

Cash Management Improvement Act Agreement
between
The State of Louisiana
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 the State of Louisiana (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 Louisiana shall be the Commissioner of Administration in all matters concerning this Agreement.

1.2 The Assistant Commissioner, Federal Finance, Financial Management Service (FMS), 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 herein. 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 7/1/2007 and shall remain in effect until June 30, 2008.

3.2 This Agreement may be amended at any time by written, mutual consent of the State and FMS. 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 FMS 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 FMS.

3.3 Notwithstanding section 3.2, in the event of Federal or State non-compliance with Subpart B of 31 CFR, Part 205, FMS 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, FMS 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 State Single Audit Report for fiscal year ending 6/30/2006.

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 \$54,404,412.

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

- 10.551 Food Stamps
- 10.555 National School Lunch Program for Children
- 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
- 17.225 F Unemployment Insurance -- Federal Benefit Account and Other Federal Funds
- 17.225 S Unemployment Insurance -- State Benefit Account
- 20.205 Highway Planning and Construction
- 84.010 Title I Grants to Local Educational Agencies
- 84.027 Special Education -- Grants to States
- 84.367 Improving Teacher Quality State Grants
- 84.938 Hurricane Education Recovery
- 93.558 Temporary Assistance for Needy Families
- 93.575 Child Care and Development Block Grant
- 93.658 Foster Care -- Title IV-E
- 93.667 Social Services Block Grant
- 93.767 Child Health Insurance Program
- 93.778 Medical Assistance Program
- 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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 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:

- 93.776 Hurricane Katrina Relief --- Exclusion: Discontinued
- 97.034 Disaster Unemployment Assistance --- Exclusion: Discontinued

5.0 ENTITIES COVERED

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

Department of Agriculture and Forestry
Department of Education
Department of Health and Hospitals
Department of Labor
Department of Public Safety
Department of Public Safety and Corrections
Department of Social Services
Department of Transportation and Development
Executive Department
Office of Facility Planning and Control
State Supreme Court

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 Section 4.0 of this Agreement:

Financial Services Management Corp. 10.557 Special Supplemental Nutrition Program for Women, Infants and Children
JP Morgan EFS 10.551 Food Stamps

6.0 FUNDING TECHNIQUES

6.1 General Terms

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

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

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

6.1.4 Estimates and Reconciliation of Estimates:

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

6.1.5 Supplemental Funding:

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

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

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

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

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

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

a. Timing of the Request

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

b. Justification for the Request

The request for a supplemental funding for any of the above mentioned programs should contain a justification clearly documenting the need for the additional funding authority during the current quarter. This documentation should be in the form of State accounting records or similar documents that will show the actual expenditures through the most recent month for which such data are available, as well as the State's most accurate projection of its anticipated expenditures during the remaining month(s) of the quarter. For either the TANF or the CCDF program, the State's justification should also include an explanation of the activities requiring the obligation

and/or expenditure of amounts that exceed the normal quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

c. Form Submittal

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

d. Approval Process

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

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

6.1.6 The State will request funds from the Federal granting agency based on estimates when a State or Federal holiday coincides with the release of checks for program components using an actual clearance pattern. These estimates will be based on historical data from prior check issuances of a similar nature. The estimates will be reconciled to actual check issuance data received from the financial system the checks were issued from. The subsequent drawdown of Federal funds will be adjusted to reflect the actual amount expended.

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 of this Agreement.

Post-Issuance

The State shall request funds such that they are deposited in a State account after the State issues checks, but before the checks clear. 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 of the disbursement. This funding technique is not 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.

Estimated Clearance

The State shall request funds such that they are deposited by ACH in a State account 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. 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.

Composite Clearance

The State shall request funds such that they are deposited on the dollar-weighted average number of days required for funds to be paid out for a series of disbursements, 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 the sum of the payments issued in the series of disbursements. 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 of this Agreement.

There are no funding techniques listed in Section 6.2.2

6.2.3 The following are terms under which miscellaneous funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3 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 of this Agreement.

Actual Allocation

The State shall request funds once a month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount requested shall be the previous month's actual expenditures based on actual administrative costs incurred. This funding technique is interest neutral.

Actual and Adjusted Estimate

Administrative costs for all programs will be drawn at the same time as payroll. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The draw will consist of an amount to fund the actual expenditures of the prior week and an amount to fund the estimated expenditures of the current/upcoming week based on year to date actual expenditures. The estimated draws will be adjusted for variances between the most recent estimate and actual expenditures each time a draw is made. This funding technique is interest neutral.

