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

July 21, 2011

Mr. Paul Christofferson
State Accounting Division Administrator
State of Montana
125 Roberts Street
Mitchell Building – Room 255
Helena, MT 59620

Re: Treasury State Agreement – FY2012

Dear Mr. Christofferson:

Enclosed is the fully-executed Treasury-State Agreement (TSA) for the period July 01, 2011 to June 30, 2012. This Agreement defines the terms for the transfer of financial assistance funds between the Federal Government and the State of Montana as prescribed under the Cash Management Improvement Act of 1990 (P.L. 101-453), as amended.

Should there be a need to modify the 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 from the time the State becomes aware that the terms of the existing Agreement are no longer correct or applicable.

Thank you for your cooperation throughout the negotiation process. We appreciate your support and partnership in the effort to continuously improve the management of Federal-State funds transfers. If you have any questions, please do not hesitate to contact your State Coordinator, Wallace Artis, at 202-874-6555.

Sincerely,

Victor Poore
CMIA Program Manager
Cash Management Infrastructure Group

Enclosure

Cash Management Improvement Act Agreement
between
The State of Montana
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 Montana (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 Montana shall be the Administrator of the State Accounting Division, Department 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 7/1/2011 and shall remain in effect until 06/30/2012.

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 the State's most recent SEFA (Schedule of Expenditures of Federal Awards) for fiscal year ending 6/30/2010.

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 State of Montana threshold was calculated as follows:

Total Federal assistance expenditures for fiscal year 2010: $2,702,676,201
Percentage assigned by FMS (Financial Management Service) per the Federal Register, 31 CFR Part 205, 205.5, Table A (Column B): 0.6 percent

0.6 percent threshold for fiscal year 2012 = $2,702,676,201 X .006 = $16,216,057

To ensure adequate coverage of all State programs, the Federal regulations require that the threshold should also be calculated using one-half of the percentage assigned by FMS per the Federal Register, 31 CFR Part 205, 205.5, Table A (Column B): .5 X 0.6 percent = 0.3 percent.

Once both thresholds were calculated, program coverages were compared. If the percentage of programs covered varied by more than 10% between the two thresholds, the State must lower its threshold, or add programs, until the difference is less than or equal to 10%.

The State of Montana program coverages (using both thresholds) was compared as follows:

Threshold calculated using 0.6% = $16,216,057
Program coverage: 19 out of 397 programs = 4.79%

Threshold calculated using 0.3% = $8,108,029
Program coverage: 37 out of 397 programs = 9.32%

Program coverage difference: 9.32% - 4.79% = 4.53% (less than 10%)

According to the federal regulations, the threshold of $16,216,057 is an allowable threshold.

4.2 The State's threshold for major Federal assistance programs is $16,216,057.

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
12.401 National Guard Military Operations and Maintenance (O&M) Projects
14.195 Section 8 Housing
14.871 Section 8 Housing Choice Vouchers
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
93.568 Low-Income Home Energy Assistance
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:

10.665 Schools and Roads -- Grants to States --- Exclusion: Federal Statute - Full Exemption
15.611 Wildlife Restoration --- Exclusion: Federal Statute - Full Exemption
66.458 Capitalization Grants for State Revolving Funds --- Exclusion: Federal Statute - Full Exemption
66.468 Capitalization Grants for Drinking Water Revolving Fund --- Exclusion: Federal Statute - Full Exemption
84.391 Special Education Grants to States, Recovery Act --- Exclusion: Federal Statute - Full Exemption
84.394 State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act --- Exclusion: Federal Statute - Full Exemption

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 Commerce
Department of Labor and Industry
Department of Military Affairs
Department of Public Health and Human Services
Department of Transportation
Office of Public Instruction

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:

There are no fiscal agents 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 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.

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.

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.

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.

Direct Administrative Costs - Drawdowns on a Payroll Cycle

The State shall request funds for all direct administrative costs such that they are deposited on the dollar-weighted average date of clearance of payroll. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of funds requested shall be based on the amount of liabilities recorded for direct administrative costs since the last request for funds.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 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.

Reimbursable Funding (Warrants)

The State shall request funds from the Department of Defense/National Guard Bureau (DoD/NGB) on the issue date of State warrant payments. 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 warrant disbursement. This funding technique is not interest neutral.

Drawdowns at Fixed Intervals - Daily

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The State shall request funds such that they are deposited by ACH in the State Account using an estimated daily average cost that is based on the actual costs of the month two months prior to the current month. Estimated indirect costs will be recorded daily to unique expenditure accounts. At the end of the month, actual costs for the prior month will be recorded, and the prior month's estimated costs reversed. The funds will be reconciled monthly after the cost allocation program has been run. The State will draw or return funds based on the reconciliation differences for the month.This funding technique is interest neutral.

