Cash Management Improvement Act Agreement
between
The Commonwealth of Puerto Rico
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 Commonwealth of Puerto Rico (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 Commonwealth of Puerto Rico shall be the The Secretary of the Treasury 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 expenses 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.

4.1.1 The Commonwealth of Puerto Rico is not required to have an annual Single Audit. The basis of total expenses for fiscal year, as discussed in Section 4.1, is a consolidated report produced from Puerto Rico's Integrated Financial Accounting System and it is used to determine the threshold and the major Federal assistance programs.

4.2 The State's threshold for major Federal assistance programs is $37,144,676.

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

10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
10.566 Nutrition Assistance for Puerto Rico
14.228 Community Development Block Grants/State's Program
14.850 Public and Indian Housing
14.871 Section 8 Housing Choice Vouchers
14.872 Public Housing Capital Fund
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S Unemployment Insurance -- State Benefit Account
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States
84.287 Twenty-First Century Community Learning Centers
84.367 Improving Teacher Quality State Grants
84.389 Title I Grants to Local Educational Agencies, Recovery Act
84.410 Education Jobs Fund
93.558 Temporary Assistance for Needy Families
93.575 Child Care and Development Block Grant
93.600 Head Start
93.778 Medical Assistance Program
93.779 Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations

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:

10.558 Child and Adult Care Food Program
10.559 Summer Food Service Program for Children
10.560 State Administrative Expenses for Child Nutrition
10.582 Fresh Fruit and Vegetable Program
45.310 State Library Progarm
84.002 Adult Education -- State Grant Program
84.013 Title I Program for Neglected and Delinquent Children

84.033 Federal Work-Study Program
84.041 Impact Aid
84.048 Vocational Education -- Basic Grants to States
84.063 Federal Pell Grant Program
84.173 Special Education -- Preschool Grants
84.196 Education of Homeless Children and Youth Asstv Tech
84.365 English Language Acquisition Grants
84.366 Mathematics and Science Partnerships
84.369 Grants for State Assessments and Related Activities
84.377 School Improvement Grants
93.938 Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems

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

There are currently no programs listed for Section 4.4.

5.0 ENTITIES COVERED

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

Administration for the Childhood Care and Integrated Development
Department of Education
Department of Health
Department of Housing
Department of Labor and Human Resources
Families and Children Administration
Governor's Office
Office of the Commissioner for Municipal Affairs
Office of the Ombudsman for the Elderly
Public Housing Administration
Socioeconomic Administration
Vocational Rehabilitation Administration

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:

There are currently no fiscal agencies listed for Section 5.2.

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.

Fixed Administrative Allowances - Bi-Weekly Payroll

The State shall request funds such that one-sixth (or one-seventh) of the quarterly administrative allowance is deposited on the dollar-weighted average date of clearance for payroll payments,as specified in the appropriate clearance pattern in Exhibit II.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.

Indirect Cost Rates - Actual Base - Quarterly

The State shall request funds once a quarter, such that they are deposited on the median day 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 determined by applying the indirect cost rate to the appropriate cost base of the quarter. This funding technique is interest neutral.

Indirect Cost Rates - Estimated Base

The State shall request funds once a month, such that they are deposited on the median day of the 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 shall be determined by applying the indirect cost rate to the appropriate cost base estimated for the current month. The estimate of direct costs shall be based on the actual direct costs of the prior month. 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.

Pre-Issuance - Modified

The Commonwealth receives Federal funds from the US Department of Housing and Urban Development (HUD) on the first business day of each month. The payment of Federal funds is done automatically by US HUD and a request for funds is not required of the Commonwealth. The Commonwealth subsequently makes disbursements to approved recipients. The amount of funds that are received each month is equal to 1/12th of the annual budget, which is approved by US HUD. This funding technique is not 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.

