Cash Management Improvement Act Agreement
between
The State of New Jersey
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 New Jersey (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 New Jersey shall be the the Director of the Office of Management and Budget, Department of Treasury 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 07/01/2015 and shall remain in effect until 06/30/2016.

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 Single Audit for fiscal year ending 06/30/2014.

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 single audit is used in conjunction with information from offical State or Federal documentation.

4.2 The State's threshold for major Federal assistance programs is $107,047,678.

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

10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.269 Hurricane Sandy Community Development Block Grant Disaster Recovery Grants
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
93.563 Child Support Enforcement
93.568 Low-Income Home Energy Assistance
93.767 Children's Health Insurance Program
93.778 Medical Assistance Program
97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

4.3 The following programs fall below the State's threshold but have been required to be covered by 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:

There are currently no programs listed for Section 4.4.

5.0 ENTITIES COVERED

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

Department of Agriculture
Department of Community Affairs
Department of Education
Department of Health

Department of Human Services
Department of Justice
Department of Labor
Department of Transportation
Office of Emergency Management

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:

Molina 93.778 Medical Assistance Program

5.2.1 Molina pays out funds for program purposes on behalf of the State, but it issues payments on the State's Account, not its own. All other transfers of Federal funds from the State to Molina are for services provided. Molina never holds Federal funds itself.

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.

Actual Clearance, ZBA - Same Day Payment

The State shall request funds the same day it pays out funds, in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.A Federal agency will deposit funds in a State account the same day as requested.The amount of the request shall be for the amount of funds that clear the State's account that day. This funding technique is interest neutral.

Composite Clearance

The State shall request funds such that they are deposited on the dollar-weighted average number of days required for funds to be paid out for a series of disbursements, in accordance with the clearance pattern specified in Exhibit II.The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be the sum of the payments issued in the series of disbursements. This funding technique is interest neutral.

Pre-Issuance

The State shall request funds such that they are deposited in a State account not more than three business days prior to the day the State makes a disbursement.The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be the amount the State expects to disburse. This funding technique is not 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.

Actual Base Quarter Amount, Bi-weekly

The State shall request funds such that they are deposited in a State account on the average day of clearance of payroll. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be the actual amount of administrative expenses for the base quarter, divided by the number

of pay periods in the current quarter. The base quarter shall be the most recent quarter for which actual data is available. Once each quarter, as soon as possible after the first business day of the quarter, the State shall make an adjustment in its next request for funds to reconcile the difference between the funds drawn for the period and the actual costs incurred. The adjustment shall be interest neutral. This funding technique is interest neutral.

Modified Average Clearance, Monthly Estimate

The State shall request funds such that they are deposited in a State account on the dollar weighted average day of clearance of the monthly disbursement. The request shall be made in accordance with the appropriate Federal agency cutoff times specified in Exhibit I. The amount drawn shall be an estimate of the value of the monthly disbursement. Once each quarter, as soon as possible after the close of the prior quarter, the State shall adjust for the difference between the total amount drawn and the actual costs incurred or the Federal settlement of the claim. The adjustment shall be interest neutral. This funding technique is interest neutral.

Payment Schedule (Annual Award, Monthly)

The State shall receive funds such that they are deposited in a State account on the 1st banking day of the month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the receipt shall be 1/12 of the annual grant award. Program disbursements are to be made such that they clear on the first banking day of the month. This funding technique is interest neutral.

Prior Month Actual, Mid-monthly

The State shall request funds such that they are deposited on the 15th calendar day of the month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request will be the actual disbursements of the preceding month; i.e. the draw for August 15th will be in the amount of the July actual disbursements. This funding technique is interest neutral.

Quarterly Estimate, Same Day Payment, Biweekly

The State shall request funds such that they are deposited in a State account on the day of the request. 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 an estimate of expenses for the current period, divided by the number of pay periods in the quarter. Once each quarter the State shall make a draw adjustment to reconcile the difference between the funds drawn for the period and the actual costs incurred or the federal settlement of the claim. The adjustment shall be interest neutral. This funding technique is interest neutral.

Quarterly Estimates, Bi-weekly

The State shall request funds such that they are deposited in a State account on the average day of clearance of payroll. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be an estimate of all administrative expenses for the current period, divided by the number of pay periods in the quarter. Once each quarter, the State shall make an adjustment to request funds to reconcile the difference between the funds drawn for the period and the actual costs incurred or the federal settlement of the claim. The adjustment shall be interest neutral. This funding technique is interest neutral.