Payment Schedule - HUD (2)

The Department of Commerce electronically transmits voucher payment information to HUD via TRACSMail approximately four business days prior to the last business day of the month. HUD's Tenant Rental Assistance System (TRACS) compares the transmitted voucher information to HUD data on file. The voucher payment request, excluding any voucher and contract discrepancies identified in the comparison process, is then forwarded to the HUD payment funding system (LOCCS – Line of Credit Control System). On the last business day of the month, LOCCS sends an e-mail to the Department of Commerce regarding the HUD deposit scheduled for the first business day of the next month. The e-mail includes an estimated deposit date, dollar amount, and an attachment with individual contract payment detail. The Department of Commerce reconciles the voucher payment information transmitted to HUD to the LOCCS e-mail deposit total.

The Department of Commerce will then disburse housing assistance payments by EFT (Electronic Fund Transfer), so that the settlement date is the first business day of the month, except for the months of January and July.The settlement date will be the second business day of those months due to 1099 reporting (January) and fiscal year-end reporting (July).
This funding technique is interest neutral.

Reimbursable Funding (EFT)

The State shall request funds from the Department of Defense/National Guard Bureau (DoD/NGB) on the payment date of electronic fund transfer payments issued by the State. The request shall be made in accordance with the appropriate Federal agency cutoff 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 payment date. This funding technique is not interest neutral.

Direct Administrative Costs - Payroll Additive Rate

The State shall request funds for the payroll additive rate such that it is deposited on the dollar-weighted average date of clearance of payroll.The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The rate is used to allocate a cost for leave and benefits for Montana Department of Transportation personnel working on a federal project, and is a percentage of direct labor costs. It is charged to the project and billed to the Federal Government at the prorata established for the project. The costs will be included in each Tuesday billing and recorded in the direct administrative cost column of the annual interest liability spreadsheet.This funding technique is not interest neutral.

Direct Administrative Costs - Materials Test Rate

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The rate is a percentage of contractor payments at the Department of Transportation, and is used to recover the costs of the materials test lab. It is charged to the federal project and billed to the Federal Government at the prorata established for the project. The costs will be included in each Tuesday weekly billing, and recorded in the direct administrative cost column of the annual interest liability spreadsheet.This funding technique is not interest neutral.

Indirect Administrative Costs - Included in Every Federal Billing

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The indirect cost rate is applied to all project costs through the Cost Accounting Records Entry System (CARES) at the Department of Transportation. Through the billing process, indirect and direct costs recovered are identified. The indirect revenues are booked in the 02422 (State Special Revenue) fund where the indirect costs are incurred. In the 03 (Federal) funds,the direct and indirect expenditures are recognized. Indirect costs are included in every billing: Tuesday weekly and the month-end. The indirect administrative costs will be recorded in a separate column in the annual interest liability spreadsheet.
This funding technique is not interest neutral.

Modified Actual Clearance (ZBA - ACH)

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. Each day, the State will receive notification of the amount of EBT benefits and fee payments that processed the previous day, and the State's cash balance will be reduced by the amount of EBT payments processed. On the same day, the State will request that amount and receive and deposit the funds on the same day requested.This funding technique is interest neutral.

Actual Base - Monthly(2)

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The State shall request funds within the last two business days of the month or within the first two business days of the next month, such that they are deposited on the following business day. The amount of the request shall be determined by the month's actual costs. Cost allocation adjusting entries, if any, will be recorded weekly, on Monday. If there are adjusting entries, the funds will be reconciled, and the State will draw or return funds within two business days, based on reconciliation differences. This funding technique is interest neutral.This funding technique is interest neutral.

Reimbursable Funding (Direct Administrative Costs)

The State shall request funds for all direct administrative costs from the Department of Defense/National Guard Bureau (DoD/NGB) on the pay date of bi-weekly State payroll. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of funds requested shall be based on the amount of liabilities recorded for direct administrative costs since the last request for funds. This funding technique is not interest neutral.

Payment Schedule - HUD

The Department of Commerce completes monthly reports during the fiscal year. HUD (Housing and Urban Development) uses these monthly reports to calculate the amount of HAP (Housing Assistance Payments) and direct administrative costs needed by the State for the next fiscal year. HUD pays the calculated amount on the first business day of each month during the fiscal year.

The Department of Commerce will disburse the funds in the following manner:
(1) Payments to landlords by EFT (Electronic Fund Transfer) will be disbursed so that the settlement date is the first business day of the month.
(2) Payments to landlords by warrant will be issued on the first business day of the month. The warrant clearance pattern listed in Exhibit II will be used.
(3) Direct administrative costs will be recorded on the dollar-weighted average date of clearance of payroll.
(4) Indirect administrative costs will be recorded at the end of each month. The costs will be calculated using the indirect cost rate and actual salary expenditures for the month.This funding technique is interest neutral.