10.555 National School Lunch Program
Recipient: Department of Education
% of Funds Agency Receives: 20.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 40.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 20.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 20.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Department of Health
% of Funds Agency Receives: 25.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Health
% of Funds Agency Receives: 75.00
Component: Administrative Costs (including Payroll)
Technique: Fixed Administrative Allowances - Bi-Weekly Payroll
Average Day of Clearance: 3 Days

10.558 Child and Adult Care Food Program
Recipient: Department of Education
% of Funds Agency Receives: 99.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

10.559 Summer Food Service Program for Children
Recipient: Department of Education
% of Funds Agency Receives: 81.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 19.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

10.560 State Administrative Expenses for Child Nutrition
Recipient: Department of Education
% of Funds Agency Receives: 19.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 13.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 67.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education

% of Funds Agency Receives: 1.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

10.566 Nutrition Assistance for Puerto Rico
Recipient: Socioeconomic Administration
% of Funds Agency Receives: 90.00
Component: Payment to Beneficiaries
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Socioeconomic Administration
% of Funds Agency Receives: 4.00
Component: Administrative Costs
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Socioeconomic Administration
% of Funds Agency Receives: 2.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Estimated Base
Average Day of Clearance: 3 Days

Recipient: Socioeconomic Administration
% of Funds Agency Receives: 4.00
Component: Payroll
Technique: Indirect Cost Rates - Estimated Base
Average Day of Clearance: 3 Days

10.582 Fresh Fruit and Vegetable Program
Recipient: Department of Education
% of Funds Agency Receives: 100.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

14.228 Community Development Block Grants/State's Program
Recipient: Office of the Commissioner for Municipal Affairs
% of Funds Agency Receives: 37.00
Component: Payroll
Technique: Average Clearance
Average Day of Clearance: 2 Days

Recipient: Office of the Commissioner for Municipal Affairs
% of Funds Agency Receives: 12.00

Component: Administrative Costs
Technique: Average Clearance
Average Day of Clearance: 3 Days

Recipient: Office of the Commissioner for Municipal Affairs
% of Funds Agency Receives: 51.00
Component: Payment to Beneficiaries
Technique: Average Clearance
Average Day of Clearance: 3 Days

14.850 Public and Indian Housing
Recipient: Public Housing Administration
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Average Clearance
Average Day of Clearance: 2 Days

Recipient: Public Housing Administration
% of Funds Agency Receives: 3.00
Component: Administrative Costs
Technique: Average Clearance
Average Day of Clearance: 3 Days

Recipient: Public Housing Administration
% of Funds Agency Receives: 96.00
Component: Payment to Beneficiaries
Technique: Average Clearance
Average Day of Clearance: 3 Days

14.871 Section 8 Housing Choice Vouchers
Recipient: Department of Housing
% of Funds Agency Receives: 4.00
Component: Administrative Cost
Technique: Pre-Issuance - Modified
Average Day of Clearance: N/A

Recipient: Department of Housing
% of Funds Agency Receives: 96.00
Component: Payment to Beneficiaries
Technique: Pre-Issuance - Modified
Average Day of Clearance: N/A

14.872 Public Housing Capital Fund
Recipient: Public Housing Administration
% of Funds Agency Receives: 1.00
Component: Payroll

Technique: Average Clearance
Average Day of Clearance: 2 Days

Recipient: Public Housing Administration
% of Funds Agency Receives: 3.00
Component: Administrative Costs
Technique: Average Clearance
Average Day of Clearance: 3 Days

Recipient: Public Housing Administration
% of Funds Agency Receives: 96.00
Component: Payment to Beneficiaries
Technique: Average Clearance
Average Day of Clearance: 3 Days

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Labor and Human Resources
% of Funds Agency Receives: 75.00
Component: Payment to Beneficiaries - FECA and EUCA Accounts
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 1 Day

Recipient: Department of Labor and Human Resources
% of Funds Agency Receives: 24.00
Component: Administrative Costs (including Payroll)
Technique: Fixed Administrative Allowances - Bi-Weekly Payroll
Average Day of Clearance: 3 Days

Recipient: Department of Labor and Human Resources
% of Funds Agency Receives: 1.00
Component: Indirect Cost
Technique: Indirect Cost Rates - Estimated Base
Average Day of Clearance: 3 Days

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Labor and Human Resources
% of Funds Agency Receives: 100.00
Component: Payment to Beneficiaries - State Account
Technique: Pre-Issuance
Average Day of Clearance: N/A

