Cash Management Improvement Act Agreement
between
The State of Rhode Island
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 Rhode Island (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 Rhode Island shall be The State Controller, Office of Accounts and Control 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 7/1/2010 and shall remain in effect until 6/30/2011.

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 Schedule of Expenditures for Federal Awards (SEFA) and the Single Audit Report for fiscal year ending 6/30/2009.

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

4.2 The State's threshold for major Federal assistance programs is $19,988,879.

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

10.551 Food Stamps
10.555 National School Lunch Program for Children
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
17.225 F Unemployment Insurance -- Federal Benefit Account and Other Federal Funds
17.225 S Unemployment Insurance -- State Benefit Account
20.205 Highway Planning and Construction
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
84.394 State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
93.558 Temporary Assistance for Needy Families
93.568 Low-Income Home Energy Assistance
93.575 Child Care and Development Block Grant
93.767 State Children's 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:

14.117 Mortgage Insurance - Homes --- Exclusion: Non-State
14.189 Qualified Participating Entities (QPE) Risk Sharing --- Exclusion: Non-Cash
14.195 Section 8 Housing --- Exclusion: Non-State
20.507 Federal Transit Capital and Operating Assistance Formula Grants --- Exclusion: Non-State
84.032 Federal Family Education Loans --- Exclusion: Non-State
84.063 Federal Pell Grant Program --- Exclusion: Non-State
84.268 Federal Direct Student Loan --- Exclusion: Non-Cash

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 Administration
Department of Children, Youth, and Families
Department of Education
Department of Health
Department of Human Services
Department of Labor and Training
Department of Transportation
Office of Health and Human Services
Rhode Island Higher Education Assistance Authority
Rhode Island Housing and Finance Corp

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:

E-FUNDS 93.558 Transitional Assistance to Needy Families (TANF)
E-FUNDS 10.551 Food Stamps
Electronic Data Systems 93.778 Medical Assistance Program (Medicaid)

6.0 FUNDING TECHNIQUES

6.1 General Terms

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

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

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

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

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

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

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

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

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

The State will comply with the following guidelines when requesting supplemental funding for TANF (CFDA 93.558), CCDF (CFDA

93.575), CSE (93.563), and the FC/AA (CFDA 93.658 and CFDA 93.659) programs administered by the U.S. Department of Human Services, Administration for Children and Families (HHS/ACF):

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

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

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

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

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

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

6.1.6 Supplemental Grant Awards
The state shall comply with all federal funding agency policies and procedures for requesting supplemental grant awards. Upon approval of its request for a supplemental grant award, the state shall request funds in accordance with the component funding techniques outlined in this agreement if the state has not disbursed any funds. If the state has disbursed any funds prior to the approved supplemental grant award, it can draw a lump sum amount equal to the amount disbursed prior and then draw the remaining grant award in accordance with the component funding techniques outlined in this agreement.

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.

Payment Schedule - Bi-Weekly

The State shall request funds such that they are deposited in a State account on the median business day of the bi-weekly period. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be a prorated share of the lesser of (1) the annual grant divided by 26, or (2) the total amount of Federal funds expected to be paid out for program purposes during the year divided by 26.This funding technique is interest neutral.

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.

Estimated Clearance

The State shall request funds such that they are deposited by ACH in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.This funding technique is interest neutral.

Average Clearance

The State shall request funds such that they are deposited by ACH on the dollar-weighted average day of clearance for the disbursement, in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency

cut-off time specified in Exhibit I. The amount of the request shall be for the exact amount of that disbursement.This funding technique is interest neutral.

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

There are no funding techniques listed in Section 6.2.2

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

Reverse Flow Program - SSI (CFDA 96.006)

In accordance with the terms in Section 9.0 of this Agreement, the Federal
Government makes payments on behalf of the State for the Supplemental
Security Income (SSI) program, CFDA No. 96.006.This funding technique is interest neutral.

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.

