

Cash Management Improvement Act Agreement
between
The State of Vermont
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 Vermont (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 Vermont shall be the Commissioner of Finance and Management 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 07/01/2021 and shall remain in effect until 06/30/2022.

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 federal funds expended as reported in the State's Single Audit Report for fiscal year ending 06/30/2020.

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 \$17,241,682.

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

CFDA	Program Name
10.551	Supplemental Nutrition Assistance Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S	Unemployment Insurance -- State Benefit Account
20.205	Highway Planning and Construction
20.509	Public Transportation for Nonurbanized Areas
84.010	Title I Grants to Local Educational Agencies
84.027	Special Education -- Grants to States
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.778	Medical Assistance Program

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

There are currently no programs listed for Section 4.3.

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

CFDA	Program Name	Exclusion Reason
21.019	Coronavirus Relief Fund	Federal Statute - Full Exemption

5.0 ENTITIES COVERED

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

AHS-Agency of Human Services
 AOE-Agency of Education
 AOT-Agency of Transportation
 DOL-Department of Labor
 Mil-Department of Military

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:

Fiscal Agent	CFDA	Program Name
Conduent State & Local Solutions	10.551	Supplemental Nutrition Assistance Program
Conduent State & Local Solutions	93.558	Temporary Assistance for Needy Families
Conduent State & Local Solutions	93.568	Low-Income Home Energy Assistance
Gainwell Technologies	93.778	Medical Assistance Program

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.

Funding Technique Name	Description
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.
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 6.3.2 of this Agreement.

There are currently 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.

Funding Technique Name	Description
Block Grants Where State Cannot Trace Disbursements	The State shall request funds such that they are deposited in a State account on the median 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 for funds shall be the lesser of the annual award divided by 12, or the total amount of Federal funds expected to be paid out for program purposes during the year divided by 12. This funding technique is interest neutral.
Capitalization Grants for State Revolving Funds	The State shall request funds to minimize the time between the drawdown of funds from Treasury and their deposit into the revolving fund. The timing of the drawdown of Federal funds for deposit to the revolving fund is subject to the interest provisions of 31 CFR Part 205, however there is an interest exemption for the interest the State earns once the funds are deposited into the revolving fund. The request for funds 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 the funds to be used for immediate program purposes. The State will not incur an interest liability for interest earned on revolving fund loans. This funding technique is interest neutral.
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 6.3.2 of this Agreement.

Funding Technique Name	Description
Actuals at Fixed Intervals	The State will request funds at fixed intervals (daily, weekly, etc.) based on expenditures incurred during the fixed interval period. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of each request shall equal the total actual expenditures posted during the period. The State will not apply a clearance pattern to this funding technique and agrees that no federal interest liability will result, provided that federal funds are available and deposited in accordance with the cut-off times specified in Exhibit I. This funding technique is interest neutral.
Bi-Weekly Actual	The State will request funds bi-weekly based on the actual expenditures incurred during the previous two-week period. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of each request shall equal the total actual expenditures posted during the State's bi-weekly billing cycle. Since expenditures using this funding technique are incurred in both the payroll and vendor bank accounts, the State will not apply a clearance pattern to this funding technique and agrees that no federal interest liability will result, provided that federal funds are available and deposited in accordance with the cut-off times specified in Exhibit I. This funding technique is interest neutral.
Payment Schedule-Quarterly Estimates-Other	Funds will be requested weekly for deposit on the median day of each week. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the drawdown shall be based on quarterly estimates and shall be requested in equal weekly amounts throughout the quarter for deposit on the median day of each week. Estimates will be reconciled to actual costs approximately 45 days after the end of the quarter. This funding technique is interest neutral.
Payment Schedule-Quarterly Estimates-Payroll Cycle	Funds will be requested bi-weekly to coincide with the State's payroll cycle. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the drawdown shall be based on quarterly estimates and shall be requested in equal amounts each pay period during the quarter to coincide with the State's bi-weekly payroll cycle. Estimates will be reconciled to

	actual costs approximately 45 days after the end of the quarter. This funding technique is interest neutral.
Prior Month's Actual	Funds will be requested monthly for expenditures incurred in the prior month. Expenditures will be determined as soon as possible subsequent to the close of each month and a request for funds will occur as soon as possible thereafter. 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 actual expenditures incurred in the prior month. This funding technique is not interest neutral.
Weekly Billing Cycle	Funds will be requested weekly for expenditures incurred during the State's seven-day billing cycle. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The amount of the request shall be the actual sum of expenditures that have been posted during the State's billing cycle. This funding technique is not interest neutral.

