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 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 State Accountant of the State Financial Services Division, Department of Administration in all matters concerning this Agreement.

1.2 The Assistant Commissioner, Revenue Collections Management, Bureau of the Fiscal Service (Fiscal Service), U.S. Department of the Treasury, shall act as the Secretary's representative in all matters concerning this Agreement.

2.0 AUTHORITY

2.1 The authority for this Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 1992 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

2.2 The regulations codified at 31 CFR Part 205 shall apply to all matters pertaining to this Agreement, and are incorporated herein by reference. In the event of any inconsistency between this Agreement and 31 CFR Part 205, the regulations shall govern.

3.0 DURATION, AMENDING, TERMINATING, AND MISCELLANEOUS PROVISIONS

3.1 This Agreement shall take effect on 07/01/2017 and shall remain in effect until 06/30/2018.

3.2 This Agreement may be amended at any time by written, mutual consent of the State and the Fiscal Service. This Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify the Fiscal Service in writing within 30 days of the time the State becomes aware of a change that involves additions or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns. The notification must include a proposed amendment for review by the Fiscal Service.

3.3 Notwithstanding section 3.2, in the event of Federal or State non-compliance with Subpart B of 31 CFR, Part 205, the Fiscal Service may amend this Agreement at any time to incorporate additional programs and the entities that administer those programs.

3.4 This Agreement may be terminated by either party with 30 days written notice. If this Agreement is terminated, the Fiscal Service will prescribe the funding techniques, clearance patterns, and methods for calculating interest liabilities to be used by the State.

4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on the State's most recent Schedule of Expenditures of Federal Awards for fiscal year ending 06/30/2016.

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 2016: $2,542,786,526 Percentage assigned by Fiscal 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 2018 = $2,542,786,526 X .006 = $15,256,719
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 Fiscal Service 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% = $15,256,719 Program coverage: 16 out of 343 programs = 4.66%

Threshold calculated using 0.3% = $7,628,360
Program coverage: 33 out of 343 programs = 9.62%

Program coverage difference: 9.62% - 4.66% = 4.96% (less than 10%)

According to the federal regulations, the threshold of $15,256,719 is an allowable threshold.

4.2 The State's threshold for major Federal assistance programs is $15,256,719.

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

10.551 Supplemental Nutrition Assistance Program
10.555 National School Lunch Program
12.401 National Guard Military Operations and Maintenance (O&M) Projects
14.195 Section 8 Housing
14.871 Section 8 Housing Choice Vouchers
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S 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 Children's Health Insurance Program
93.778 Medical Assistance Program

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

There are currently no programs listed for Section 4.3.

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

10.665 Schools and Roads -- Grants to States --- Exclusion:Federal Statute - Full Exemption
12.400 Military Construction, National Guard --- Exclusion:Discontinued
84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States --- Exclusion:Discontinued

5.0 ENTITIES COVERED

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

Department of 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 the Section 4.0 of this Agreement:

There are currently no fiscal agencies listed for Section 5.2.

6.0 FUNDING TECHNIQUES

6.1 General Terms

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

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

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

Federal funds is scheduled for deposit on a day when the Federal Government is not open for business, the State shall request funds for deposit the day prior to the scheduled day.

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

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

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

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

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

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

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

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

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

quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

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

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

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

6.2 Description of Funding Techniques

6.2.1 The following are terms under which standard funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Actual Clearance, ZBA - ACH

The State shall request funds such that they are deposited by ACH in a State account on the settlement date of payments issued by the State. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the amount of funds that clear the State's account on the settlement date. This funding technique is interest neutral.

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 in a State account in accordance with the clearance pattern specified in Exhibit II - EC (Estimated Clearance). The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of each request will be a percentage of the disbursement, according to the State's clearance pattern specified in Exhibit II - EC. This funding technique is interest neutral.

6.2.2 The following are terms under which funding techniques for administrative costs shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

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 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.3

6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

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.

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.

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.

Drawdowns at Fixed Intervals - Weekly (3)

The Department of Transportation shall submit a weekly invoice for all program costs and payments. There maybe instances that require MDT to draw more than once within a week (i.e. month-end closing or large dollar payments that cannot wait until the next weekly draw). The request of the funds shall be made in accordance with the appropriate Federal agency cut-off time in Exhibit I to the extent practical. The amount of the request shall be the amount of actual costs and payments incurred since the last request for funds. This funding technique is interest neutral.