Pre-Clearance Funding (Cash Advance) for 10.557

Drawdowns shall be deposited to a separate WIC benefits payment account against which the WIC food instruments clear. Requests shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of each drawdown shall be based on:

1) The average daily clearance activity of the WIC benefits payment account.

2) The current balance in the WIC benefits payment account.

3) The variance in the daily clearance activity of the WIC benefits payment account, which may contribute to an overdraft if not accounted for. This funding technique is not interest neutral.This funding technique is not interest neutral.

Bi-weekly Draws

The State shall draw down funds for allocated, indirect, and incidental administrative costs at bi-weekly intervals. The request shall be made on each state payday and in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of funds drawn each bi-weekly period for allocated, indirect costs and incidental administrative costs shall be a prorata share of the quarterly grant award for such costs. The quarterly grant award shall be prorated based on the number of paydays in each calendar quarter.This funding technique is interest neutral.

6.2.5 The estimated clearance pattern is calculated in accordance with Section 7.0 of this agreement and is based upon actual historical data for each program covered by this funding methodology. This methodology calculates clearance factors accounting for 100% of the actual historical disbursement data used.
The clearance factors calculated for each program are applied to current actual disbursements of the same program. Therefore, no reconciliation to actual is necessary.

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 Human Services
% of Funds Agency Receives: 100
Component: Payments to Beneficiaries
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 0 Days

10.555 National School Lunch Program
Recipient: Department of Education
% of Funds Agency Receives: 100
Component: Payments to Local Education Agencies
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 0 Days

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Department of Health
% of Funds Agency Receives: 40
Component: Administrative Costs
Technique: Estimated Clearance
Clearance Pattern: 14 Days

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Labor and Training
% of Funds Agency Receives: 100
Component: Benefit Payments
Technique: Average Clearance
Clearance Pattern: 0 Days

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Labor and Training
% of Funds Agency Receives: 100
Component: Benefit Payments
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 1 Day

20.205 Highway Planning and Construction
Recipient: Department of Transportation
% of Funds Agency Receives: 100
Component: Highway Planning and Construction
Technique: Average Clearance
Clearance Pattern: 1 Day

84.010 Title I Grants to Local Educational Agencies
Recipient: Department of Education
% of Funds Agency Receives: 100
Component: Payments to Local Education Agencies
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 0 Days

84.027 Special Education -- Grants to States
Recipient: Department of Education
% of Funds Agency Receives: 100
Component: Special Education
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 0 Days

84.394 State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
Recipient: Department of Education
% of Funds Agency Receives: 100
Component: Payments to Local Education Agencies
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 0 Days

93.558 Temporary Assistance for Needy Families
Recipient: Department of Human Services
% of Funds Agency Receives: 100
Component: TANF
Technique: Average Clearance
Clearance Pattern: 0 Days

93.568 Low-Income Home Energy Assistance

Recipient: Department of Administration
% of Funds Agency Receives: 100
Component: Low Income Home Energy Assistance
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 0 Days

93.575 Child Care and Development Block Grant
Recipient: Department of Human Services
% of Funds Agency Receives: 100
Component: Child Care and Development Block Grant
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 0 Days

93.767 Children's Health Insurance Program
Recipient: Department of Human Services
% of Funds Agency Receives: 100
Component: Benefit Payments
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 0 Days

93.778 Medical Assistance Program
Recipient: Department of Human Services
% of Funds Agency Receives: 100
Component: Medical Assistance
Technique: Actual Clearance, ZBA - ACH
Clearance Pattern: 0 Days

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

NONE.

6.4 Internal Transfer Payments:
With several programs subject to the Act, the primary State agency carrying out a program contracts with other State agencies for goods or services. The primary State agency makes payments to the vendor State agencies for goods or services rendered through internal transfer payments. All internal transfer payments for goods or services shall be incorporated into program clearance patterns and drawdowns for these payments shall be made in accordance therewith.

7.0 CLEARANCE PATTERNS

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

The State shall use program specific methodology to develop program specific clearance patterns for all programs.