6.3 Application of Funding Techniques to Programs

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

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.551 Supplemental Nutrition Assistance Program
 Recipient: AHS-Agency of Human Services
 % of Funds Agency Receives: 7.79
 Component: Monthly Payments to Providers/Clients/Grantees
 Technique: Average Clearance
 Average Day of Clearance: 2 Days

10.551 Supplemental Nutrition Assistance Program
 Recipient: AHS-Agency of Human Services
 % of Funds Agency Receives: 73.04
 Component: EBT
 Technique: Actual Clearance, ZBA - Same Day Payment
 Average Day of Clearance: 0 Days

10.551 Supplemental Nutrition Assistance Program
 Recipient: AHS-Agency of Human Services
 % of Funds Agency Receives: 18.28
 Component: Daily Payments to Providers/Clients/Grantees (eFunds)
 Technique: Actuals at Fixed Intervals
 Average Day of Clearance: N/A

10.551 Supplemental Nutrition Assistance Program
 Recipient: AHS-Agency of Human Services
 % of Funds Agency Receives: .89
 Component: Daily Payments to Providers/Clients/Grantees (PATH)
 Technique: Weekly Billing Cycle
 Average Day of Clearance: 2 Days

12.401 National Guard Military Operations and Maintenance (O&M)
 Projects
 Recipient: Mil-Department of Military
 % of Funds Agency Receives: 100
 Component: Direct Administrative Costs
 Technique: Prior Month's Actual
 Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and
Administrative Costs
Recipient: DOL-Department of Labor
% of Funds Agency Receives: 19.69
Component: Unemployment Insurance - Federal Electronic Funds
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 1 Day

17.225F Unemployment Insurance -- Federal Benefit Account and
Administrative Costs
Recipient: DOL-Department of Labor
% of Funds Agency Receives: 78.76
Component: Unemployment Insurance - Federal Funds Checks
Technique: Average Clearance
Average Day of Clearance: 1 Day

17.225F Unemployment Insurance -- Federal Benefit Account and
Administrative Costs
Recipient: DOL-Department of Labor
% of Funds Agency Receives: .19
Component: Unemployment Insurance - Administration - Other -
Special Budget Requests
Technique: Prior Month's Actual
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and
Administrative Costs
Recipient: DOL-Department of Labor
% of Funds Agency Receives: .03
Component: Unemployment Insurance - Administration - Other
Technique: Payment Schedule-Quarterly Estimates-Other
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and
Administrative Costs
Recipient: DOL-Department of Labor
% of Funds Agency Receives: .67
Component: Unemployment Insurance - Administration - Payroll
Technique: Payment Schedule-Quarterly Estimates-Payroll Cycle
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and
Administrative Costs
Recipient: DOL-Department of Labor
% of Funds Agency Receives: .66
Component: Unemployment Insurance - Administration - Other - TAA
Benefits
Technique: Prior Month's Actual
Average Day of Clearance: N/A

17.225S Unemployment Insurance -- State Benefit Account
Recipient: DOL-Department of Labor
% of Funds Agency Receives: 29
Component: Unemployment Insurance-State Funds-Checks
Technique: Average Clearance
Average Day of Clearance: 1 Day

17.225S Unemployment Insurance -- State Benefit Account
Recipient: DOL-Department of Labor
% of Funds Agency Receives: 71
Component: Unemployment Insurance-State Electronic Funds

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

20.205 Highway Planning and Construction
Recipient: AOT-Agency of Transportation
% of Funds Agency Receives: 79.06
Component: Payments to Providers & Grantees
Technique: Weekly Billing Cycle
Average Day of Clearance: N/A