Drawdowns at Fixed Intervals - Weekly (2)

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The State shall request funds weekly on Wednesday such that they are deposited on the following business day. The amount of the request shall be based on the amount of actual cash outlays for direct and estimated indirect administrative costs during the prior week, Wednesday through Tuesday. The estimated indirect costs are based on the actual indirect costs of the month two months prior to the current month. At the end of the month, actual indirect costs for the prior month will be recorded, and the prior month's estimated costs reversed. The funds will be reconciled monthly after the cost allocation program has been run. The State will draw or return funds based on the reconciliation differences for the month.This funding technique is interest neutral.

Direct Administrative Costs - Motor Pool Rental

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The Department of Transportation establishes and charges Motor Pool rental rates to MDOT internal customers. The vehicles are used in the administration and oversight of federal projects by Department of Transportation staff. The rental costs will be recorded in the direct administrative cost column of the annual interest liability spreadsheet for Tuesday weekly billings, and included in the month-end billing spreadsheet column when costs are incurred in the month-end billing. Usually, the costs will be billed in the last Tuesday weekly billing for the month.

These transactions occur once a month, and are included in the FHWA billing once the transactions are edited and approved for the billing process. This is often done in the month-end billing, but can be included in weekly interim billing, whichever occurs first.This funding technique is not interest neutral.

Direct Administrative Costs - Equipment Rental

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The Department of Transportation establishes and charges rental rates for internal equipment vehicle use. The vehicles are used in the administration and oversight of the Federal projects by Department of Transportation staff, and will be included in the direct administrative cost column of the annual interest liability spreadsheet.

These transactions occur every two weeks after the payroll is processed, and are included in the Tuesday weekly billing, on a bi-weekly basis, once the transactions are edited and approved for the billing process.This funding technique is not interest neutral.

Average Clearance with Weekly Drawdown

The Department of Transportation shall request funds such that they are deposited in a State account in accordance with the combined warrant and EFT clearance patterns specified in Exhibit II (contractors - 1 day, vendors - 4 days). The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The Department of Transportation CARES system is used along with their billing voucher system to accumulate the costs on each project. The costs are run through the billing voucher system on a weekly basis. This system allocates the costs to the specific projects and determines the federal portion of each project.

Contractor payments are generally issued twice monthly on the Friday closest to the 15th and the 25th. Both warrants and EFT payments have a Monday issue date. Contractor payments represent roughly 58% of total payout. Vendor payments are made daily throughout the week and represent roughly 15% of the total payout.

Wednesday represents the dollar-weighted average day of clearance for contractor EFT payments, vendor warrant payments, and vendor EFT payments. Tuesday represents the dollar-weighted average day of clearance for contractor warrant payments. Because vendor payments (warrant and EFT) are disbursed daily, and are not disproportionately weighted on any particular day or part of the week, the dollar-weighted average day of clearance for vendor payments issued Wednesday through Tuesday of each week shall be determined by applying a Thursday issue date to all vendor payments (adding four business days for the vendor clearance pattern makes Wednesday of the next week the dollar-weighted average clearance day).

The Department of Transportation shall request funds on Tuesday of each week and shall receive those funds from the federal government on the following day (Wednesday). Billings totaling less than $10,000 will not be processed, as the federal government's Rapid Approval and State Payment System (RASPS) will not generate a payment for amounts less than $10,000.This funding technique is not interest neutral.

Drawdowns at Fixed Intervals - Weekly

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The State shall request funds weekly on Wednesday such that they are deposited on the following business day. The amount of the request shall be based on the amount of actual cash outlays for direct and indirect administrative costs during the prior week, Wednesday through Tuesday.This funding technique is interest neutral.

Modified Actual Clearance (ZBA - ACH) (2)

The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. On the first day of the fiscal year, the State will draw down the amount clearing the State's bank account on June 30 of the prior fiscal year plus the average daily clearance amount (based on the average over the last year). Therefore, the State will request the actual amount that clears each day for deposit the following day. This shifts the draw down process from being one day in arrears based on actual, to being same day based on the daily average, adjusted to reflect the difference between the average and what actually cleared the previous day.

Monthly rebates received by the Department of Public Health and Human Services will be liquidated prior to federal funds being requested.This funding technique is interest neutral.

6.3 Application of Funding Techniques to Programs

6.3.1 The State shall apply the following funding techniques when requesting Federal funds for the component cash flows of the programs listed in sections 4.2 and 4.3 of this Agreement.

