



DEPARTMENT OF THE TREASURY  
FINANCIAL MANAGEMENT SERVICE  
WASHINGTON, D.C. 20227

July 26, 2005

Ms. Barbara Goodman  
Assistant Commissioner of Administration  
State of Louisiana  
1201 N. 3<sup>rd</sup> Street  
Baton Rouge, LA 70804-9095

Dear Ms. Goodman:

Enclosed is the signed Treasury-State Agreement (TSA 2006) for the period July 1, 2005 - June 30, 2006. This Agreement defines the terms for the transfer of financial assistance funds between the Federal government and the State of Louisiana as prescribed under the Cash Management Improvement Act of 1990 (P.L. 101-453), as amended.

**Since there continues to be some confusion regarding the timetable for amending the Treasury-State Agreement (TSA), please note the provisions in 31 CFR 205.7 that define the amendment requirements.** Specifically, a proposed (draft) amendment must be submitted within 30-days of the time the State becomes aware that the terms of the existing Agreement are no longer correct or applicable. Issuance of the Single Audit Report generally constitutes the day when a State becomes aware that the Agreement must be amended to accommodate new thresholds and covered programs. As such, an annual TSA amendment is due not later than 30-days after the State's Single Audit Report is issued. **Assuming that your Single Audit Report is issued on schedule nine-months after the end of the State's fiscal year, please plan to submit next year's draft annual amendment (TSA 2007) in CMIAS by April 30, 2006.**

In the event your Single Audit is not completed on schedule, we recommend that you use preliminary data from the Schedule of Expenditures of Federal Awards (SEFA) to determine the new threshold and list of major programs. This will enable us to negotiate a new Agreement in CMIAS prior to the beginning of the fiscal year. An Amendment to the Agreement can be made later in the fiscal year if necessary when the Single Audit Report is officially issued.

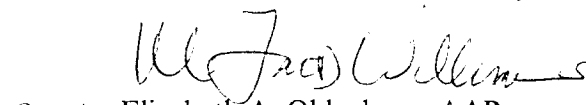
If the issuance of the annual Single Audit Report does not necessitate a change in the terms of the TSA, you must notify FMS 30-days prior to the beginning of the State's fiscal year. In addition to the annual update of the thresholds and covered programs, the State or FMS must amend the Agreement anytime there is a need to change or clarify the Agreement. Please understand that failure to amend and/or update the TSA in a timely manner is a material failure to comply with the regulations and may result in actions prescribed in 31 CFR 205.29(e).

Page 2 – Ms. Barbara Goodman

Thank you for your cooperation throughout the negotiation process. As a result of the extremely professional and diligent efforts of Kurt Demmerly, I believe we made significant improvements in the quality of the Treasury-State Agreement.

We truly appreciate your support and partnership in the effort to continuously improve the cash management of Federal-State funds transfers. If you have any questions, please do not hesitate to contact your State Coordinator, Cynthia Jones at (202) 874-5742.

Sincerely,

  
Elizabeth A. Oldenburg, AAP  
Director  
Intergovernmental Programs Division

Enclosure

**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 7/1/2005 and shall remain in effect until June 30, 2007.

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 unilaterally 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 6/30/2004.

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

4.2 The State's threshold for major Federal assistance programs is \$60,000,000.

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

- 10.551 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
- 93.558 Temporary Assistance for Needy Families
- 93.575 Child Care and Development Block Grant
- 93.658 Foster Care -- Title IV-E
- 93.767 Child Health Insurance Program
- 93.778 Medical Assistance Program

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

There are no programs listed for section 4.3

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

There are no programs listed for section 4.4

#### 5.0 ENTITIES COVERED

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

- Department of Education
- Department of Health and Hospitals
- Department of Labor
- Department of Public Safety and Corrections
- Department of Social Services

Department of Transportation and Development  
Executive Department  
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.

#### 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 for Children

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: 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

Recipient: Department of Labor  
% of Funds Agency Receives: 50  
Component: Benefits Payments - Federal  
Technique: Estimated Clearance  
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: 5 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

#### 93.558 Temporary Assistance for Needy Families

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 Health and Hospitals  
% of Funds Agency Receives: 0  
Component: Program and Administrative Costs  
Technique: Actual at Fixed Intervals  
Clearance Pattern: N/A

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