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 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 07/01/2014 and shall remain in effect until 06/30/2015.

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 06/30/2013.

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
10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
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
20.507 Federal Transit Capital and Operating Assistance Formula Grants
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
84.395 State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act
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 FMS 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:

84.038 Federal Perkins Loan Program -- Federal Capital Contributions --- Exclusion:Non-State
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 and Mental Hygiene
Maryland Department of Housing and Community Development

Maryland Department of Human Resources
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
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.

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 amount of the request shall be for the exact amount of funds that clear the State s account on the settlement date. 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. 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.

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.

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.

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 constructed 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 Resources
% of Funds Agency Receives: 100.00
Component: Payments to Beneficiaries
Technique: Average Clearance - Modified
Average Day of Clearance: 1 Day

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 and Mental Hygiene
% of Funds Agency Receives: 71.00
Component: Benefit Payments
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Maryland Department of Health and Mental Hygiene
% of Funds Agency Receives: 29.00
Component: Administrative Costs
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: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Maryland Department of Labor, Licensing and Regulation
% of Funds Agency Receives: 16.00
Component: Federal Benefit Payments
Technique: Actual Clearance, ZBA Same Day Payment - Debit Cards
Average Day of Clearance: N/A

Recipient: Maryland Department of Labor, Licensing and Regulation
% of Funds Agency Receives: 8.00
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: 56.00
Component: PAYROLL-(ITSC, ICON,Unemployment Insur. , EUC & REA)
Technique: Average Clearance - Modified
Average Day of Clearance: 1 Day

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: 10.00
Component: NON PERSONAL 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: 10.00
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: 90.00
Component: Construction/Consultant Costs/Payroll/Sub-Recipients
Technique: Weekly Billing
Average Day of Clearance: N/A

20.507 Federal Transit Capital and Operating Assistance Formula Grants
Recipient: Maryland Department of Transportation
% of Funds Agency Receives: 99.00
Component: Vendor Payments
Technique: Average Clearance
Average Day of Clearance: 8 Days

Recipient: Maryland Department of Transportation
% of Funds Agency Receives: 1.00
Component: Administrative Costs
Technique: Drawdowns at Fixed Intervals - Monthly (modified)
Average Day of Clearance: N/A

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: 1 Day

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: 1 Day

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

84.395 State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act
Recipient: Maryland State Department of Education
% of Funds Agency Receives: 50.00
Component: Payments to Local Education Agencies/Service Providers
Technique: Average Clearance - Modified
Average Day of Clearance: 8 Days

Recipient: Maryland State Department of Education
% of Funds Agency Receives: 50.00
Component: InDirect and Other Costs - PARCC
Technique: Cost Allocation Plans - Monthly
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: Maryland Department of Human Resources
% of Funds Agency Receives: 40.00
Component: Payments to Beneficiaries
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Maryland Department of Human Resources
% of Funds Agency Receives: 47.00
Component: Payroll
Technique: Average Clearance - Modified
Average Day of Clearance: 1 Day

Recipient: Maryland Department of Human Resources
% of Funds Agency Receives: 10.00
Component: Administrative Costs-Non Payroll
Technique: Drawdowns at Fixed Intervals - Monthly (modified)
Average Day of Clearance: 1 Day

Recipient: Maryland Department of Human Resources
% of Funds Agency Receives: 3.00
Component: Emergency Payments to Beneficiaries
Technique: Payment Schedule

Average Day of Clearance: 1 Day

93.563 Child Support Enforcement
Recipient: Maryland Department of Human Resources
% of Funds Agency Receives: 40.00
Component: Payroll
Technique: Average Clearance - Modified
Average Day of Clearance: 1 Day

Recipient: Maryland Department of Human Resources
% of Funds Agency Receives: 60.00
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 Resources
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Average Clearance - Modified
Average Day of Clearance: 1 Day

Recipient: Maryland Department of Human Resources
% 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 Resources
% of Funds Agency Receives: 46.00
Component: Payroll
Technique: Average Clearance - Modified
Average Day of Clearance: 1 Day

Recipient: Maryland Department of Human Resources
% of Funds Agency Receives: 9.00
Component: Administrative Costs - Non Payroll
Technique: Drawdowns at Fixed Intervals - Monthly (modified)
Average Day of Clearance: 1 Day