45.310 State Library Progarm
Recipient: Department of Education
% of Funds Agency Receives: 99.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH

Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

84.002 Adult Education -- State Grant Program
Recipient: Department of Education
% of Funds Agency Receives: 23.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 25.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 51.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

84.010 Title I Grants to Local Educational Agencies
Recipient: Department of Education
% of Funds Agency Receives: 4.00
Component: Administrative Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education

% of Funds Agency Receives: 33.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 61.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

84.013 Title I Program for Neglected and Delinquent Children
Recipient: Department of Education
% of Funds Agency Receives: 98.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 2.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

84.027 Special Education -- Grants to States
Recipient: Department of Education
% of Funds Agency Receives: 5.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 75.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 20.00
Component: Payment to Service Providers

Technique: Average Clearance
Average Day of Clearance: 3 Days

84.033 Federal Work-Study Program
Recipient: Department of Education
% of Funds Agency Receives: 100.00
Component: Other Direct
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

84.041 Impact Aid
Recipient: Department of Education
% of Funds Agency Receives: 39.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 31.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 30.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

84.048 Vocational Education -- Basic Grants to States
Recipient: Department of Education
% of Funds Agency Receives: 45.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 3.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 51.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH

Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

84.063 Federal Pell Grant Program
Recipient: Department of Education
% of Funds Agency Receives: 100.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States
Recipient: Vocational Rehabilitation Administration
% of Funds Agency Receives: 70.00
Component: Administrative Costs (including payroll)
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Vocational Rehabilitation Administration
% of Funds Agency Receives: 30.00
Component: Payment to Beneficiaries
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

84.173 Special Education -- Preschool Grants
Recipient: Department of Education
% of Funds Agency Receives: 3.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 97.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

84.196 Education of Homeless Children and Youth Asstv Tech
Recipient: Department of Education
% of Funds Agency Receives: 21.00
Component: Other Direct Costs

Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 75.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 4.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

84.287 Twenty-First Century Community Learning Centers
Recipient: Department of Education
% of Funds Agency Receives: 3.00
Component: Equipment
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Materials and supplies
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Other expenses
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 77.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 15.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education

% of Funds Agency Receives: 3.00
Component: Transportation Expenses
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

84.365 English Language Acquisition Grants
Recipient: Department of Education
% of Funds Agency Receives: 59.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 20.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 20.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

84.366 Mathematics and Science Partnerships
Recipient: Department of Education
% of Funds Agency Receives: 8.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 91.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Payroll

Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

84.367 Improving Teacher Quality State Grants
Recipient: Department of Education
% of Funds Agency Receives: 5.00
Component: Administrative Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 20.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 74.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

84.369 Grants for State Assessments and Related Activities
Recipient: Department of Education
% of Funds Agency Receives: 100.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

84.377 School Improvement Grants
Recipient: Department of Education
% of Funds Agency Receives: 90.00
Component: Administrative Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 10.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH

Average Day of Clearance: 1 Day

84.389 Title I Grants to Local Educational Agencies, Recovery Act
Recipient: Department of Education
% of Funds Agency Receives: 78.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 15.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 6.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

84.410 Education Jobs Fund
Recipient: Governor's Office
% of Funds Agency Receives: 0.02
Component: Other Expenses
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Governor's Office
% of Funds Agency Receives: 2.17
Component: Payment to Service to Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Governor's Office
% of Funds Agency Receives: 97.81
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

93.558 Temporary Assistance for Needy Families
Recipient: Socioeconomic Administration
% of Funds Agency Receives: 4.00
Component: Administrative Cost
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Socioeconomic Administration
% of Funds Agency Receives: 90.00
Component: Payment to Beneficiaries
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Socioeconomic Administration
% of Funds Agency Receives: 2.00
Component: Indirect Cost
Technique: Indirect Cost Rates - Estimated Base
Average Day of Clearance: 3 Days

Recipient: Socioeconomic Administration
% of Funds Agency Receives: 4.00
Component: Payroll
Technique: Indirect Cost Rates - Estimated Base
Average Day of Clearance: 3 Days