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

The Division of Information Technology within the Department of Administration shall develop all of the State's clearance patterns.

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

the State's central and subsidiary accounting systems which contain the "check date" data, and the State's depository banks, at which demand deposit (checking) accounts are maintained, from which federal grant programs disbursements are made, will provide a computer tape of disbursements from the State's bank accounts to identify the date of withdrawal of funds for each check.

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.

7.4.1 The State shall develop a separate clearance pattern for each program listed in Section 4.2 using the following methodology:
The following data is to be used:
Disbursement check number,
Payee name,

Check (preparation) date,
Check amount,
Check payment date for federal grant program disbursements only.

Disbursement Pattern Development Process:
The following data is to be listed on a computer tape from the state's banks:
Disbursement check number,
Check amount,
Check payment date,
Bank account number,
Bank routing number.

The Division of Information Technology within the Department of Administration will match this data with the check data for each federal grant program covered by the federal/state agreement. Upon matching data, a comparison of the check date with the payment date of each federal grant program disbursement covered by the agreement will be done. For each check, the total number of calendar days between the check date and the date of payment for each disbursement will be computed.

A separate composite clearance pattern will be developed for employee payroll disbursements. A separate computer tape with the disbursement data thereon will be obtained to develop such a clearance pattern. The composite clearance pattern for employee payroll will be used for each program listed in Section 4.2 that incurs employee payroll costs.

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

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

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

To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account each day shall be summed and then divided by the amount of the total disbursement.

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

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

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

None

The State shall also adjust each clearance pattern to reflect:

None

7.8 Each of the State's clearance patterns is calculated in calendar days.

7.9 An authorized State official shall certify that each clearance pattern developed by the State accurately corresponds to the clearance activity of the programs to which it is applied. This certification shall be provided to 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:

Actual Clearance, ZBA - ACH
Estimated Clearance
Average Clearance
Payment Schedule - Bi-Weekly
Reverse Flow Program - SSI (CFDA 96.006)
Bi-weekly Draws

8.1.2 The State shall maintain information on disbursements and receipts of funds to verify the implementation of any funding technique and document interest liabilities.
For each disbursement, the State shall be able to identify:
(1) amount of the issuance

(2) date of issuance
(3) date Federal funds are received and credited to a State account
(4) amount of Federal funds received
(5) date funds were requested

8.2 Federal Interest Liabilities

8.2.1 A Federal interest liability shall accrue from the day the State pays out its own funds for program purposes to the day Federal funds are credited to a State account. With regard to funds transferred out of the Federal Highway Trust Fund, if a State does not bill at least weekly for current project costs, the Federal interest liability shall not accrue prior to the day the State submits a request for funds.

8.2.2 The State shall use the following method to calculate Federal interest liabilities:

For all transactions where the State pays out its own funds for program purposes prior to receiving Federal funds, the State shall track each payment from the date it is paid out of a State account to the date Federal funds are subsequently credited to a State account to cover that outlay. The Federal interest liability on each payment shall be based on the difference in whole days between the two events. With Federal-State matching programs, interest shall be calculated on the Federal percentage of the disbursement.

8.3 The Unemployment Trust Fund

8.3.1 The State shall use the following method to calculate State interest liabilities on funds withdrawn from the several accounts in the Unemployment Trust Fund:

Federal and State Funds are Interest Neutral:
There are no interest earnings on funds withdrawn from the State account, as the State has implemented estimated clearance, an interest-neutral funding technique, for such transfers. For transfers from 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 States liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings of the benefit payment account on the pro-rata share 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:

Refunds Deposited to Interest Neutral Programs:
With programs to which applicable 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.

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

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.

8.6.4 Source of Data

Central Accounting System:
The time period from the date federal funds are deposited to the date checks are issued shall be determined from information captured by state's central accounting system.

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 issuance or clearance, whichever is pertinent.