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.551 Supplemental Nutrition Assistance Program
Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 100
Component: EBT
Technique: Modified Actual Clearance (ZBA - ACH)
Clearance Pattern: N/A

10.555 National School Lunch Program
Recipient: Office of Public Instruction
% of Funds Agency Receives: 1
Component: Benefits Paid by Warrant
Technique: Average Clearance
Clearance Pattern: 5 Days

Recipient: Office of Public Instruction
% of Funds Agency Receives: 99
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

12.401 National Guard Military Operations and Maintenance (O&M) Projects
Recipient: Department of Military Affairs
% of Funds Agency Receives: 40
Component: Construction Project Payments - Warrant
Technique: Reimbursable Funding (Warrants)
Clearance Pattern: 6 Days

Recipient: Department of Military Affairs
% of Funds Agency Receives: 2
Component: Direct Administrative Costs
Technique: Reimbursable Funding (Direct Administrative Costs)
Clearance Pattern: N/A

Recipient: Department of Military Affairs
% of Funds Agency Receives: 1
Component: Construction Project Payments - Electronic Fund Transfer
Technique: Reimbursable Funding (EFT)
Clearance Pattern: N/A

Recipient: Department of Military Affairs
% of Funds Agency Receives: 56
Component: Operations and Maintenance - Warrant
Technique: Reimbursable Funding (Warrants)
Clearance Pattern: 4 Days

Recipient: Department of Military Affairs
% of Funds Agency Receives: 1
Component: Operations and Maintenance - Electronic Fund Transfer
Technique: Reimbursable Funding (EFT)
Clearance Pattern: N/A

14.195 Section 8 Housing
Recipient: Department of Commerce
% of Funds Agency Receives: 100
Component: Payments to Landlords by Electronic Fund Transfer
Technique: Payment Schedule - HUD (2)
Clearance Pattern: N/A

14.871 Section 8 Housing Choice Vouchers
Recipient: Department of Commerce
% of Funds Agency Receives: 15
Component: Payments to Landlords by Electronic Fund Transfer
Technique: Payment Schedule - HUD
Clearance Pattern: N/A

Recipient: Department of Commerce
% of Funds Agency Receives: 4
Component: Direct Administrative Costs
Technique: Payment Schedule - HUD
Clearance Pattern: N/A

Recipient: Department of Commerce
% of Funds Agency Receives: 80
Component: Payments to Landlords by Warrant

Technique: Payment Schedule - HUD
Clearance Pattern: 5 Days

Recipient: Department of Commerce
% of Funds Agency Receives: 1
Component: Indirect Administrative Costs
Technique: Payment Schedule - HUD
Clearance Pattern: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Labor and Industry
% of Funds Agency Receives: 49
Component: Benefits Paid by Warrant
Technique: Estimated Clearance
Clearance Pattern: N/A

Recipient: Department of Labor and Industry
% of Funds Agency Receives: 1
Component: Direct Administrative Costs - Warrant Payments
Technique: Drawdowns at Fixed Intervals - Weekly
Clearance Pattern: N/A

Recipient: Department of Labor and Industry
% of Funds Agency Receives: 1
Component: Direct Administrative Costs - Electronic Transfers
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

Recipient: Department of Labor and Industry
% of Funds Agency Receives: 49
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Labor and Industry
% of Funds Agency Receives: 50
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

Recipient: Department of Labor and Industry
% of Funds Agency Receives: 50
Component: Benefits Paid by Warrant
Technique: Estimated Clearance
Clearance Pattern: N/A

20.205 Highway Planning and Construction
Recipient: Department of Transportation
% of Funds Agency Receives: 0
Component: Direct Administrative Costs - Motor Pool Rental
Technique: Direct Administrative Costs - Motor Pool Rental
Clearance Pattern: N/A

Recipient: Department of Transportation
% of Funds Agency Receives: 1
Component: Direct Administrative Costs - Materials Test Rate
Technique: Direct Administrative Costs - Materials Test Rate
Clearance Pattern: N/A

Recipient: Department of Transportation
% of Funds Agency Receives: 12
Component: Indirect Administrative Costs - Included in Every Federal Billing
Technique: Indirect Administrative Costs - Included in Every Federal Billing
Clearance Pattern: N/A

Recipient: Department of Transportation

% of Funds Agency Receives: 3
Component: Direct Administrative Costs - Payroll Additive Rate
Technique: Direct Administrative Costs - Payroll Additive Rate
Clearance Pattern: N/A

Recipient: Department of Transportation
% of Funds Agency Receives: 2
Component: Contractor Payments Paid by Electronic Fund Transfer
Technique: Average Clearance with Weekly Drawdown
Clearance Pattern: N/A

Recipient: Department of Transportation
% of Funds Agency Receives: 75
Component: Contractor, Vendor Payments Paid by Warrant
Technique: Average Clearance with Weekly Drawdown
Clearance Pattern: N/A

Recipient: Department of Transportation
% of Funds Agency Receives: 5
Component: Direct Administrative Costs - Equipment Rental
Technique: Direct Administrative Costs - Equipment Rental
Clearance Pattern: N/A

84.010 Title I Grants to Local Educational Agencies
Recipient: Office of Public Instruction
% of Funds Agency Receives: 1
Component: Benefits Paid by Warrant
Technique: Average Clearance
Clearance Pattern: 5 Days

Recipient: Office of Public Instruction
% of Funds Agency Receives: 1
Component: Indirect Administrative Costs
Technique: Actual Base - Monthly(2)
Clearance Pattern: N/A

Recipient: Office of Public Instruction
% of Funds Agency Receives: 2
Component: Direct Administrative Costs
Technique: Direct Administrative Costs - Drawdowns on a Payroll Cycle
Clearance Pattern: N/A