Drawdowns at Fixed Intervals - Weekly (4)

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 date of receipt from the appropriate Federal Agency. The amount of the request shall be based on the amount of actual program costs incurred during the prior week, Wednesday through Tuesday. This funding technique is 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.

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 within the first five business day of the month and the 15th day of the month or the closest working date after the 15th.
(2) Payments to landlords by warrant will be issued within the first five business day of the month and the 15th day of the month or the closest working date to the 15th. Emergency warrants will be considered and settled on a case by case basis. 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.

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 (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.

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.

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.

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: 100.00
Component: EBT
Technique: Modified Actual Clearance (ZBA - ACH)
Average Day of Clearance: N/A

10.555 National School Lunch Program
Recipient: Office of Public Instruction
% of Funds Agency Receives: 100.00
Component: Benefits Paid by Electronic Fund Transfer
Technique: Drawdowns at Fixed Intervals - Weekly (4)
Average Day of Clearance: N/A

12.401 National Guard Military Operations and Maintenance (O&M) Projects
Recipient: Department of Military Affairs
% of Funds Agency Receives: 2.00
Component: Direct Administrative Costs
Technique: Reimbursable Funding (Direct Administrative Costs)
Average Day of Clearance: N/A

Recipient: Department of Military Affairs
% of Funds Agency Receives: 78.00
Component: Construction & O&M- Electronic Fund Transfer
Technique: Reimbursable Funding (EFT)

Average Day of Clearance: N/A

Recipient: Department of Military Affairs
% of Funds Agency Receives: 20.00
Component: Construction - O & M Payments - Warrant
Technique: Reimbursable Funding (Warrants)
Average Day of Clearance: 5 Days

14.195 Section 8 Housing
Recipient: Department of Commerce
% of Funds Agency Receives: 100.00
Component: Payments to Landlords by Electronic Fund Transfer
Technique: Payment Schedule - HUD (2)
Average Day of Clearance: N/A

14.871 Section 8 Housing Choice Vouchers
Recipient: Department of Commerce
% of Funds Agency Receives: 80.00
Component: Payments to Landlords by Warrant
Technique: Payment Schedule - HUD
Average Day of Clearance: 5 Days

Recipient: Department of Commerce
% of Funds Agency Receives: 4.00
Component: Direct Administrative Costs
Technique: Payment Schedule - HUD
Average Day of Clearance: N/A

Recipient: Department of Commerce
% of Funds Agency Receives: 1.00
Component: Indirect Administrative Costs
Technique: Payment Schedule - HUD
Average Day of Clearance: N/A

Recipient: Department of Commerce
% of Funds Agency Receives: 15.00
Component: Payments to Landlords by Electronic Fund Transfer
Technique: Payment Schedule - HUD
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Labor and Industry
% of Funds Agency Receives: 49.00
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Labor and Industry
% of Funds Agency Receives: 1.00
Component: Direct Administrative Costs - Electronic Transfers
Technique: Drawdowns at Fixed Intervals - Weekly
Average Day of Clearance: N/A

Recipient: Department of Labor and Industry
% of Funds Agency Receives: 1.00
Component: Direct Administrative Costs - Warrant Payments
Technique: Drawdowns at Fixed Intervals - Weekly
Average Day of Clearance: N/A

Recipient: Department of Labor and Industry
% of Funds Agency Receives: 49.00
Component: Benefits Paid by Warrant
Technique: Estimated Clearance
Average Day of Clearance: N/A

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Labor and Industry
% of Funds Agency Receives: 50.00
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Labor and Industry
% of Funds Agency Receives: 50.00
Component: Benefits Paid by Warrant
Technique: Estimated Clearance
Average Day of Clearance: N/A

20.205 Highway Planning and Construction
Recipient: Department of Transportation
% of Funds Agency Receives: 100.00
Component: All program costs
Technique: Drawdowns at Fixed Intervals - Weekly (3)
Average Day of Clearance: N/A

84.010 Title I Grants to Local Educational Agencies
Recipient: Office of Public Instruction
% of Funds Agency Receives: 100.00
Component: Admin Costs, Benefits Paid by Electronic Fund Transfer
Technique: Drawdowns at Fixed Intervals - Weekly (4)
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: Office of Public Instruction
% of Funds Agency Receives: 100.00
Component: Admin Costs, Benefits Paid by Electronic Fund Tranfer
Technique: Drawdowns at Fixed Intervals - Weekly (4)
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 6.00
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 85.00
Component: Benefits Paid by Warrant
Technique: Average Clearance
Average Day of Clearance: 4 Days