8.6.6 Calculation Procedure

I = ADB x R, where

I = State's total interest liability

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

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

8.7 THE SUPPLEMENTAL FOOD - WOMEN, INFANTS, CHILDREN (WIC)

The State shall use the following method to calculate State interest liabilities for the benefits portion of the WIC program.

A separate record will be maintained identifying, for each drawdown transaction:

1) The date Federal funds are deposited to the WIC benefit payment account

2) The amount of Federal funds drawn down

The State interest liability shall be based on the average daily balance of the WIC benefit payment account.

9.0 Reverse Flow Programs

9.1 The Federal government makes payments on behalf of the State for the Supplemental Security Income (SSI) program.

9.2 Definitions

State Supplementary Payment (SSP): Monthly payment made by the State to the Social Security Administration (SSA), as a voluntary supplement to monthly SSI payments made by the SSA to the State's SSI beneficiaries.

SSI/SSP: The monthly SSI payment made by the SSA to beneficiaries, which combines both Federal SSI program funds and SSP funds.

SSI/SSP Transfer Date: The dollar-weighted average day of clearance of the regularly issued monthly SSI/SSP checks issued by the SSA, adjusted to reflect three payment variations.

Due Date: The day on which States are required to deposit funds to the SSA.

Deposit Date: The day on which State funds are deposited to the SSA.

9.3 Funding Technique

The State and the Federal government will apply the following funding technique to the SSI program:

Component: State Supplementary Payment

Technique: SSI Funding Technique

Description: In accordance with Public Law 106-170, the State shall deposit funds to the SSA no later than the business day preceding the date on which the SSA Commissioner pays monthly benefits, or with respect to monthly benefits paid for the month that is the last month of the State's fiscal year, the fifth business day following such date.

9.4 Clearance Pattern

The SSI/SSP Transfer Date is determined by adjusting the dollar weighted average day of clearance for regularly issued monthly SSI/SSP checks, as determined by the Federal Reserve Bank's Survey of Float on US Government Checks, with the three payment variations below, to

reflect the proportion of SSI/SSP payments made to beneficiaries as follows:

By check on days later in a month: To calculate this adjustment, SSA will determine the nationwide percentage of total SSI/SSP payments made to beneficiaries by check on days later in a month, using full data from the most recent Federal fiscal year. The average day of clearance for regularly issued monthly SSI/SSP checks shall be dollar-weighted for SSI/SSP payments made to beneficiaries by check on days later in the month, which are assumed to be issued on the 11th business day of the month.

By direct deposit on the regularly designated day of the month for delivery of SSI/SSP payments: To calculate this adjustment, SSA will determine the nationwide percentage of total SSI/SSP payments made to beneficiaries by direct deposit on the regularly designated day of the month for delivery of SSI/SSP payments, using full data from the most recent Federal fiscal year. The average day of clearance for regularly issued monthly SSI/SSP checks shall be dollar-weighted with the average day of clearance for SSI/SSP payments made to beneficiaries by direct deposit on the regularly designated day of the month for delivery of SSI/SSP payments to beneficiaries.

By direct deposit on days later in a month: To calculate this adjustment, SSA will determine the nationwide percentage of total SSI/SSP payments made to beneficiaries by direct deposit on days later in a month, using full data from the most recent Federal fiscal year. The average day of clearance for regularly issued monthly SSI/SSP checks shall be dollar-weighted with the average day of clearance for SSI/SSP payments made to beneficiaries by direct deposit on days later in a month, which are assumed to be issued on the 11th business day of the month.

9.5 Interest Calculations

The Federal Government shall use the following methods to calculate and document Federal and State interest liabilities for SSI.

To calculate the interest liability, SSA shall record the Deposit Date of each monthly SSP payment and compare it to the SSI/SSP Transfer Date for each month. The liability for interest will be based on the following:

Payments received before the Due Date: The interest liability provisions of the CMIA do not apply to payments paid by a State before the Due Date, pursuant to Public Law 106-170. All payments received prior to the Due Date will be deemed as received on the Due Date, for the purposes of calculating interest.