Actual at Fixed Intervals

The State shall request funds at a fixed interval, i.e., bi-weekly, monthly, quarterly, etc., for the

actual program expenditures of the period prior to the draw. 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 the previous period's disbursements. This funding technique is interest neutral.

Allocation of Payroll and Administrative Costs

The State will request funds on a bi-weekly basis. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. Administrative costs for all programs are to be drawn at the same time as payroll costs. The draw will be completed to meet the cash requirements based on the most recent certified cost allocations with subsequent adjustments completed pursuant to the actual allocation of costs. This funding technique is interest neutral.

Payroll and Administrative - Fixed Frequency

The State shall request funds once at a fixed interval, i.e., bi-weekly, monthly, quarterly, etc., such that they are deposited to fund the actual activity of the previous period. 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 amount of the actual cash outlays for payroll and administrative costs during the previous period. This funding technique is interest neutral.

Subrecipient Reimbursement for Disaster Recovery

The State subrecipient shall request reimbursement from the direct recipient of Federal funds only after expenditures have been incurred. The direct recipient shall issue reimbursement to the subrecipient after a review process to ensure reasonableness of the request for funds. The amount of the subrecipient request shall be based on the amount of actual cash outlays for program and administrative purposes. This funding technique is interest neutral. 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 Food Stamps

Recipient: Department of Social Services

% of Funds Agency Receives: 100

Component: Assistance Payments - EBT

Technique: Actual Clearance, ZBA - Same Day Payment

Clearance Pattern: 0 Days

10.555 National School Lunch Program

Recipient: Department of Education

% of Funds Agency Receives: 100

Component: Payments to Parishes, Universities, Public Schools and Daycare Providers

Technique: Average Clearance

Clearance Pattern: 2 Days

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Recipient: Department of Health and Hospitals

% of Funds Agency Receives: 100

Component: Vouchers

Technique: Actual Clearance, ZBA - Same Day Payment

Clearance Pattern: 0 Days

Recipient: Department of Health and Hospitals

% of Funds Agency Receives: 0

Component: Payroll

Technique: Allocation of Payroll and Administrative Costs

Clearance Pattern: N/A

Recipient: Department of Health and Hospitals

% of Funds Agency Receives: 0

Component: Benefits

Technique: Actual Clearance, ZBA - Same Day Payment

Clearance Pattern: 0 Days

Recipient: Department of Health and Hospitals

% of Funds Agency Receives: 0

Component: Administrative Costs

Technique: Actual and Adjusted Estimate

Clearance Pattern: N/A

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

Recipient: Department of Labor

% of Funds Agency Receives: 50

Component: Benefits Payments - Federal

Technique: Estimated Clearance

Clearance Pattern: N/A

Recipient: Department of Labor

% of Funds Agency Receives: 25

Component: Payroll

Technique: Average Clearance

Clearance Pattern: 1 Day

Recipient: Department of Labor

% of Funds Agency Receives: 25

Component: Administrative Costs

Technique: Actual and Adjusted Estimate

Clearance Pattern: N/A

17.225S Unemployment Insurance -- State Benefit Account

Recipient: Department of Labor

% of Funds Agency Receives: 100

Component: Benefit Payments - State

Technique: Post-Issuance

Clearance Pattern: 1 Day

20.205 Highway Planning and Construction

Recipient: Department of Transportation and Development

% of Funds Agency Receives: 100

Component: Capital Projects

Technique: Composite Clearance

Clearance Pattern: 4 Days

Recipient: Department of Transportation and Development

% of Funds Agency Receives: 0

Component: Administrative Costs

Technique: Actual Allocation

Clearance Pattern: N/A

84.010 Title I Grants to Local Educational Agencies

Recipient: Department of Education

% of Funds Agency Receives: 100

Component: Program Expenditures

Technique: Average Clearance

Clearance Pattern: 1 Day

Recipient: Department of Education

% of Funds Agency Receives: 0

Component: Payroll & Administrative Costs

Technique: Payroll and Administrative - Fixed Frequency

Clearance Pattern: N/A

84.027 Special Education -- Grants to States

Recipient: Department of Education

% of Funds Agency Receives: 100

Component: Program Expenditures

Technique: Average Clearance

Clearance Pattern: 2 Days

Recipient: Department of Education

% of Funds Agency Receives: 0
Component: Payroll & Administrative Costs
Technique: Payroll and Administrative - Fixed Frequency
Clearance Pattern: N/A