Reimbursement Analysis

The State shall request funds upon determination of the reimbursable costs incurred by the State. The request will be made in accordance with the cut-off time in Exhibit I. Payments to the state owned/operated medical services are paid by

state funds and reflected in Molina, the States fiscal agent, based on division cost reports. The draw reimburses the State for costs previously incurred and offset by any rebates or recoveries: therefore, it is not disbursed and the State shall request funds every Monday based on the weekly Molina reports. This funding technique is interest neutral.

6.3 Application of Funding Techniques to Programs

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

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.555 National School Lunch Program
Recipient: Department of Agriculture
% of Funds Agency Receives: 92.00
Component: LEA (Local Education Agencies) Payments-ACH
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 0 Days

Recipient: Department of Agriculture
% of Funds Agency Receives: 8.00
Component: LEA (Local Education Agency) Payments
Technique: Prior Month Actual, Mid-monthly
Average Day of Clearance: N/A

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Department of Health
% of Funds Agency Receives: 72.00
Component: Voucher Payments
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Department of Health
% of Funds Agency Receives: 18.00
Component: Subreceipient Payments
Technique: Modified Average Clearance, Monthly Estimate
Average Day of Clearance: 8 Days

Recipient: Department of Health
% of Funds Agency Receives: 10.00
Component: Administrative Costs, Excluding Subreceipient Payments
Technique: Quarterly Estimates, Bi-weekly
Average Day of Clearance: 1 Day

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Recipient: Department of Human Services

% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Quarterly Estimates, Bi-weekly
Average Day of Clearance: 1 Day

14.269 Hurricane Sandy Community Development Block Grant Disaster Recovery Grants
Recipient: Department of Community Affairs
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: N/A

14.871 Section 8 Housing Choice Vouchers
Recipient: Department of Community Affairs
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Payment Schedule (Annual Award, Monthly)
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Labor
% of Funds Agency Receives: 100.00
Component: All Administrative Costs.
Technique: Actual Base Quarter Amount, Bi-weekly
Average Day of Clearance: 1 Day

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Labor
% of Funds Agency Receives: 100.00
Component: All Administrative Costs
Technique: Actual Base Quarter Amount, Bi-weekly
Average Day of Clearance: 1 Day

20.205 Highway Planning and Construction
Recipient: Department of Transportation
% of Funds Agency Receives: 100.00
Component: Vendor Payments
Technique: Composite Clearance
Average Day of Clearance: 5 Days

84.010 Title I Grants to Local Educational Agencies
Recipient: Department of Education
% of Funds Agency Receives: 1.00

Component: Administrative Costs
Technique: Actual Base Quarter Amount, Bi-weekly
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 98.00
Component: LEA (Local Education Agencies) Payments - ACH
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: LEA (Local Education Agencies) Payments - Check
Technique: Prior Month Actual, Mid-monthly
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: Department of Education
% of Funds Agency Receives: 3.00
Component: All Administrative Costs
Technique: Actual Base Quarter Amount, Bi-weekly
Average Day of Clearance: 1 Day

Recipient: Department of Education
% of Funds Agency Receives: 91.00
Component: LEA (Local Education Agencies) Payments - ACH
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 6.00
Component: LEA (Local Education Agency) Payments - Check
Technique: Prior Month Actual, Mid-monthly
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: Department of Human Services
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Quarterly Estimates, Bi-weekly
Average Day of Clearance: 1 Day

93.563 Child Support Enforcement
Recipient: Department of Human Services
% of Funds Agency Receives: 35.00
Component: All Administrative Costs

Technique: Quarterly Estimates, Bi-weekly
Average Day of Clearance: 1 Day

Recipient: Department of Justice
% of Funds Agency Receives: 65.00
Component: All Administrative Costs
Technique: Quarterly Estimates, Bi-weekly
Average Day of Clearance: 1 Day

93.568 Low-Income Home Energy Assistance
Recipient: Department of Community Affairs
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Prior Month Actual, Mid-monthly
Average Day of Clearance: N/A

93.767 Children's Health Insurance Program
Recipient: Department of Human Services
% of Funds Agency Receives: 92.00
Component: Children's Insurance Payment
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Department of Human Services
% of Funds Agency Receives: 7.00
Component: Administrative Cost
Technique: Quarterly Estimates, Bi-weekly
Average Day of Clearance: 1 Day

Recipient: Department of Human Services
% of Funds Agency Receives: 1.00
Component: Children's Insurance Payments
Technique: Reimbursement Analysis
Average Day of Clearance: N/A

93.778 Medical Assistance Program
Recipient: Department of Human Services
% of Funds Agency Receives: 70.00
Component: Health care Provider Payments
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Department of Human Services
% of Funds Agency Receives: 11.00
Component: Uncompensated Care
Technique: Quarterly Estimate, Same Day Payment, Biweekly