93.575 Child Care and Development Block Grant
Recipient: Administration for the Childhood Care and Integrated Development
% of Funds Agency Receives: 0.90
Component: Administrative Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Administration for the Childhood Care and Integrated Development
% of Funds Agency Receives: 2.00
Component: Operationes
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Families and Children Administration
% of Funds Agency Receives: 0.10
Component: Other Expense
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Administration for the Childhood Care and Integrated Development
% of Funds Agency Receives: 34.85
Component: Payment to Beneficiaries

Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Governor's Office
% of Funds Agency Receives: 0.10
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Families and Children Administration
% of Funds Agency Receives: 0.30
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Administration for the Childhood Care and Integrated Development
% of Funds Agency Receives: 40.85
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Families and Children Administration
% of Funds Agency Receives: 0.90
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Administration for the Childhood Care and Integrated Development
% of Funds Agency Receives: 20.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

93.600 Head Start
Recipient: Administration for the Childhood Care and Integrated Development
% of Funds Agency Receives: 15.00
Component: Administrative Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Administration for the Childhood Care and Integrated Development
% of Funds Agency Receives: 5.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Administration for the Childhood Care and Integrated Development

% of Funds Agency Receives: 80.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

93.778 Medical Assistance Program
Recipient: Department of Health
% of Funds Agency Receives: 5.00
Component: Administrative Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Health
% of Funds Agency Receives: 90.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Health
% of Funds Agency Receives: 5.00
Component: Payroll
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 3 Days

93.779 Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations
Recipient: Department of Health
% of Funds Agency Receives: 9.00
Component: Administrative Cost
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 1 Day

Recipient: Department of Health
% of Funds Agency Receives: 39.00
Component: Payment to Beneficiaries
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 1 Day

Recipient: Office of the Ombudsman for the Elderly
% of Funds Agency Receives: 4.00
Component: Payment to Service Providers
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 1 Day

Recipient: Department of Health
% of Funds Agency Receives: 39.00
Component: Payment to Service Providers

Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 1 Day

Recipient: Department of Health
% of Funds Agency Receives: 9.00
Component: Payroll
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 3 Days

93.938 Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems
Recipient: Department of Education
% of Funds Agency Receives: 91.00
Component: Other Direct Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 5.00
Component: Payroll
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 4.00
Component: Indirect Costs
Technique: Indirect Cost Rates - Actual Base - Quarterly
Average Day of Clearance: 3 Days

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

Puerto Rico's Family Department is exempt from coverage on the basis of materiality for the following programs:

CFDA 10.566 - Nutrition Assistance for Puerto Rico
CFDA 84.126 - Rehabilitation Services-Basic Support

7.0 CLEARANCE PATTERNS

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

Group of Similar Programs - Composite clearance pattern for the administrative costs and payroll components of the following group of programs:

CFDA	Program
14.228	Community Development Block Grants State's Program
14.850	Public and Indian Housing

14.871 Section 8 Housing Choice Voucher

Group of Similar Programs - Composite clearance pattern for the payroll costs of the following programs:

CFDA Program

10.557 Special Supplemental Nutrition Program for Women, Infants and Children
14.228 Community Development Block Grants State's Program
14.850 Public and Indian Housing
14.871 Section 8 Housing Choice Voucher
93.778 Medical Assistance Program (Medicaid)
93.779 Children Health Insurance Program

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

The Government Development Bank for Puerto Rico

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

1. PRIFAS - The Central Accounting System
2. Information from agencies outside of PRIFAS
3. Government Development Bank for Puerto Rico

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:

None

The State shall also adjust each clearance pattern to reflect:

None

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
Average Clearance
Fixed Administrative Allowances - Bi-Weekly Payroll
Indirect Cost Rates - Actual Base - Quarterly
Indirect Cost Rates - Estimated Base

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:

The State shall use the following methodology to calculate State interest liabilities on funds withdrawn from the several accounts in the UTF under the Unemployment Insurance program.

Based on statements provided by its financial institution, or other appropriate source, the State shall determine the actual interest earnings and the related banking costs attributable to funds withdrawn from its account in the UTF.