20.205 Highway Planning and Construction
Recipient: AOT-Agency of Transportation
% of Funds Agency Receives: 20.94
Component: Direct Administrative Costs and Payroll
Technique: Weekly Billing Cycle
Average Day of Clearance: N/A

20.509 Public Transportation for Nonurbanized Areas
Recipient: AOT-Agency of Transportation
% of Funds Agency Receives: 4.73
Component: Direct Administrative Costs and Payroll
Technique: Weekly Billing Cycle
Average Day of Clearance: 1 Day

20.509 Public Transportation for Nonurbanized Areas
Recipient: AOT-Agency of Transportation
% of Funds Agency Receives: 95.27
Component: Grantees
Technique: Weekly Billing Cycle
Average Day of Clearance: 2 Days

84.010 Title I Grants to Local Educational Agencies
Recipient: AOE-Agency of Education
% of Funds Agency Receives: .2
Component: Indirect Administrative Costs
Technique: Bi-Weekly Actual
Average Day of Clearance: N/A

84.010 Title I Grants to Local Educational Agencies
Recipient: AOE-Agency of Education
% of Funds Agency Receives: 98.6
Component: Grantees
Technique: Bi-Weekly Actual
Average Day of Clearance: N/A

84.010 Title I Grants to Local Educational Agencies
Recipient: AOE-Agency of Education
% of Funds Agency Receives: 1.2
Component: Direct Administrative Costs
Technique: Bi-Weekly Actual
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: AOE-Agency of Education
% of Funds Agency Receives: 87.5
Component: Grantees
Technique: Bi-Weekly Actual
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: AOE-Agency of Education

% of Funds Agency Receives: 11
Component: Direct Administrative Costs
Technique: Bi-Weekly Actual
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: AOE-Agency of Education
% of Funds Agency Receives: 1.5
Component: Indirect Administrative Costs
Technique: Bi-Weekly Actual
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: AHS-Agency of Human Services
% of Funds Agency Receives: .79
Component: Monthly Benefit Payments
Technique: Average Clearance
Average Day of Clearance: 2 Days

93.558 Temporary Assistance for Needy Families
Recipient: AHS-Agency of Human Services
% of Funds Agency Receives: 10.09
Component: TANF Transfer to SSBG
Technique: Block Grants Where State Cannot Trace Disbursements
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: AHS-Agency of Human Services
% of Funds Agency Receives: 16.05
Component: Weekly Child Care Payments to Providers (Incl. TANF Transfer)
Technique: Weekly Billing Cycle
Average Day of Clearance: 2 Days

93.558 Temporary Assistance for Needy Families
Recipient: AHS-Agency of Human Services
% of Funds Agency Receives: 58.19
Component: Administration Costs TANF Base
Technique: Payment Schedule-Quarterly Estimates-Payroll Cycle
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: AHS-Agency of Human Services
% of Funds Agency Receives: 14.88
Component: Daily Child Care Payments to Providers/Clients/Grantees (Incl. TANF Transfer)
Technique: Weekly Billing Cycle
Average Day of Clearance: 2 Days

93.568 Low-Income Home Energy Assistance
Recipient: AHS-Agency of Human Services
% of Funds Agency Receives: 5.18
Component: Administrative Costs
Technique: Payment Schedule-Quarterly Estimates-Payroll Cycle
Average Day of Clearance: N/A

93.568 Low-Income Home Energy Assistance
Recipient: AHS-Agency of Human Services
% of Funds Agency Receives: 56.71
Component: EFT Fuel Benefit Payments to Providers
Technique: Actual Clearance, ZBA - ACH