Average Day of Clearance: N/A

Recipient: Department of Human Services
% of Funds Agency Receives: 7.00
Component: All Administartive Costs
Technique: Quarterly Estimates, Bi-weekly
Average Day of Clearance: 1 Day

Recipient: Department of Human Services
% of Funds Agency Receives: 12.00
Component: Title XIX Reimbursable Care Costs (Psychiatric Hospitals, Residential Treatment Centers, ICFMR's, Community Care Waiver,etc.)
Technique: Reimbursement Analysis
Average Day of Clearance: N/A

97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Recipient: Office of Emergency Management
% of Funds Agency Receives: 100.00
Component: Applicant Payments
Technique: Pre-Issuance
Average Day of Clearance: N/A

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

None

6.3.4 MISCELLANEOUS ISSUES

CFDA #10.555 - Schools submit vouchers with pertinent information to The Bureau of Child Nutrition. Expenditures are submitted to the Department of Agriculture. These amounts are reconciled to the State s accounting system. This is done on a monthly basis at the beginning of the month based on the prior month s expenditures. The request for the mid-month draw is warehoused at this time.
CFDA #84.010 - For the Administrative Costs component the agency uses salary reports generated each pay period during the quarter to determine the amount of the draw. At the close of the quarter the actual expenditures are compared to the draws and an adjustment is made in the first draw of the next quarter. The adjustment will be positive if they need to draw additional funds or negative if funds were overdrawn in the previous quarter. For the Local Education Agency Payments component the agency uses a report from the State accounting system to capture the actual expenditures by the CFDA number each month. The total expenditures at the end of the month are the amount drawn by the 15th day of the next month. If there were a need for any adjustment, it would be determined in the same manner as for the Administrative Costs component.
CFDA #84.027 - For the Administrative Costs component the agency uses salary reports generated each pay period during the quarter to determine the amount of the draw. At the close of the quarter the actual expenditures are compared to the draws and an adjustment is made in the first draw of the next quarter. The adjustment will be positive if they need to draw additional funds or negative if funds were overdrawn in the previous quarter. For the Local Education Agency Payments component the agency uses a report from the State accounting system to capture the actual expenditures by

the CFDA number each month. The total expenditures at the end of the month are the amount drawn by the 15th day of the next month. If there were a need for any adjustment, it would be determined in the same manner as for the Administrative Costs component.
CFDA #93.558 - Bi-weekly draws are based on quarterly estimates submitted by the divisions.
CFDA #93.563 - Title IV-D: The estimates, which are completed by the Division of Family Development, are completed in accordance with the Child Support Enforcement Program Action Transmittal No. OCSE-AT-00-02. The estimates are based on historical trends, including seasonal, economic or other variations, and include any costs applicable to a prior quarter for which payments are to be made in the next quarter. This estimate is then submitted to the Federal Government on the OCSE-396-A, Quarterly Report of Expenditures and Estimates. The draw is based on this estimate until the actual grant award is received. If the grant amount is different then the estimate requested, a draw adjustment is made at this time.
CFDA #93.778 - The draws for administrative costs is based on quarterly reports that certify estimated expenditures. The total amount expended is compared to the grant award. If the expended amount is greater, then a supplemental award is requested.
CFDA #96.006 - Reverse flow program, from State to Federal.
The State voluntarily waives any Federal interest liability resulting for programs using the Reimbursement Analysis funding technique.
In instances where the request of federal funds can be warehoused, the State will request funds on the scheduled day even if the state in not open for business.

7.0 CLEARANCE PATTERNS

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

CFDA 10.557, Supplemental Food Program (WIC).
CFDA 20.205, Highway Planning and Construction.
CFDA 84.010, Educationally Deprived Children, CFDA # 84.027, Handicapped, State Grants, CFDA # 93.563, Child Support Enforcement, CFDA 93.767, Children's Insurance Program, and CFDA 93.778, Medical Assistance - Administrative Cost Component.

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

CFDA 10.557, Supplemental Food Program (WIC) developed by the State Department of Health as part of our FY'12 TSA.
CFDA 20.205, Highway Planning and Construction developed by the State Department of Treasury, Office of Management and Budget as part of our FY'12 TSA.
Educationally Deprived Children, CFDA # 84.027, Handicapped, State Grants, CFDA # 93.563, Child Support Enforcement, CFDA 93.767, Children's Insurance Program, and CFDA 93.778, Medical Assistance - Administrative Cost Component clearance pattern related to payroll developed by the State Department of Treasury, Office of Management and Budget as part of our FY'12 TSA.