Recipient: Office of Public Instruction
% of Funds Agency Receives: 96
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

84.027 Special Education -- Grants to States
Recipient: Office of Public Instruction
% of Funds Agency Receives: 1
Component: Benefits Paid by Warrant
Technique: Average Clearance
Clearance Pattern: 4 Days

Recipient: Office of Public Instruction
% of Funds Agency Receives: 1
Component: Indirect Administrative Costs
Technique: Actual Base - Monthly(2)
Clearance Pattern: N/A

Recipient: Office of Public Instruction
% of Funds Agency Receives: 2
Component: Direct Administrative Costs
Technique: Direct Administrative Costs - Drawdowns on a Payroll Cycle
Clearance Pattern: N/A

Recipient: Office of Public Instruction
% of Funds Agency Receives: 96

Component: Benefits Paid by Electronic Fund Tranfer
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

93.558 Temporary Assistance for Needy Families
Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 1
Component: Indirect Administrative Costs
Technique: Drawdowns at Fixed Intervals - Daily
Clearance Pattern: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 6
Component: EBT Benefits
Technique: Modified Actual Clearance (ZBA - ACH)
Clearance Pattern: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 2
Component: Program Costs - Other
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Clearance Pattern: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 6
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 85
Component: Benefits Paid by Warrant
Technique: Average Clearance
Clearance Pattern: 4 Days

93.568 Low-Income Home Energy Assistance
Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 1
Component: Indirect Administrative Costs
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Clearance Pattern: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 6
Component: Direct Adminstrative Costs
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Clearance Pattern: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 53
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 40
Component: Benefits Paid by Warrant
Technique: Average Clearance
Clearance Pattern: 4 Days

93.767 Children's Health Insurance Program
Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 97
Component: Benefits Paid by Warrant
Technique: Average Clearance
Clearance Pattern: 2 Days

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 1
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 1
Component: Direct Administrative Costs
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Clearance Pattern: N/A

93.778 Medical Assistance Program
Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 59
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 39
Component: Benefits Paid by Warrant
Technique: Average Clearance
Clearance Pattern: 8 Days

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 1
Component: Direct Administrative Costs
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Clearance Pattern: N/A

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

No exemptions.

7.0 CLEARANCE PATTERNS

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

The State shall develop separate clearance patterns for the Statewide Payroll and for each program and separate functions within specific programs listed in sections 4.2 and 4.3 (any interest exempted program) of this Agreement.

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

The Department of Administration shall develop the State's clearance patterns.

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

The data utilized in the development of clearance patterns for comes from SABHRS (Statewide Accounting, Budget and Human Resource System). The System is administered by the SABHRS Services Bureau of the State Accounting Division within the Department of Administration.

7.4 The State shall use the following methodology when developing its clearance patterns:

When developing each clearance pattern, the State shall track at least 99% of the funds disbursed, from issuance to clearance, for a period of at least three months.

7.5 The State shall identify for each check or warrant (hereafter, check) in the population: (1) the date the check was released for payment; (2) the date the check was debited from the State's account, and, (3) the amount of the check.

7.6 The State shall use the following method to calculate the dollar-weighted average day of clearance:

To determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from the date the check cleared the State's account.

To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account

each day shall be summed and then divided by the amount of the total disbursement.

For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor.

The dollar-weighted average day of clearance for the disbursement shall be determined by summing the clearance factor of each day following the disbursement.

7.7 The State shall adjust each clearance pattern to reflect the dollar-weighted proportion of funds paid out by EFT/Direct payroll, with the following exceptions:

No exceptions.

The State shall also adjust each clearance pattern to reflect:

No exceptions.

7.8 Each of the State's clearance patterns is calculated in business 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 FMS 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

8.1.1 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:

Average Clearance
Estimated Clearance
Actual Clearance, ZBA - ACH
Direct Administrative Costs - Drawdowns on a Payroll Cycle
Modified Actual Clearance (ZBA - ACH) (2)
Drawdowns at Fixed Intervals - Daily
Payment Schedule - HUD (2)
Modified Actual Clearance (ZBA - ACH)
Actual Base - Monthly(2)
Payment Schedule - HUD
Drawdowns at Fixed Intervals - Weekly (2)
Drawdowns at Fixed Intervals - Weekly

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:

1. Actual Activity

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.

2. Estimated Clearance

For all transactions where the State pays out its own funds for a program prior to receiving Federal funds, the State shall compare the daily clearance pattern, as specified in Exhibit II, to the date Federal funds are credited to a State Account. The Federal interest liability shall be based on the difference in whole days between the estimated clearance of State funds and the actual deposit of Federal funds. With Federal-

State matching programs, interest shall be calculated on the Federal percentage of the disbursement.