Payments received on the Due Date: A Federal interest liability should be computed from (1) the Due Date to (2) the day SSA pays out the State funds for program purposes (SSI/SSP Transfer Date).

Payments received after the Due Date but on or before the SSI/SSP Transfer Date: Interest liability provisions of the CMIA do not apply.

Payments received after the SSI/SSP Transfer Date: A State interest liability will accrue from (1) the SSI/SSP Transfer Date until (2) the day State funds are credited to the SSA.

SSA shall calculate Federal and State interest liabilities on the variance between (1) the amount of the monthly State payment, which is an estimate, and (2) the actual monthly outlays for program purposes made by the SSA on behalf of the State. The monthly State payment includes the cumulative balance brought forward from the previous month. For each month of the State's fiscal year, SSA will compare the amount of the State payment to the amount of the actual outlays made on behalf of the State. To the extent the State payment (including the estimated cumulative balance) is greater than actual outlays, a Federal interest liability will accrue. To the extent the State payment (including estimated cumulative balance) is less than actual outlays, a State interest liability will be calculated. In either case, the interest liability will be calculated based on the difference in whole days from (1) the day the monthly State payment was deposited to a Federal account to (2) the day a subsequent monthly State payment is deposited to a Federal account.

Any overpayment that results in a cumulative balance does not constitute an early deposit as defined in Public Law 106-170, Section 410, Schedule for SSI Supplementation Agreements.

9.6 Refunds

Pursuant to 31 CFR 205.25 (c)(3), the State or the Federal government will not incur interest liabilities on refunds under the Supplemental Security Income Program as States are credited with the refunds in advance, before SSA collects the funds.

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:

1) Personal services costs at the central service and State agency levels.

2) Computer programming costs to extract interest calculation data from the accounting system and to develop interest calculation reports.
3) Computer programming costs to extract payment data from the accounting system and to develop check clearance patterns.

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

Marc Leonetti
Controller, State of Rhode Island

Signature:_____ Date Signed:_____

Date Submitted 6/17/2010

Gary E. Grippo
Assistant Commissioner
Federal Finance
Financial Management Service
U.S. Department of the Treasury

Signature:_____ Date Signed:_____

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

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 (ETA)	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 Rhode Island
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 Human Services	100	Payments to Beneficiaries	Actual Clearance, ZBA - ACH	0 Days
10.555	National School Lunch Program	Department of Education	100	Payments to Local Education Agencies	Actual Clearance, ZBA - ACH	0 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	40	Administrative Costs	Estimated Clearance	14 Days
17.225	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Training	100	Benefit Payments	Average Clearance	0 Days
17.225	Unemployment Insurance -- State Benefit Account	Department of Labor and Training	100	Benefit Payments	Actual Clearance, ZBA - ACH	1 Day
20.205	Highway Planning and Construction	Department of Transportation	100	Highway Planning and Construction	Average Clearance	1 Day
84.010	Title I Grants to Local Educational Agencies	Department of Education	100	Payments to Local Education Agencies	Actual Clearance, ZBA - ACH	0 Days
84.027	Special Education -- Grants to States	Department of Education	100	Special Education	Actual Clearance, ZBA - ACH	0 Days
84.394	State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	Department of Education	100	Payments to Local Education Agencies	Actual Clearance, ZBA - ACH	0 Days
93.558	Temporary Assistance for Needy Families	Department of Human Services	100	TANF	Average Clearance	0 Days
93.568	Low-Income Home Energy Assistance	Department of Administration	100	Low Income Home Energy Assistance	Actual Clearance, ZBA - ACH	0 Days
93.575	Child Care and Development Block Grant	Department of Human Services	100	Child Care and Development Block Grant	Actual Clearance, ZBA - ACH	0 Days
93.767	Children's Health Insurance Program	Department of Human Services	100	Benefit Payments	Actual Clearance, ZBA - ACH	0 Days
93.778	Medical Assistance Program	Department of Human Services	100	Medical Assistance	Actual Clearance, ZBA - ACH	0 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.