At the end of the States fiscal year, the State shall calculate the percentage of its total unemployment compensation expenditures for (1) funds withdrawn from the State account in the UTF, or the State %, and (2) funds withdrawn from the Federal Employees Compensation Account (FECA) and the Extended Unemployment Compensation Account (EUCA) and any other accounts of Federal funds in the UTF, or the Federal %.

The State shall calculate the actual interest earnings and the related banking costs attributable to funds withdrawn from the State account in the UTF by multiplying the State % by the amount of the actual interest earnings and the related banking costs of the account as a whole. The States liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings attributable to such funds less the related banking costs attributed to such funds.

The State shall determine the average daily cash balance of its unemployment compensation benefit payment account for its fiscal year. The State shall calculate the average daily cash balance of Federal funds by multiplying the Federal % by the average daily cash balance of the benefit payment account on the whole. The States liability for interest on funds withdrawn from the FECA and EUCA (and any other benefit accounts of Federal funds in the UTF from which the State draws funds) shall be the average daily cash balance of Federal funds multiplied by the annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during the States fiscal year.

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 shall be applied, the State shall determine the actual amount of refunds received during the State fiscal year for each program using the information in its standard Federal financial status reports. For each program, the State shall estimate the number of days that refunds are held prior

to being offset against a subsequent deposit of Federal funds. This shall be calculated as the average number of days between drawdown deposits, which is determined by dividing the total number of drawdowns into 365, and assuming that all refunds are received at the midpoint of the average number of days between drawdowns.

With programs to which applicable non-interest neutral funding techniques shall be applied, the State shall also calculate the time refunds are in a State account by comparing the date the refund is offset against a subsequent deposit of Federal funds and the date the refund is paid out for program purposes. This period will be measured for each program in accordance with the State method for calculating interest under pre-issuance funding, and will be applied independently to the amount of refunds under each program to calculate the interest on refunds.

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 deposit to debit shall be determined from information captured by the Government Development of Puerto Rico.
For those programs with accounts at private banks, the State grantee will be responsible for providing the information regarding
the time funds are held.

8.6.2.3 Standards Applied

To measure the time Federal funds are held in a State account prior to being disbursed, the State shall use statistical sampling. The sample shall be randomly selected, and shall be of sufficient size to ensure, at a minimum, a 95% confidence interval no wider than ± 0.3 dollar-weighted days about the estimated mean.

For each check in the sample population, the State shall:
1 subtract the deposit date from the issuance date
2 multiply the difference of step 1 by the check amount

3 divide the product of step 2 by the total amount of funds drawn in the sample to determine the dollar-weighted pre-issuance time for that check

The State shall then sum the dollar-weighted pre-issuance time for each check to arrive at the total dollar-weighted average pre-issuance time to be used for calculating State interest liabilities.

8.6.2.4 Calculation Procedure

I = ADB x R, where

I = State's total interest liability

ADB = Average Daily Balance of cash in a program's account, measured from deposit to clearance

R = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year

9.0 REVERSE FLOW PROGRAMS

The State is not required to cover any reverse flow programs under the terms of this Agreement because the State does not participate in the program.

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:

Those costs necessary for the development and maintenance of clearance patterns and to perform the actual calculation of interest liabilities.

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

Lcda. Melba Acosta Febo, CPA
Secretary of the Treasury
Commonwealth of Puerto Rico

Signature: (b) (6) Date Signed: 7/14/14

Date Submitted 06/29/2014

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
Commonwealth of Puerto Rico

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 - Commonwealth of Puerto Rico