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

CFDA 10.557, Supplemental Food Program (WIC) based on a random sampling of disbursements from issuance to clearance date.
CFDA 20.205, Highway Planning and Construction based on a random sampling of disbursements from issuance to clearance date.
CFDA 84.010, Educationally Deprived Children, CFDA # 84.027, Handicapped, State Grants, CFDA # 93.563, Child Support Enforcement, CFDA 93.767, Children's Insurance Program, and CFDA 93.778, Medical Assistance -

Administrative Cost Component clearance pattern related to payroll based on a random sampling of disbursements from issuance to clearance date.

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

For all clearance patterns developed by statistical sampling, the State shall randomly sample checks to ensure, at a minimum, a 95% confidence interval for a .25 weighted-day level of precision for the checks in the sample. The State shall track at least 99% of the funds disbursed, from issuance to clearance, in the sample period.

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:

CFDA 10.557, Supplemental Food Program (WIC) and CFDA 20.205, Highway Planning and Construction.

The State shall also adjust each clearance pattern to reflect:

Program changes that might significantly alter clearance patterns.

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 Base Quarter Amount, Bi-weekly
Actual Clearance, ZBA - ACH
Actual Clearance, ZBA - Same Day Payment
Composite Clearance
Modified Average Clearance, Monthly Estimate
Payment Schedule (Annual Award, Monthly)
Prior Month Actual, Mid-monthly
Quarterly Estimate, Same Day Payment, Biweekly
Quarterly Estimates, Bi-weekly
Reimbursement Analysis

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:

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.

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 Not Interest Neutral:
The State shall use the following methodology to calculate State interest liabilities on funds withdrawn from the several accounts in the UTF under the Unemployment Insurance program.

Based on statements provided by its financial institution, or other appropriate source, the State shall determine the actual interest earnings and the related banking costs attributable to funds withdrawn from its account in the UTF.

At the end of the State's fiscal year, the State shall calculate the percentage of its total unemployment compensation

expenditures for (1) funds withdrawn from the State account in the UTF, or the State %, and (2) funds withdrawn from the Federal Employees Compensation Account (FECA) and the Extended Unemployment Compensation Account (EUCA) and any other accounts of Federal funds in the UTF, or the Federal %.

The State shall calculate the actual interest earnings and the related banking costs attributable to funds withdrawn from the State account in the UTF by multiplying the State % by the amount of the actual interest earnings and the related banking costs of the account as a whole. The State's liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings attributable to such funds less the related banking costs attributed to such funds.

The State shall determine the average daily cash balance of its unemployment compensation benefit payment account for its fiscal year. The State shall calculate the average daily cash balance of Federal funds by multiplying the Federal % by the average daily cash balance of the benefit payment account on the whole. The State's liability for interest on funds withdrawn from the FECA and EUCA (and any other benefit accounts of Federal funds in the UTF from which the State draws funds) shall be the average daily cash balance of Federal funds multiplied by the annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during the State's fiscal year.

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:

8.6.2.1 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 credit to a State's account and the date those funds are debited from the State's account.

8.6.2.2 Source of Data

Bank or Agency:
The time period covered under this agreement based on the funding technique specified using various system or adhoc reports generated by the using agencies.

8.6.2.3 Standards Applied

Statistical Sampling (Pre-Issuance):
To measure the time Federal funds are held in a State account prior to being disbursed, the State shall use statistical sampling. The sample shall be randomly selected, and shall be of sufficient size to ensure, at a minimum, a 95% confidence interval no wider than ± 0.3 dollar-weighted days about the estimated mean.

For each check in the sample population, the State shall:
1 subtract the deposit date from the issuance date
2 multiply the difference of step 1 by the check amount
3 divide the product of step 2 by the total amount of funds drawn in the sample to determine the dollar-weighted pre-issuance time for that check

The State shall then sum the dollar-weighted pre-issuance time for each check to arrive at the total dollar-weighted average pre-issuance time to be used for calculating State interest liabilities.

8.6.2.4 Calculation Procedure

Average Daily Balance:
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

In instances where a State agency requests Federal funds on a particualr day and for some reason does not receive the funds until the subsequest day this formula would calculate a Federal interest liability based on the 13-week Treasury bill rate multiplied by the drawdown amount multiplied by 1/365.

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:

The State of New Jersey does not calculate or bill for CMIA administartive costs.