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 1.00
Component: Indirect Administrative Costs
Technique: Drawdowns at Fixed Intervals - Daily
Average Day of Clearance: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 2.00
Component: Program Costs - Other
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Average Day of Clearance: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 6.00
Component: EBT Benefits
Technique: Modified Actual Clearance (ZBA - ACH)
Average Day of Clearance: N/A

93.568 Low-Income Home Energy Assistance
Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 53.00
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Public Health and Human Services

% of Funds Agency Receives: 40.00
Component: Benefits Paid by Warrant
Technique: Average Clearance
Average Day of Clearance: 5 Days

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 6.00
Component: Direct Adminstrative Costs
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Average Day of Clearance: N/A

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 1.00
Component: Indirect Administrative Costs
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Average Day of Clearance: N/A

93.767 Children's Health Insurance Program
Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 94.00
Component: Benefits Paid by Electronic Fund Transfer
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 3.00
Component: Indirect Administrative Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 1.00
Component: Benefits Paid by Warrant
Technique: Average Clearance
Average Day of Clearance: 3 Days

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 2.00
Component: Direct Administrative Costs
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Average Day of Clearance: N/A

93.778 Medical Assistance Program
Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 81.00
Component: Benefits Paid by Electronic Fund Transfer

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

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 4.00
Component: Indirect Administrative Costs
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 7.00
Component: Benefits Paid by Warrant
Technique: Average Clearance
Average Day of Clearance: 8 Days

Recipient: Department of Public Health and Human Services
% of Funds Agency Receives: 8.00
Component: Direct Administrative Costs
Technique: Drawdowns at Fixed Intervals - Weekly (2)
Average Day of Clearance: 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 Financial Services Technology Bureau of the State Financial Services 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 the Fiscal Service prior to the effective date of the Agreement. The State shall recertify its clearance patterns at least every five years.

7.10 The State shall follow the procedures of 31 CFR 205 if it has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity.

8.0 INTEREST CALCULATION METHODOLOGY

8.1 General Terms

8.1.1 The State and the Secretary agree that no interest liabilities will be incurred for transfers of funds made in accordance with the procedures specified in section 6 of this Agreement where the following funding techniques are applied:

Actual Clearance, ZBA - ACH
Average Clearance
Drawdowns at Fixed Intervals - Daily
Drawdowns at Fixed Intervals - Weekly
Drawdowns at Fixed Intervals - Weekly (2)
Drawdowns at Fixed Intervals - Weekly (3)
Drawdowns at Fixed Intervals - Weekly (4)
Estimated Clearance
Modified Actual Clearance (ZBA - ACH)

Payment Schedule - HUD
Payment Schedule - HUD (2)

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, 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:

8.6.2.1 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.

8.6.2.2 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.

8.6.2.3 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.

8.6.2.4 Calculation Procedure

$I = AD \times R \times T/365$, 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

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

Cody Pearce
State Accountant
State Financial Services Division
Department of Administration