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
10.555	National School Lunch Program	Department of Education	20.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
10.555	National School Lunch Program	Department of Education	40.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
10.555	National School Lunch Program	Department of Education	20.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
10.555	National School Lunch Program	Department of Education	20.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	25.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	75.00	Administrative Costs (including Payroll)	Fixed Administrative Allowances - Bi-Weekly Payroll	3 Days
10.558	Child and Adult Care Food Program	Department of Education	1.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
10.558	Child and Adult Care Food Program	Department of Education	99.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
10.559	Summer Food Service Program for Children	Department of Education	19.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
10.559	Summer Food Service Program for Children	Department of Education	81.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
10.560	State Administrative Expenses for Child Nutrition	Department of Education	67.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
10.560	State Administrative Expenses for Child Nutrition	Department of Education	13.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
10.560	State Administrative Expenses for Child Nutrition	Department of Education	19.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
10.560	State Administrative Expenses for Child Nutrition	Department of Education	1.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days
10.566	Nutrition Assistance for Puerto Rico	Socioeconomic Administration	4.00	Administrative Costs	Actual Clearance, ZBA - Same Day Payment	0 Days
10.566	Nutrition Assistance for Puerto Rico	Socioeconomic Administration	90.00	Payment to Beneficiaries	Actual Clearance, ZBA - ACH	1 Day
10.566	Nutrition Assistance for Puerto Rico	Socioeconomic Administration	2.00	Indirect Costs	Indirect Cost Rates - Estimated Base	3 Days
10.566	Nutrition Assistance for Puerto Rico	Socioeconomic Administration	4.00	Payroll	Indirect Cost Rates - Estimated Base	3 Days
10.582	Fresh Fruit and Vegetable Program	Department of Education	100.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
14.228	Community Development Block Grants/State's Program	Office of the Commissioner for Municipal Affairs	51.00	Payment to Beneficiaries	Average Clearance	3 Days
14.228	Community Development Block Grants/State's Program	Office of the Commissioner for Municipal Affairs	37.00	Payroll	Average Clearance	2 Days
14.228	Community Development Block Grants/State's Program	Office of the Commissioner for Municipal Affairs	12.00	Administrative Costs	Average Clearance	3 Days
14.850	Public and Indian Housing	Public Housing Administration	3.00	Administrative Costs	Average Clearance	3 Days
14.850	Public and Indian Housing	Public Housing Administration	96.00	Payment to Beneficiaries	Average Clearance	3 Days
14.850	Public and Indian Housing	Public Housing Administration	1.00	Payroll	Average Clearance	2 Days
14.871	Section 8 Housing Choice Vouchers	Department of Housing	96.00	Payment to Beneficiaries	Pre-Issuance - Modified	N/A
14.871	Section 8 Housing Choice Vouchers	Department of Housing	4.00	Administrative Cost	Pre-Issuance - Modified	N/A
14.872	Public Housing Capital Fund	Public Housing Administration	96.00	Payment to Beneficiaries	Average Clearance	3 Days
14.872	Public Housing Capital Fund	Public Housing Administration	3.00	Administrative Costs	Average Clearance	3 Days
14.872	Public Housing Capital Fund	Public Housing Administration	1.00	Payroll	Average Clearance	2 Days
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Human Resources	75.00	Payment to Beneficiaries - FECA and EUCA Accounts	Actual Clearance, ZBA - Same Day Payment	1 Day
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Human Resources	1.00	Indirect Cost	Indirect Cost Rates - Estimated Base	3 Days
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Human Resources	24.00	Administrative Costs (including Payroll)	Fixed Administrative Allowances - Bi-Weekly Payroll	3 Days
17.225S	Unemployment Insurance -- State Benefit Account	Department of Labor and Human Resources	100.00	Payment to Beneficiaries - State Account	Pre-Issuance	N/A
45.310	State Library Progarm	Department of Education	1.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
45.310	State Library Progarm	Department of Education	99.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.002	Adult Education -- State Grant Program	Department of Education	51.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.002	Adult Education -- State Grant Program	Department of Education	25.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.002	Adult Education -- State Grant Program	Department of Education	23.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.002	Adult Education -- State Grant Program	Department of Education	1.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days
84.010	Title I Grants to Local Educational Agencies	Department of Education	4.00	Administrative Costs	Actual Clearance, ZBA - ACH	1 Day
84.010	Title I Grants to Local Educational Agencies	Department of Education	61.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.010	Title I Grants to Local Educational Agencies	Department of Education	33.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.010	Title I Grants to Local Educational Agencies	Department of Education	1.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.010	Title I Grants to Local Educational Agencies	Department of Education	1.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
84.013	Title I Program for Neglected and Delinquent Children	Department of Education	98.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.013	Title I Program for Neglected and Delinquent Children	Department of Education	2.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days