3.Average Clearance

For all transactions where the State pays out its own funds for program purposes prior to receiving Federal funds, the Federal interest liability shall be based on the difference in whole days between the average date of clearance for the disbursement, as specified in Exhibit II, and the date the related Federal funds are credited to State account. With Federal-State matching programs, interest shall be calculated on the Federal percentage of the disbursement.

4. Other Payment Schedules

For all other transactions where the State pays out its own funds for program purposes prior to receiving Federal funds, the Federal interest liability shall be based on the difference in whole days between the date the related Federal funds should have been credited to the State as specified in Section 6 of this Agreement and the date they were actually credited to a State account. With Federal-State matching programs, interest shall be calculated on the Federal percentage of the disbursement.

The State draw process is validated by the spreadsheet calculations prepared and filed with the Annual report.

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:

There are no interest earnings on funds withdrawn from the State account, as the State has implemented the estimated clearance funding technique, an interest-neutral funding technique, for such transfers. For transfers of funds from the State account in the UTF that do not follow the technique specified in section 6.2 and result in a positive balance of funds in a State account, the State's liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings of the benefit payment account attributed to such funds less the related banking costs attributed to such funds.

8.4 Refund Liabilities

8.4.1 The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes. The State shall apply a $50,000 refund transaction threshold below which the State shall not incur or calculate interest liabilities on refunds. A transaction is defined as a single deposit.

8.4.2 For each refund, the State shall maintain information identifying:
(1) date a refund is credited to a State account
(2) date of the subsequent deposit of Federal funds against which the refund is offset
(3) amount of the refund

8.4.3 The State shall use the following methodology to calculate interest liabilities on refunds:

With programs to which the following interest neutral funding techniques are applied, the State interest liability shall be based on the difference in whole days between the date the refund is deposited in a State account and the date the refund is offset against a subsequent deposit of Federal funds: Actual Clearance (ZBA-ACH), Modified Actual Clearance (ZBA-ACH), Estimated Clearance, Fixed Administrative Allowances - BiWeekly Payroll, Drawdowns on a Payroll Cycle, Drawdowns at Fixed Intervals - Weekly, and Specified Payment Schedules.

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:

8.6.3 Measuring Time Funds Are Held

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

For programs using non-interest neutral Payment Schedules funding techniques where Federal funds are received and credited to a State's

account before the date those funds are debited from the State's account, the State interest liability shall be based on the difference in whole days between the date the Federal funds are received and credited to a State's account and the date those related State funds are debited from the State's account as specified in Section 6.2.4 (non-interest neutral Payment Schedules funding techniques) of this Agreement. With Federal-State matching programs, interest shall be calculated on the State percentage of the disbursement.

8.6.4 Source of Data

The time period from the date Federal funds are credited to the State's account to the date of clearance shall be determined from information captured by the Department of Administration from the agency administering the program.

8.6.5 Standards Applied

The average daily cash balance of Federal funds in the program's account reflects the actual activity of each draw from the date of deposit to the date of clearance.

8.6.6 Calculation Procedure

I = AD x R x T/365, where

I = State's interest liability

AD = Actual dollar amount of Federal funds credited to State's account

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

T = Number of days from credit of Federal funds to State's account to date of clearance or payout as determined by the appropriate clearance pattern in Exhibit II or the payout schedule specified in section 6 of this Agreement.

9.0 Reverse Flow Programs

State Exempt - Non-Participation
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:

Costs of calculating interest, including the cost of developing and maintaining clearance patterns in support of interest calculations.

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

Paul Christofferson
Administrator
State Accounting Division
Department of Administration

Signature: _____ Date Signed: 6/28/2011

Kristine S. Conrath
Assistant Commissioner
Federal Finance
Financial Management Service
U.S. Department of the Treasury