84.367 Improving Teacher Quality State Grants
Recipient: Department of Education
% of Funds Agency Receives: 100
Component: Program Expenditures
Technique: Average Clearance
Clearance Pattern: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 0
Component: Payroll & Administrative Costs
Technique: Payroll and Administrative - Fixed Frequency
Clearance Pattern: N/A

84.938 Hurricane Education Recovery
Recipient: Department of Education
% of Funds Agency Receives: 0
Component: Payroll & Administrative Costs
Technique: Payroll and Administrative - Fixed Frequency
Clearance Pattern: N/A

Recipient: Department of Education
% of Funds Agency Receives: 100
Component: Program Expenditures
Technique: Average Clearance
Clearance Pattern: 2 Days

93.558 Temporary Assistance for Needy Families
Recipient: Department of Social Services
% of Funds Agency Receives: 100
Component: Assistance Payments - Checks
Technique: Estimated Clearance
Clearance Pattern: N/A

Recipient: Department of Social Services
% of Funds Agency Receives: 0
Component: Initial Payments - Checks
Technique: Estimated Clearance
Clearance Pattern: N/A

Recipient: Department of Social Services

% of Funds Agency Receives: 0
Component: Assistance Payments - EBT
Technique: Actual Clearance, ZBA - Same Day Payment
Clearance Pattern: 0 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 0
Component: Initial Payments - EBT
Technique: Actual Clearance, ZBA - Same Day Payment
Clearance Pattern: 0 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 0
Component: Assistance Payments - Childcare
Technique: Estimated Clearance
Clearance Pattern: N/A

Recipient: Department of Social Services
% of Funds Agency Receives: 0
Component: Findwork Contract Payments
Technique: Actual at Fixed Intervals
Clearance Pattern: N/A

Recipient: Department of Social Services
% of Funds Agency Receives: 0
Component: State Subrecipient Costs
Technique: Actual Clearance, ZBA - Same Day Payment
Clearance Pattern: 0 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 0
Component: Payroll & Administrative Costs
Technique: Allocation of Payroll and Administrative Costs
Clearance Pattern: N/A

Recipient: Department of Education
% of Funds Agency Receives: 0
Component: Program Expenditures
Technique: Actual at Fixed Intervals
Clearance Pattern: N/A

Recipient: Department of Education
% of Funds Agency Receives: 0
Component: Payroll & Administrative Costs
Technique: Payroll and Administrative - Fixed Frequency
Clearance Pattern: N/A

Recipient: Department of Social Services
% of Funds Agency Receives: 0
Component: Initial Payments - EFT
Technique: Actual Clearance, ZBA - Same Day Payment

Clearance Pattern: 0 Days

Recipient: Department of Social Services

% of Funds Agency Receives: 0

Component: Assistance Payments - EFT

Technique: Actual Clearance, ZBA - Same Day Payment

Clearance Pattern: 0 Days

Recipient: Executive Department

% of Funds Agency Receives: 0

Component: Program and Administrative Costs - Office of the Governor

Technique: Actual at Fixed Intervals

Clearance Pattern: N/A

Recipient: State Supreme Court

% of Funds Agency Receives: 0

Component: Program Costs

Technique: Actual at Fixed Intervals

Clearance Pattern: N/A

Recipient: Department of Labor

% of Funds Agency Receives: 0

Component: Program and Administrative Costs

Technique: Actual at Fixed Intervals

Clearance Pattern: N/A

93.575 Child Care and Development Block Grant

Recipient: Department of Social Services

% of Funds Agency Receives: 100

Component: Assistance Payments - Checks

Technique: Estimated Clearance

Clearance Pattern: N/A

Recipient: Department of Social Services

% of Funds Agency Receives: 0

Component: Payroll and Administrative Costs

Technique: Allocation of Payroll and Administrative Costs

Clearance Pattern: N/A

Recipient: Department of Social Services

% of Funds Agency Receives: 0

Component: Assistance Payments - EFT

Technique: Actual Clearance, ZBA - Same Day Payment

Clearance Pattern: 0 Days

93.658 Foster Care -- Title IV-E

Recipient: Department of Social Services