Average Day of Clearance: 1 Day

93.568 Low-Income Home Energy Assistance

Recipient: AHS-Agency of Human Services

% of Funds Agency Receives: 38.11

Component: Daily Check/ACH/EFT Payments to
Providers/Clients/Grantees

Technique: Weekly Billing Cycle

Average Day of Clearance: 2 Days

93.778 Medical Assistance Program

Recipient: AHS-Agency of Human Services

% of Funds Agency Receives: 89.19

Component: Payments to Public Managed-Care Organization

Technique: Actual Clearance, ZBA - ACH

Average Day of Clearance: 1 Day

93.778 Medical Assistance Program

Recipient: AHS-Agency of Human Services

% of Funds Agency Receives: .39

Component: Buy-in

Technique: Actual Clearance, ZBA - ACH

Average Day of Clearance: 1 Day

93.778 Medical Assistance Program

Recipient: AHS-Agency of Human Services

% of Funds Agency Receives: .15

Component: Payments to Providers-EFT

Technique: Actual Clearance, ZBA - ACH

Average Day of Clearance: 1 Day

93.778 Medical Assistance Program

Recipient: AHS-Agency of Human Services

% of Funds Agency Receives: 5.35

Component: Administrative Costs, Excluding IAPD and OAPD Costs

Technique: Payment Schedule-Quarterly Estimates-Payroll Cycle

Average Day of Clearance: N/A

93.778 Medical Assistance Program

Recipient: AHS-Agency of Human Services

% of Funds Agency Receives: 4.92

Component: IAPD and OAPD Administrative Costs

Technique: Weekly Billing Cycle

Average Day of Clearance: 2 Days

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

None

7.0 CLEARANCE PATTERNS

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

Vendor Account

Payroll Account

AHS-PATH Account

Unemployment Insurance Benefits Account

Federal Highway Planning & Construction Program (Vendor Account)

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

The State of Vermont-Department of Finance and Management

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

Vendor account-State's central accounting system

Unemployment Insurance Benefits Account-Department of Labor bank records

All other accounts-Bank files from the State Treasurer's Office

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

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

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

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

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

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

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

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

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

All Accounts - An adjustment is not necessary since the State includes all payments in its clearance pattern calculations, including those paid electronically.

The State shall also adjust each clearance pattern to reflect:

n/a

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 the Fiscal Service prior to the effective date of the Agreement. The State shall recertify its clearance patterns at least every five years.

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

8.0 INTEREST CALCULATION METHODOLOGY

8.1 General Terms

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

Actual Clearance, ZBA - ACH
Actual Clearance, ZBA - Same Day Payment
Actuals at Fixed Intervals
Average Clearance
Bi-Weekly Actual
Block Grants Where State Cannot Trace Disbursements
Capitalization Grants for State Revolving Funds
Payment Schedule-Quarterly Estimates-Other
Payment Schedule-Quarterly Estimates-Payroll Cycle
Reverse Flow Program - SSI (CFDA 96.006)

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:

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:

The State shall apply refunds of Federal program funds to the next program disbursement and thus reduce the next Federal program drawdown by the amount of refunds received pertaining to that program. Refunds over \$50,000.00 shall be tracked in the following manner:

Average Clearance Pattern - Refunds shall be tracked from the date they are deposited to the State's account to the date they are paid out for program purposes for potential State interest liabilities.

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

Clearance Patterns:

The time period from issuance of funds to the date funds are debited from the State's account shall be determined by the appropriate clearance pattern specified in Exhibit II.

8.6.2.3 Standards Applied

The State does not utilize statistical sampling. 100% of all disbursement type transactions and related Federal drawdowns are used to compute the State and Federal interest liabilities.

8.6.2.4 Calculation Procedure**Average Daily Balance:**

$I = ADB \times R$, 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

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:

Actual staff costs associated with the maintenance of clearance patterns and calculations of Federal/State interest liabilities.

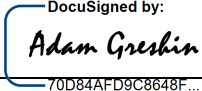
10.3 The State shall submit all claims for reimbursement of interest calculation costs with its Annual Report in accordance with 31 CFR 205.

