterly | N/A |
| 20.507 | Federal Transit Capital and Operating Assistance Formula Grants | Maryland Department of Transportation | 99.00 | Vendor Payments | Post Expenditure Funding | 2 Days |
| 20.525 | State of Good Repair Grants Program | Maryland Department of Transportation | 1.00 | Administrative Costs | Drawdowns at Fixed Intervals - Quarterly | N/A |
| 20.525 | State of Good Repair Grants Program | Maryland Department of Transportation | 99.00 | Vendor Payments | Post Expenditure Funding | 2 Days |
| 84.010 | Title I Grants to Local Educational Agencies | Maryland State Department of Education | 93.00 | Payments to Local Education Agencies/Service Providers | Average Clearance | 8 Days |
| 84.010 | Title I Grants to Local Educational Agencies | Maryland State Department of Education | 1.00 | Payroll | Average Clearance - Modified | 0 Days |
| 84.010 | Title I Grants to Local Educational Agencies | Maryland State Department of Education | 6.00 | Indirect and other Costs | Cost Allocation Plans - Monthly | N/A |
| 84.027 | Special Education -- Grants to States | Maryland State Department of Education | 98.00 | Payments to Local Education Agencies/Service Providers | Average Clearance | 8 Days |
| 84.027 | Special Education -- Grants to States | Maryland State Department of Education | 1.00 | Payroll | Average Clearance - Modified | 0 Days |
| 84.027 | Special Education -- Grants to States | Maryland State Department of Education | 1.00 | Indirect and Other Costs | Cost Allocation Plans - Monthly | N/A |
| 93.558 | Temporary Assistance for Needy Families | Maryland Department of Human Services | 37.00 | Payments to Beneficiaries | Actual Clearance, ZBA - Same Day Payment | 0 Days |
| 93.558 | Temporary Assistance for Needy Families | Maryland Department of Human Services | 29.00 | Payroll | Average Clearance - Modified | 0 Days |
| 93.558 | Temporary Assistance for Needy Families | Maryland Department of Human Services | 1.00 | Emergency Payments to Beneficiaries | Payment Schedule | 1 Day |
| 93.558 | Temporary Assistance for Needy Families | Maryland Department of Human Services | 33.00 | Administrative Costs-Non Payroll | Drawdowns at Fixed Intervals - Monthly (modified) | 1 Day |
| 93.563 | Child Support Enforcement | Maryland Department of Human Services | 50.00 | Administrative Costs (Non-Payroll) and Vendor Payments | Drawdowns at Fixed Intervals - Monthly (modified) | 1 Day |
| 93.563 | Child Support Enforcement | Maryland Department of Human Services | 50.00 | Payroll | Bi-Weekly Actual - Payroll | 0 Days |
| 93.568 | Low-Income Home Energy Assistance | Maryland Department of Human Services | 99.00 | Administrative costs - (non-payroll) and vendor payments | Drawdowns at Fixed Intervals - Monthly (modified) | 1 Day |
| 93.568 | Low-Income Home Energy Assistance | Maryland Department of Human Services | 1.00 | Payroll | Bi-Weekly Actual - Payroll | 0 Days |
| 93.658 | Foster Care -- Title IV-E | Maryland Department of Human Services | 15.00 | Administrative Costs-Non-Payroll & Vendor Payments | Drawdowns at Fixed Intervals - Monthly (modified) | 1 Day |
| 93.658 | Foster Care -- Title IV-E | Maryland Department of Human Services | 30.00 | Payroll | Average Clearance - Modified | 0 Days |
| 93.658 | Foster Care -- Title IV-E | Maryland Department of Human Services | 55.00 | Payments to Beneficiaries | Payment Schedule | 1 Day |
| 93.767 | Children's Health Insurance Program | Maryland Department of Health | 98.00 | Provider payments (Non-Voucher only, processed through MMIS) | Average Clearance | 2 Days |

| CFDA | Program Name | Recipient | % | Component | Technique | Round ed days |
|--------|-------------------------------------|-------------------------------|-------|--|--|---------------|
| 93.767 | Children's Health Insurance Program | Maryland Department of Health | 1.00 | Administrative Cost | Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted | 1 Day |
| 93.767 | Children's Health Insurance Program | Maryland Department of Health | 1.00 | Voucher Only-Disproportionate Share Payments & Benefit Payments including (Local Public, Non Public and Lead Agencies) | Weekly Draws | N/A |
| 93.778 | Medical Assistance Program | Maryland Department of Health | 85.00 | Provider payments (Non-Voucher only, processed through MMIS) | Average Clearance | 2 Days |
| 93.778 | Medical Assistance Program | Maryland Department of Health | 3.00 | Administrative Costs | Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted | 1 Day |
| 93.778 | Medical Assistance Program | Maryland Department of Health | 7.00 | Voucher Only-Disproportionate Share Payments & Benefit Payments including (Local Public, Non Public and Lead Agencies) | Weekly Draws | N/A |
| 93.778 | Medical Assistance Program | Maryland Department of Health | 5.00 | Provider payments (Non-Voucher only, not processed through MMIS) | Weekly Draws | 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: Jun 30, 2020

Printed Name: Bernadette t. Benik

Certifying Signature: *Bernadette t. Benik*
Bernadette t. Benik (Jun 30, 2020 10:34 EDT)

Title: Chief Deputy Treasurer