Signature: _____ Date Signed: 6/30/2011

Exhibit I - Funds Request and Receipt Times Schedule
The State of Montana

Federal Agency	Payment Type	Request Cut-Off Time	Receipt Window
Agriculture - FS	ACH	3:00 pm, EST	Next Day
Agriculture - FNS	ACH	11:59 pm, EST	Next Day
	Fedwire	5:45 pm, EST	Same Day
Commerce - NOAA	ACH	2:00 pm, EST	Next Day
Education	ACH	3:00 pm, EST	Next Day
	Fedwire	2:00 pm, EST	Same Day
Energy	ACH	4:00 pm, EST	Next Day
	Fedwire	3:00 pm, EST	Same Day
EPA	ACH	2:00 pm, EST	Two Days
	Fedwire	2:00 pm, EST	Same Day
HHS	ACH	6:30 pm, EST	Next Day
	Fedwire	3:00 pm, EST	Same Day
HUD	ACH	6:00 pm, EST	Two Days
	Fedwire	3:00 pm, EST	Same Day
Interior - FWS	ACH	6:30 pm, EST	Next Day
Interior - OSM	ACH	11:59 pm, EST	Next Day
	Fedwire	5:45 pm, EST	Same Day
Justice - OJP	Fedwire	2:00 pm, EST	Two Days
Labor - UTF	ACH/Fedwire	3:00 pm, EST/3:00 pm, EST	Next Day/Same Day
Labor - Non-UTF	ACH	3:00 pm, EST	Next Day
National Science Foundation (NSF)	ACH	8:00 pm, EST	Next Day
	Fedwire	2:30 pm, EST	Same Day
Social Security Administration	ACH	11:59 pm, EST	Next Day
	Fedwire	5:45 pm, EST	Same Day
Transportation (FTA)	ACH	12:00 Noon, EST	Next Day
Transportation (FAA)	ACH	2:00 pm, EST	Next Day
Transportation (FHWA)	ACH/Fedwire	12:00 Noon, EST/12:00 Noon, EST	Three Days/Same Day
Veterans Affairs	ACH	12:00 Noon, EST	Three Days
Army National Guard	ACH	12:00 Noon, EST	15 Days
Air National Guard	ACH	12:00 Noon, EST	15 Days
Homeland Security - FEMA	ACH	7:30 pm, EST	Next Day
Homeland Security - TSA	Fedwire	2:00 pm, EST	Same Day
Homeland Security - OPO/GFAD			
Interior - OIA	ACH	10:00 am, MST	Two Days
	Fedwire	10:00 am, MST	Two Days

Exhibit II - The State of Montana
LIST OF STATE CLEARANCE TIMES
(Rounded Dollar-Weighted Average Day of Clearance)
Clearance Times Where the Timing of A Draw Down Is Based on A Clearance Pattern

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
10.551	Supplemental Nutrition Assistance Program	Department of Public Health and Human Services	100	EBT	Modified Actual Clearance (ZBA - ACH)	N/A
10.555	National School Lunch Program	Office of Public Instruction	1	Benefits Paid by Warrant	Average Clearance	5 Days
10.555	National School Lunch Program	Office of Public Instruction	99	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	N/A
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Department of Military Affairs	40	Construction Project Payments - Warrant	Reimbursable Funding (Warrants)	6 Days
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Department of Military Affairs	2	Direct Administrative Costs	Reimbursable Funding (Direct Administrative Costs)	N/A
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Department of Military Affairs	1	Construction Project Payments - Electronic Fund Transfer	Reimbursable Funding (EFT)	N/A
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Department of Military Affairs	56	Operations and Maintenance - Warrant	Reimbursable Funding (Warrants)	4 Days
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Department of Military Affairs	1	Operations and Maintenance - Electronic Fund Transfer	Reimbursable Funding (EFT)	N/A
14.195	Section 8 Housing	Department of Commerce	100	Payments to Landlords by Electronic Fund Transfer	Payment Schedule - HUD (2)	N/A
14.871	Section 8 Housing Choice Vouchers	Department of Commerce	15	Payments to Landlords by Electronic Fund Transfer	Payment Schedule - HUD	N/A
14.871	Section 8 Housing Choice Vouchers	Department of Commerce	4	Direct Administrative Costs	Payment Schedule - HUD	N/A
14.871	Section 8 Housing Choice Vouchers	Department of Commerce	80	Payments to Landlords by Warrant	Payment Schedule - HUD	5 Days
14.871	Section 8 Housing Choice Vouchers	Department of Commerce	1	Indirect Administrative Costs	Payment Schedule - HUD	N/A
17.225	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industry	49	Benefits Paid by Warrant	Estimated Clearance	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
17.225	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industry	1	Direct Administrative Costs - Warrant Payments	Drawdowns at Fixed Intervals - Weekly	N/A
17.225	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industry	1	Direct Administrative Costs - Electronic Transfers	Actual Clearance, ZBA - ACH	N/A
17.225	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industry	49	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	N/A
17.225	Unemployment Insurance -- State Benefit Account	Department of Labor and Industry	50	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	N/A
17.225	Unemployment Insurance -- State Benefit Account	Department of Labor and Industry	50	Benefits Paid by Warrant	Estimated Clearance	N/A
20.205	Highway Planning and Construction	Department of Transportation	0	Direct Administrative Costs - Motor Pool Rental	Direct Administrative Costs - Motor Pool Rental	N/A
20.205	Highway Planning and Construction	Department of Transportation	1	Direct Administrative Costs - Materials Test Rate	Direct Administrative Costs - Materials Test Rate	N/A
20.205	Highway Planning and Construction	Department of Transportation	12	Indirect Administrative Costs - Included in Every Federal Billing	Indirect Administrative Costs - Included in Every Federal Billing	N/A
20.205	Highway Planning and Construction	Department of Transportation	3	Direct Administrative Costs - Payroll Additive Rate	Direct Administrative Costs - Payroll Additive Rate	N/A
20.205	Highway Planning and Construction	Department of Transportation	2	Contractor Payments Paid by Electronic Fund Transfer	Average Clearance with Weekly Drawdown	N/A
20.205	Highway Planning and Construction	Department of Transportation	75	Contractor, Vendor Payments Paid by Warrant	Average Clearance with Weekly Drawdown	N/A
20.205	Highway Planning and Construction	Department of Transportation	5	Direct Administrative Costs - Equipment Rental	Direct Administrative Costs - Equipment Rental	N/A
84.010	Title I Grants to Local Educational Agencies	Office of Public Instruction	1	Benefits Paid by Warrant	Average Clearance	5 Days