Signature: _____ Date Signed: 7/13/17

Date Submitted 06/27/2017

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

Signature: _____ Date Signed: 8/4/17

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

Federal Agency	Payment Type	Request Cut-Off Time	Receipt Window
Agriculture-FNS	ACH	11:59 PM	1 day
Agriculture-FNS	Fedwire	5:45 PM	0 day
Agriculture-FS	ACH	3:00 PM	1 day
Air National Guard	ACH	12:00 PM	15 days
Army National Guard	ACH	12:00 PM	15 days
Commerce-NOAA	ACH	2:00 PM	1 day
Dept of Homeland Security (FEMA)	Fedwire	2:00 PM	2 days
Dept of Homeland Security (ODP)	ACH	2:00 PM	2 days
Dept of Homeland Security (ODP)	Fedwire	2:00 PM	2 days
EPA	ACH	2:00 PM	2 days
EPA	Fedwire	2:00 PM	0 day
Education	ACH	3:00 PM	1 day
Education	Fedwire	2:00 PM	0 day
Energy	ACH	4:00 PM	1 day
Energy	Fedwire	3:00 PM	0 day
HHS	ACH	6:30 PM	1 day
HHS	Fedwire	3:00 PM	0 day
HUD	ACH	5:30 PM	2 days
HUD	Fedwire	3:00 PM	0 day
Interior-FWS	ACH	11:59 PM	1 day
Interior-FWS	Fedwire	5:45 PM	0 day
Interior-OSM	ACH	3:00 PM	1 day
Interior-OSM	Fedwire	1:00 PM	0 day
Justice	ACH	11:00 PM	6 days
Justice	Fedwire	2:00 PM	2 days
Labor-Non-UTF	ACH	3:00 PM	1 day
Labor-UTF	ACH	3:00 PM	1 day
Labor-UTF	Fedwire	3:00 PM	0 day
National Science Foundation (NSF)	ACH	8:00 PM	1 day
National Science Foundation (NSF)	Fedwire	5:45 PM	0 day
Social Security Administration	ACH	11:59 PM	1 day
Social Security Administration	Fedwire	5:45 PM	0 day
Transportation (FAA)	ACH	2:00 PM	1 day
Transportation (FHWA)	ACH	12:00 PM	3 days
Transportation (FHWA)	Fedwire	12:00 PM	0 day
Transportation (FTA)	ACH	2:00 PM	1 day
Veterans Administration	ACH	12:00 PM	3 days

Exhibit II - State of 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	100.00	EBT	Modified Actual Clearance (ZBA - ACH)	N/A
10.555	National School Lunch Program	Office of Public Instruction	100.00	Benefits Paid by Electronic Fund Transfer	Drawdowns at Fixed Intervals - Weekly (4)	N/A
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Department of Military Affairs	2.00	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	78.00	Construction & O&M-Electronic Fund Transfer	Reimbursable Funding (EFT)	N/A
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Department of Military Affairs	20.00	Construction - O & M Payments - Warrant	Reimbursable Funding (Warrants)	5 Days
14.195	Section 8 Housing	Department of Commerce	100.00	Payments to Landlords by Electronic Fund Transfer	Payment Schedule - HUD (2)	N/A
14.871	Section 8 Housing Choice Vouchers	Department of Commerce	4.00	Direct Administrative Costs	Payment Schedule - HUD	N/A
14.871	Section 8 Housing Choice Vouchers	Department of Commerce	1.00	Indirect Administrative Costs	Payment Schedule - HUD	N/A
14.871	Section 8 Housing Choice Vouchers	Department of Commerce	80.00	Payments to Landlords by Warrant	Payment Schedule - HUD	5 Days
14.871	Section 8 Housing Choice Vouchers	Department of Commerce	15.00	Payments to Landlords by Electronic Fund Transfer	Payment Schedule - HUD	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industry	1.00	Direct Administrative Costs - Warrant Payments	Drawdowns at Fixed Intervals - Weekly	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industry	1.00	Direct Administrative Costs - Electronic Transfers	Drawdowns at Fixed Intervals - Weekly	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industry	49.00	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	1 Day
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industry	49.00	Benefits Paid by Warrant	Estimated Clearance	N/A
17.225S	Unemployment Insurance -- State Benefit Account	Department of Labor and Industry	50.00	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	1 Day
17.225S	Unemployment Insurance -- State Benefit Account	Department of Labor and Industry	50.00	Benefits Paid by Warrant	Estimated Clearance	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
20.205	Highway Planning and Construction	Department of Transportation	100.00	All program costs	Drawdowns at Fixed Intervals - Weekly (3)	N/A
84.010	Title I Grants to Local Educational Agencies	Office of Public Instruction	100.00	Admin Costs, Benefits Paid by Electronic Fund Transfer	Drawdowns at Fixed Intervals - Weekly (4)	N/A
84.027	Special Education -- Grants to States	Office of Public Instruction	100.00	Admin Costs, Benefits Paid by Electronic Fund Tranfer	Drawdowns at Fixed Intervals - Weekly (4)	N/A
93.558	Temporary Assistance for Needy Families	Department of Public Health and Human Services	6.00	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	1 Day
93.558	Temporary Assistance for Needy Families	Department of Public Health and Human Services	1.00	Indirect Administrative Costs	Drawdowns at Fixed Intervals - Daily	N/A
93.558	Temporary Assistance for Needy Families	Department of Public Health and Human Services	6.00	EBT Benefits	Modified Actual Clearance (ZBA - ACH)	N/A
93.558	Temporary Assistance for Needy Families	Department of Public Health and Human Services	2.00	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	85.00	Benefits Paid by Warrant	Average Clearance	4 Days
93.568	Low-Income Home Energy Assistance	Department of Public Health and Human Services	53.00	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	1 Day
93.568	Low-Income Home Energy Assistance	Department of Public Health and Human Services	1.00	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	6.00	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	40.00	Benefits Paid by Warrant	Average Clearance	5 Days
93.767	Children's Health Insurance Program	Department of Public Health and Human Services	94.00	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	1 Day
93.767	Children's Health Insurance Program	Department of Public Health and Human Services	3.00	Indirect Administrative Costs	Actual Clearance, ZBA - ACH	1 Day
93.767	Children's Health Insurance Program	Department of Public Health and Human Services	2.00	Direct Administrative Costs	Drawdowns at Fixed Intervals - Weekly (2)	N/A
93.767	Children's Health Insurance Program	Department of Public Health and Human Services	1.00	Benefits Paid by Warrant	Average Clearance	3 Days
93.778	Medical Assistance Program	Department of Public Health and Human Services	81.00	Benefits Paid by Electronic Fund Transfer	Actual Clearance, ZBA - ACH	1 Day
93.778	Medical Assistance Program	Department of Public Health and Human Services	4.00	Indirect Administrative Costs	Actual Clearance, ZBA - ACH	1 Day
93.778	Medical Assistance Program	Department of Public Health and Human Services	8.00	Direct Administrative Costs	Drawdowns at Fixed Intervals - Weekly (2)	N/A
93.778	Medical Assistance Program	Department of Public Health and Human Services	7.00	Benefits Paid by Warrant	Average Clearance	8 Days