Recipient: Maryland Department of Human Resources
% of Funds Agency Receives: 45.00
Component: Emergency Payments to Beneficiaries
Technique: Payment Schedule
Average Day of Clearance: 1 Day

93.767 Children's Health Insurance Program
Recipient: Maryland Department of Health and Mental Hygiene
% of Funds Agency Receives: 69.00
Component: Provider payments (Non-Voucher only, processed through MMIS)
Technique: Average Clearance
Average Day of Clearance: 6 Days

Recipient: Maryland Department of Health and Mental Hygiene
% of Funds Agency Receives: 5.00
Component: Administrative Cost
Technique: Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted
Average Day of Clearance: 1 Day

Recipient: Maryland Department of Health and Mental Hygiene
% of Funds Agency Receives: 26.00
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 and Mental Hygiene
% of Funds Agency Receives: 77.00
Component: Provider payments (Non-Voucher only, processed through MMIS)
Technique: Average Clearance
Average Day of Clearance: 6 Days

Recipient: Maryland Department of Health and Mental Hygiene
% of Funds Agency Receives: 3.00
Component: Administrative Costs
Technique: Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted
Average Day of Clearance: N/A

Recipient: Maryland Department of Health and Mental Hygiene
% of Funds Agency Receives: 3.00
Component: Provider payments (Non-Voucher only, not processed through MMIS)
Technique: Weekly Draws
Average Day of Clearance: N/A

Recipient: Maryland Department of Health and Mental Hygiene
% of Funds Agency Receives: 17.00
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.

7.11 The State shall use the following method to calculate the average day of clearance:
a. If the check has cleared the bank, then the issue date is subtracted from the clearance date, this equals the actual number of clearance day(s).
b. All checks in the sample period are compared to the bank files to determine when the checks are cleared.
c. The average days clearance is determined by totaling all clearance days for each transaction and dividing by the total number of transactions.

7.12 The Maryland Department of Labor, Licensing and Regulation (DLLR) shall develop the clearance pattern for CFDA 17.225, Unemployment Insurance (UI).

7.12.1 The sources of data DLLR shall use when developing its clearance pattern for Unemployment Insurance (UI) payments shall be the files maintained by DLLR which indicate the total amount disbursed for each day and data obtained from their disbursement bank indicating total amounts cleared for each day.

7.12.2 DLLR shall identify the total UI Payments clearing the bank for each day in the measurement period.

The calculation of the percentages for the clearance pattern is determined by:
Determining each days paid checks in the measurement period as a percentage of the total of the paid checks for the week. This provides the percentage to be used Monday through Friday for the drawdown schedule.

7.12.3 DLLR shall calculate the percentage that each day in the measurement period represents in relation to the previous week's checks issued.

7.12.4 The average percentage for Monday, Tuesday, Wednesday, Thursday and Friday shall become the clearance percentage for the next year. Please refer to Exhibit II for the clearance pattern.

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

Cost Allocation Plans - Monthly
Drawdowns at Fixed Intervals - Monthly (modified)
Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted
Payment Schedule
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 estimated clearance, 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 States 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: (b) (6) Date Signed: 6/26/14

Date Submitted 06/24/2014

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

Signature: Corvelli A. McDaniel Date Signed: 7/28/14

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	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 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	Rounded days
10.551	Supplemental Nutrition Assistance Program	Maryland Department of Human Resources	100.00	Payments to Beneficiaries	Average Clearance - Modified	1 Day
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 and Mental Hygiene	71.00	Benefit Payments	Actual Clearance, ZBA - ACH	1 Day
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Maryland Department of Health and Mental Hygiene	29.00	Administrative Costs	Drawdowns at Fixed Intervals - Monthly (modified)	1 Day
14.195	Section 8 Housing	Maryland Department of Housing and Community Development	100.00	Housing Assistance Payments through Annual Contribution Contract	Actual Clearance, ZBA - ACH	1 Day
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Maryland Department of Labor, Licensing and Regulation	8.00	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	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	10.00	NON PERSONAL SERVICES-(ITSC, ICON,Unemployment Insur. , 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	56.00	PAYROLL-(ITSC, ICON,Unemployment Insur. , EUC & REA)	Average Clearance - Modified	1 Day
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Maryland Department of Labor, Licensing and Regulation	16.00	Federal Benefit Payments	Actual Clearance, ZBA Same Day Payment - Debit Cards	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	10.00	Payments to Sub-Recipients	Actual Clearance, ZBA - ACH	1 Day
20.205	Highway Planning and Construction	Maryland Department of Transportation	90.00	Construction/Consultant Costs/Payroll/Sub-Recipients	Weekly Billing	N/A
20.507	Federal Transit Capital and Operating Assistance Formula Grants	Maryland Department of Transportation	99.00	Vendor Payments	Average Clearance	8 Days