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
84.010	Title I Grants to Local Educational Agencies	Office of Public Instruction	1	Indirect Administrative Costs	Actual Base - Monthly(2)	N/A
84.010	Title I Grants to Local Educational Agencies	Office of Public Instruction	2	Direct Administrative Costs	Direct Administrative Costs - Drawdowns on a Payroll Cycle	N/A
84.010	Title I Grants to Local Educational Agencies	Office of Public Instruction	96	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	N/A
84.027	Special Education -- Grants to States	Office of Public Instruction	1	Benefits Paid by Warrant	Average Clearance	4 Days
84.027	Special Education -- Grants to States	Office of Public Instruction	1	Indirect Administrative Costs	Actual Base - Monthly(2)	N/A
84.027	Special Education -- Grants to States	Office of Public Instruction	2	Direct Administrative Costs	Direct Administrative Costs - Drawdowns on a Payroll Cycle	N/A
84.027	Special Education -- Grants to States	Office of Public Instruction	96	Benefits Paid by Electronic Fund Tranfer	Actual Clearance, ZBA - ACH	N/A
93.558	Temporary Assistance for Needy Families	Department of Public Health and Human Services	1	Indirect Administrative Costs	Drawdowns at Fixed Intervals - Daily	N/A
93.558	Temporary Assistance for Needy Families	Department of Public Health and Human Services	6	EBT Benefits	Modified Actual Clearance (ZBA - ACH)	N/A
93.558	Temporary Assistance for Needy Families	Department of Public Health and Human Services	2	Program Costs - Other	Drawdowns at Fixed Intervals - Weekly (2)	N/A
93.558	Temporary Assistance for Needy Families	Department of Public Health and Human Services	6	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	N/A
93.558	Temporary Assistance for Needy Families	Department of Public Health and Human Services	85	Benefits Paid by Warrant	Average Clearance	4 Days
93.568	Low-Income Home Energy Assistance	Department of Public Health and Human Services	1	Indirect Administrative Costs	Drawdowns at Fixed Intervals - Weekly (2)	N/A
93.568	Low-Income Home Energy Assistance	Department of Public Health and Human Services	6	Direct Adminstrative Costs	Drawdowns at Fixed Intervals - Weekly (2)	N/A
93.568	Low-Income Home Energy Assistance	Department of Public Health and Human Services	53	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	N/A
93.568	Low-Income Home Energy Assistance	Department of Public Health and Human Services	40	Benefits Paid by Warrant	Average Clearance	4 Days

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
93.767	Children's Health Insurance Program	Department of Public Health and Human Services	97	Benefits Paid by Warrant	Average Clearance	2 Days
93.767	Children's Health Insurance Program	Department of Public Health and Human Services	1	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	N/A
93.767	Children's Health Insurance Program	Department of Public Health and Human Services	1	Direct Administrative Costs	Drawdowns at Fixed Intervals - Weekly (2)	N/A
93.778	Medical Assistance Program	Department of Public Health and Human Services	59	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	N/A
93.778	Medical Assistance Program	Department of Public Health and Human Services	39	Benefits Paid by Warrant	Average Clearance	8 Days
93.778	Medical Assistance Program	Department of Public Health and Human Services	1	Direct Administrative Costs	Drawdowns at Fixed Intervals - Weekly (2)	N/A

I hereby certify that an authorized State official has certified at least every five years that the "Rounded Days of Clearance" listed in Exhibit 2 of this Treasury-State Agreement:

1. Have been prepared in accordance with the standards provided in 31 CFR 205.20;

2. Accurately represent the flow of Federal funds under the Federal assistance programs to which they apply;

3. Reflect seasonal or other periodic variations in the clearance activities; and,

4. Are auditable.

Date: 6/28/2011

Printed Name: Paul Christofferson

Certifying Signature: Paul Christofferson

Title: State Accounting Div. Administrator

Clearance Pattern – Estimated Clearance (Warrants)
CFDA 17.225 – Unemployment Insurance
Agency 66020 – Department of Labor and Industry

Day After Issuance	Percentage of Issuance
1	14.16%
2	33.70%
3	22.22%
4	13.07%
5	5.97%
6	2.73%
7	1.81%
8	1.42%
9	0.97%
10	0.69%
11	0.53%
12	0.46%
13	0.38%
14	0.25%
15	0.24%
16	0.16%
17	0.14%
18	0.13%
19 or greater	0.97%

Certified as to accuracy by:

Name

Administrator, State Accounting Division
Title

6/28/2011
Date

Effective fiscal year 2012