84.027	Special Education -- Grants to States	Department of Education	75.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.027	Special Education -- Grants to States	Department of Education	5.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.027	Special Education -- Grants to States	Department of Education	20.00	Payment to Service Providers	Average Clearance	3 Days
84.033	Federal Work-Study Program	Department of Education	100.00	Other Direct	Actual Clearance, ZBA - ACH	1 Day
84.041	Impact Aid	Department of Education	30.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.041	Impact Aid	Department of Education	31.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.041	Impact Aid	Department of Education	39.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.048	Vocational Education -- Basic Grants to States	Department of Education	51.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.048	Vocational Education -- Basic Grants to States	Department of Education	3.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.048	Vocational Education -- Basic Grants to States	Department of Education	45.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.048	Vocational Education -- Basic Grants to States	Department of Education	1.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days
84.063	Federal Pell Grant Program	Department of Education	100.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States	Vocational Rehabilitation Administration	30.00	Payment to Beneficiaries	Actual Clearance, ZBA - ACH	1 Day
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States	Vocational Rehabilitation Administration	70.00	Administrative Costs (including payroll)	Actual Clearance, ZBA - ACH	1 Day
84.173	Special Education -- Preschool Grants	Department of Education	3.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.173	Special Education -- Preschool Grants	Department of Education	97.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.196	Education of Homeless Children and Youth Asstv Tech	Department of Education	75.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.196	Education of Homeless Children and Youth Asstv Tech	Department of Education	21.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.196	Education of Homeless Children and Youth Asstv Tech	Department of Education	4.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days
84.287	Twenty-First Century Community Learning Centers	Department of Education	1.00	Materials and supplies	Actual Clearance, ZBA - ACH	1 Day
84.287	Twenty-First Century Community Learning Centers	Department of Education	1.00	Other expenses	Actual Clearance, ZBA - ACH	1 Day
84.287	Twenty-First Century Community Learning Centers	Department of Education	3.00	Transportation Expenses	Actual Clearance, ZBA - ACH	1 Day
84.287	Twenty-First Century Community Learning Centers	Department of Education	77.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
84.287	Twenty-First Century Community Learning Centers	Department of Education	15.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.287	Twenty-First Century Community Learning Centers	Department of Education	3.00	Equipment	Actual Clearance, ZBA - ACH	1 Day
84.365	English Language Acquisition Grants	Department of Education	20.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.365	English Language Acquisition Grants	Department of Education	59.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.365	English Language Acquisition Grants	Department of Education	1.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.365	English Language Acquisition Grants	Department of Education	20.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days
84.366	Mathematics and Science Partnerships	Department of Education	1.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.366	Mathematics and Science Partnerships	Department of Education	91.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.366	Mathematics and Science Partnerships	Department of Education	8.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
84.367	Improving Teacher Quality State Grants	Department of Education	20.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.367	Improving Teacher Quality State Grants	Department of Education	74.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
84.367	Improving Teacher Quality State Grants	Department of Education	5.00	Administrative Costs	Actual Clearance, ZBA - ACH	1 Day
84.367	Improving Teacher Quality State Grants	Department of Education	1.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days
84.369	Grants for State Assessments and Related Activities	Department of Education	100.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.377	School Improvement Grants	Department of Education	10.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
84.377	School Improvement Grants	Department of Education	90.00	Administrative Costs	Actual Clearance, ZBA - ACH	1 Day
84.389	Title I Grants to Local Educational Agencies, Recovery Act	Department of Education	1.00	Payroll	Actual Clearance, ZBA - Same Day Payment	1 Day
84.389	Title I Grants to Local Educational Agencies, Recovery Act	Department of Education	15.00	Payment to Service Providers	Actual Clearance, ZBA - Same Day Payment	1 Day
84.389	Title I Grants to Local Educational Agencies, Recovery Act	Department of Education	78.00	Other Direct Costs	Actual Clearance, ZBA - Same Day Payment	1 Day
84.389	Title I Grants to Local Educational Agencies, Recovery Act	Department of Education	6.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days
84.410	Education Jobs Fund	Governor's Office	0.02	Other Expenses	Actual Clearance, ZBA - ACH	1 Day
84.410	Education Jobs Fund	Governor's Office	2.17	Payment to Service to Providers	Actual Clearance, ZBA - ACH	1 Day
84.410	Education Jobs Fund	Governor's Office	97.81	Payroll	Actual Clearance, ZBA - ACH	1 Day
93.558	Temporary Assistance for Needy Families	Socioeconomic Administration	4.00	Administrative Cost	Actual Clearance, ZBA - ACH	1 Day
93.558	Temporary Assistance for Needy Families	Socioeconomic Administration	90.00	Payment to Beneficiaries	Actual Clearance, ZBA - ACH	1 Day
93.558	Temporary Assistance for Needy Families	Socioeconomic Administration	4.00	Payroll	Indirect Cost Rates - Estimated Base	3 Days
93.558	Temporary Assistance for Needy Families	Socioeconomic Administration	2.00	Indirect Cost	Indirect Cost Rates - Estimated Base	3 Days