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
20.507	Federal Transit Capital and Operating Assistance Formula Grants	Maryland Department of Transportation	1.00	Administrative Costs	Drawdowns at Fixed Intervals - Monthly (modified)	N/A
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	6.00	Indirect and other Costs	Cost Allocation Plans - Monthly	N/A
84.010	Title I Grants to Local Educational Agencies	Maryland State Department of Education	1.00	Payroll	Average Clearance - Modified	1 Day
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	Indirect and Other Costs	Cost Allocation Plans - Monthly	N/A
84.027	Special Education – Grants to States	Maryland State Department of Education	1.00	Payroll	Average Clearance - Modified	1 Day
84.395	State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	Maryland State Department of Education	50.00	InDirect and Other Costs - PARCC	Cost Allocation Plans - Monthly	N/A
84.395	State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	Maryland State Department of Education	50.00	Payments to Local Education Agencies/Service Providers	Average Clearance - Modified	8 Days
93.558	Temporary Assistance for Needy Families	Maryland Department of Human Resources	40.00	Payments to Beneficiaries	Actual Clearance, ZBA - Same Day Payment	0 Days
93.558	Temporary Assistance for Needy Families	Maryland Department of Human Resources	10.00	Administrative Costs-Non Payroll	Drawdowns at Fixed Intervals - Monthly (modified)	1 Day
93.558	Temporary Assistance for Needy Families	Maryland Department of Human Resources	3.00	Emergency Payments to Beneficiaries	Payment Schedule	1 Day
93.558	Temporary Assistance for Needy Families	Maryland Department of Human Resources	47.00	Payroll	Average Clearance - Modified	1 Day
93.563	Child Support Enforcement	Maryland Department of Human Resources	60.00	Administrative Costs (Non-Payroll) and Vendor Payments	Drawdowns at Fixed Intervals - Monthly (modified)	1 Day
93.563	Child Support Enforcement	Maryland Department of Human Resources	40.00	Payroll	Average Clearance - Modified	1 Day
93.568	Low-Income Home Energy Assistance	Maryland Department of Human Resources	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 Resources	1.00	Payroll	Average Clearance - Modified	1 Day
93.658	Foster Care -- Title IV-E	Maryland Department of Human Resources	9.00	Administrative Costs - Non Payroll	Drawdowns at Fixed Intervals - Monthly (modified)	1 Day
93.658	Foster Care -- Title IV-E	Maryland Department of Human Resources	45.00	Emergency Payments to Beneficiaries	Payment Schedule	1 Day
93.658	Foster Care -- Title IV-E	Maryland Department of Human Resources	46.00	Payroll	Average Clearance - Modified	1 Day
93.767	Children's Health Insurance Program	Maryland Department of Health and Mental Hygiene	69.00	Provider payments (Non-Voucher only, processed through MMIS)	Average Clearance	6 Days
93.767	Children's Health Insurance Program	Maryland Department of Health and Mental Hygiene	26.00	Voucher Only-Disproportionate Share Payments & Benefit Payments including (Local Public, Non Public and Lead Agencies)	Weekly Draws	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
93.767	Children's Health Insurance Program	Maryland Department of Health and Mental Hygiene	5.00	Administrative Cost	Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted	1 Day
93.778	Medical Assistance Program	Maryland Department of Health and Mental Hygiene	77.00	Provider payments (Non-Voucher only, processed through MMIS)	Average Clearance	6 Days
93.778	Medical Assistance Program	Maryland Department of Health and Mental Hygiene	3.00	Provider payments (Non-Voucher only, not processed through MMIS)	Weekly Draws	N/A
93.778	Medical Assistance Program	Maryland Department of Health and Mental Hygiene	17.00	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 and Mental Hygiene	3.00	Administrative Costs	Fixed Administrative Allowances-BI-Weekly Payroll (modified)-Dollar Weighted	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: June 26, 2014

Printed Name: Bernadette Benik

Certifying Signature: (b) (6) [redacted]

Title: Chief Deputy Treasurer