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: 6/28/17

Printed Name: CODY PEARCE

Certifying Signature: Cody Pearce

Title: State Accountant

Cash Management Improvement Act - 2018 Treasury State Agreement
State of Montana - Exhibit II Estimated Clearance

Effective 07/01/2017 until 06/30/2018

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

Benefits Paid by Warrant

Day	% Cleared
Day 1	14.16
Day 2	33.70
Day 3	22.22
Day 4	13.07
Day 5	5.97
Day 6	2.73
Day 7	1.81
Day 8	1.42
Day 9	0.97
Day 10	0.69
Day 11	0.53
Day 12	0.46
Day 13	0.38
Day 14	0.25
Day 15	0.24
Day 16	0.16
Day 17	0.14
Day 18	0.13
Day 19	0.97
Day 20	0.00
Day 21	0.00
Day 22	0.00
Day 23	0.00
Day 24	0.00
Day 25	0.00
Day 26	0.00
Day 27	0.00
Day 28	0.00
Day 29	0.00
Day 30	0.00
Day 31	0.00
Total	100.00

17.225S Unemployment Insurance -- State Benefit Account

Benefits Paid by Warrant

Day	% Cleared
Day 1	14.16
Day 2	33.70
Day 3	22.22

Day	% Cleared
Day 4	13.07
Day 5	5.97
Day 6	2.73
Day 7	1.81
Day 8	1.42
Day 9	0.97
Day 10	0.69
Day 11	0.53
Day 12	0.46
Day 13	0.38
Day 14	0.25
Day 15	0.24
Day 16	0.16
Day 17	0.14
Day 18	0.13
Day 19	0.97
Day 20	0.00
Day 21	0.00
Day 22	0.00
Day 23	0.00
Day 24	0.00
Day 25	0.00
Day 26	0.00
Day 27	0.00
Day 28	0.00
Day 29	0.00
Day 30	0.00
Day 31	0.00
Total	100.00

Certification

I hereby certify that the % Cleared listed in Exhibit II Estimated Clearance of this Treasury State Agreement:

1. Has been prepared in accordance with the standards provided in 31 CFR 205.20;
2. Accurately represents the flow of federal funds under the federal assistance programs to which they apply;
3. Reflects seasonal or other periodic variations in the clearance activities;
4. Is auditable; and,
5. Has been certified as accurate by an authorized State Official.

Cody Pearce

Signature

6/28/17

Date Signed

CODY PEARCE

Printed Name

STATE ACCOUNTANT

Printed Title