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
93.575	Child Care and Development Block Grant	Administration for the Childhood Care and Integrated Development	34.85	Payment to Beneficiaries	Actual Clearance, ZBA - ACH	1 Day
93.575	Child Care and Development Block Grant	Administration for the Childhood Care and Integrated Development	0.90	Administrative Costs	Actual Clearance, ZBA - ACH	1 Day
93.575	Child Care and Development Block Grant	Administration for the Childhood Care and Integrated Development	40.85	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
93.575	Child Care and Development Block Grant	Administration for the Childhood Care and Integrated Development	20.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
93.575	Child Care and Development Block Grant	Administration for the Childhood Care and Integrated Development	2.00	Operationes	Actual Clearance, ZBA - ACH	1 Day
93.575	Child Care and Development Block Grant	Families and Children Administration	0.90	Payroll	Actual Clearance, ZBA - ACH	1 Day
93.575	Child Care and Development Block Grant	Families and Children Administration	0.10	Other Expense	Actual Clearance, ZBA - ACH	1 Day
93.575	Child Care and Development Block Grant	Families and Children Administration	0.30	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
93.575	Child Care and Development Block Grant	Governor's Office	0.10	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
93.600	Head Start	Administration for the Childhood Care and Integrated Development	5.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
93.600	Head Start	Administration for the Childhood Care and Integrated Development	80.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
93.600	Head Start	Administration for the Childhood Care and Integrated Development	15.00	Administrative Costs	Actual Clearance, ZBA - ACH	1 Day
93.778	Medical Assistance Program	Department of Health	5.00	Payroll	Actual Clearance, ZBA - Same Day Payment	3 Days
93.778	Medical Assistance Program	Department of Health	5.00	Administrative Costs	Actual Clearance, ZBA - ACH	1 Day
93.778	Medical Assistance Program	Department of Health	90.00	Payment to Service Providers	Actual Clearance, ZBA - ACH	1 Day
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Department of Health	39.00	Payment to Beneficiaries	Actual Clearance, ZBA - Same Day Payment	1 Day
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Department of Health	9.00	Administrative Cost	Actual Clearance, ZBA - Same Day Payment	1 Day
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Department of Health	9.00	Payroll	Actual Clearance, ZBA - Same Day Payment	3 Days
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Department of Health	39.00	Payment to Service Providers	Actual Clearance, ZBA - Same Day Payment	1 Day
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Office of the Ombudsman for the Elderly	4.00	Payment to Service Providers	Actual Clearance, ZBA - Same Day Payment	1 Day

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Department of Education	5.00	Payroll	Actual Clearance, ZBA - ACH	1 Day
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Department of Education	91.00	Other Direct Costs	Actual Clearance, ZBA - ACH	1 Day
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Department of Education	4.00	Indirect Costs	Indirect Cost Rates - Actual Base - Quarterly	3 Days

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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: 7/14/14

Printed Name: Melba I. Acosta Febo

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

Title: Secretary of the Treasury