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

Charlene M. Holzbaur
Director of the Office of
Management and Budget Treasury Department

Signature: [redacted] Date Signed: 6/29/15

Date Submitted 06/22/2015

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

Signature: Corvelli A. McDaniel Date Signed: 7/8/15

Exhibit I - Funds Request and Receipt Times Schedule
State of New Jersey

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	0 day
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	5:45 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 New Jersey

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
10.555	National School Lunch Program	Department of Agriculture	92.00	LEA (Local Education Agencies) Payments-ACH	Actual Clearance, ZBA - ACH	0 Days
10.555	National School Lunch Program	Department of Agriculture	8.00	LEA (Local Education Agency) Payments	Prior Month Actual, Mid-monthly	N/A
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	72.00	Voucher Payments	Actual Clearance, ZBA - Same Day Payment	0 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	10.00	Administrative Costs, Excluding Subreceipient Payments	Quarterly Estimates, Bi-weekly	1 Day
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	18.00	Subreceipient Payments	Modified Average Clearance, Monthly Estimate	8 Days
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Department of Human Services	100.00	All Program Costs	Quarterly Estimates, Bi-weekly	1 Day
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	Department of Community Affairs	100.00	All Program Costs	Actual Clearance, ZBA - Same Day Payment	N/A
14.871	Section 8 Housing Choice Vouchers	Department of Community Affairs	100.00	All Program Costs	Payment Schedule (Annual Award, Monthly)	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor	100.00	All Administrative Costs.	Actual Base Quarter Amount, Bi-weekly	1 Day
17.225S	Unemployment Insurance -- State Benefit Account	Department of Labor	100.00	All Administrative Costs	Actual Base Quarter Amount, Bi-weekly	1 Day
20.205	Highway Planning and Construction	Department of Transportation	100.00	Vendor Payments	Composite Clearance	5 Days
84.010	Title I Grants to Local Educational Agencies	Department of Education	98.00	LEA (Local Education Agencies) Payments - ACH	Actual Clearance, ZBA - ACH	0 Days
84.010	Title I Grants to Local Educational Agencies	Department of Education	1.00	Administrative Costs	Actual Base Quarter Amount, Bi-weekly	1 Day
84.010	Title I Grants to Local Educational Agencies	Department of Education	1.00	LEA (Local Education Agencies) Payments - Check	Prior Month Actual, Mid-monthly	N/A
84.027	Special Education -- Grants to States	Department of Education	91.00	LEA (Local Education Agencies) Payments - ACH	Actual Clearance, ZBA - ACH	0 Days
84.027	Special Education -- Grants to States	Department of Education	3.00	All Administrative Costs	Actual Base Quarter Amount, Bi-weekly	1 Day

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
84.027	Special Education -- Grants to States	Department of Education	6.00	LEA (Local Education Agency) Payments - Check	Prior Month Actual, Mid-monthly	N/A
93.558	Temporary Assistance for Needy Families	Department of Human Services	100.00	All Program Costs	Quarterly Estimates, Bi-weekly	1 Day
93.563	Child Support Enforcement	Department of Human Services	35.00	All Administrative Costs	Quarterly Estimates, Bi-weekly	1 Day
93.563	Child Support Enforcement	Department of Justice	65.00	All Administrative Costs	Quarterly Estimates, Bi-weekly	1 Day
93.568	Low-Income Home Energy Assistance	Department of Community Affairs	100.00	All Program Costs	Prior Month Actual, Mid-monthly	N/A
93.767	Children's Health Insurance Program	Department of Human Services	92.00	Children's Insurance Payment	Actual Clearance, ZBA - Same Day Payment	0 Days
93.767	Children's Health Insurance Program	Department of Human Services	7.00	Administrative Cost	Quarterly Estimates, Bi-weekly	1 Day
93.767	Children's Health Insurance Program	Department of Human Services	1.00	Children's Insurance Payments	Reimbursement Analysis	N/A
93.778	Medical Assistance Program	Department of Human Services	70.00	Health care Provider Payments	Actual Clearance, ZBA - Same Day Payment	0 Days
93.778	Medical Assistance Program	Department of Human Services	7.00	All Administartive Costs	Quarterly Estimates, Bi-weekly	1 Day
93.778	Medical Assistance Program	Department of Human Services	12.00	Title XIX Reimbursable Care Costs (Psychiatric Hospitals, Residential Treatment Centers, ICFMR's, Community Care Waiver,etc.)	Reimbursement Analysis	N/A
93.778	Medical Assistance Program	Department of Human Services	11.00	Uncompensated Care	Quarterly Estimate, Same Day Payment, Biweekly	N/A
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Office of Emergency Management	100.00	Applicant Payments	Pre-Issuance	N/A

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

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

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

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

4. Are auditable.

Date: [redacted] 6/22/15

Printed Name: Charlene M. Holzbaur

Certifying Signature: _____

Director of the Office of Management and Budget
Title: Treasury Department