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

Adam Greshin
Commissioner of Finance and Management

Signature:  Date Signed: 11/24/2021
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Date Submitted 11/23/2021

Sandra R. Paylor
Acting Assistant Commissioner
Revenue Collections Management
Bureau of the Fiscal Service
U.S. Department of the Treasury

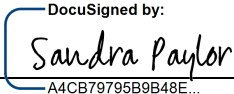
Signature:  Date Signed: 11/24/2021
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Exhibit I - Funds Request and Receipt Times Schedule

State of Vermont

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

Exhibit II - State of Vermont
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	AHS-Agency of Human Services	7.79	Monthly Payments to Providers/Clients/Grantees	Average Clearance	2 Days
	Supplemental Nutrition Assistance Program	AHS-Agency of Human Services	73.04	EBT	Actual Clearance, ZBA - Same Day Payment	0 Days
	Supplemental Nutrition Assistance Program	AHS-Agency of Human Services	18.28	Daily Payments to Providers/Clients/Grantees (eFunds)	Actuals at Fixed Intervals	N/A
	Supplemental Nutrition Assistance Program	AHS-Agency of Human Services	0.89	Daily Payments to Providers/Clients/Grantees (PATH)	Weekly Billing Cycle	2 Days
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Mil-Department of Military	100.0	Direct Administrative Costs	Prior Month's Actual	N/A
17.225 F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	DOL-Department of Labor	19.69	Unemployment Insurance - Federal Electronic Funds	Actual Clearance, ZBA - ACH	1 Day
	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	DOL-Department of Labor	78.76	Unemployment Insurance - Federal Funds Checks	Average Clearance	1 Day
	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	DOL-Department of Labor	0.19	Unemployment Insurance - Administration - Other - Special Budget Requests	Prior Month's Actual	N/A
	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	DOL-Department of Labor	0.03	Unemployment Insurance - Administration - Other	Payment Schedule- Quarterly Estimates- Other	N/A
	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	DOL-Department of Labor	0.67	Unemployment Insurance - Administration - Payroll	Payment Schedule- Quarterly Estimates- Payroll Cycle	N/A
	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	DOL-Department of Labor	0.66	Unemployment Insurance - Administration - Other - TAA Benefits	Prior Month's Actual	N/A

17.225 S	Unemployment Insurance -- State Benefit Account	DOL-Department of Labor	29.0	Unemployment Insurance-State Funds-Checks	Average Clearance	1 Day
	Unemployment Insurance -- State Benefit Account	DOL-Department of Labor	71.0	Unemployment Insurance-State Electronic Funds	Actual Clearance, ZBA - ACH	1 Day
20.205	Highway Planning and Construction	AOT-Agency of Transportation	79.06	Payments to Providers & Grantees	Weekly Billing Cycle	N/A
	Highway Planning and Construction	AOT-Agency of Transportation	20.94	Direct Administrative Costs and Payroll	Weekly Billing Cycle	N/A
20.509	Public Transportation for Nonurbanized Areas	AOT-Agency of Transportation	4.73	Direct Administrative Costs and Payroll	Weekly Billing Cycle	1 Day
	Public Transportation for Nonurbanized Areas	AOT-Agency of Transportation	95.27	Grantees	Weekly Billing Cycle	2 Days
84.010	Title I Grants to Local Educational Agencies	AOE-Agency of Education	0.2	Indirect Administrative Costs	Bi-Weekly Actual	N/A
	Title I Grants to Local Educational Agencies	AOE-Agency of Education	98.6	Grantees	Bi-Weekly Actual	N/A
	Title I Grants to Local Educational Agencies	AOE-Agency of Education	1.2	Direct Administrative Costs	Bi-Weekly Actual	N/A
84.027	Special Education -- Grants to States	AOE-Agency of Education	87.5	Grantees	Bi-Weekly Actual	N/A
	Special Education -- Grants to States	AOE-Agency of Education	11.0	Direct Administrative Costs	Bi-Weekly Actual	N/A
	Special Education -- Grants to States	AOE-Agency of Education	1.5	Indirect Administrative Costs	Bi-Weekly Actual	N/A
93.558	Temporary Assistance for Needy Families	AHS-Agency of Human Services	0.79	Monthly Benefit Payments	Average Clearance	2 Days
	Temporary Assistance for Needy Families	AHS-Agency of Human Services	10.09	TANF Transfer to SSBG	Block Grants Where State Cannot Trace Disbursements	N/A
	Temporary Assistance for Needy Families	AHS-Agency of Human Services	16.05	Weekly Child Care Payments to Providers (Incl. TANF Transfer)	Weekly Billing Cycle	2 Days
	Temporary Assistance for Needy Families	AHS-Agency of Human Services	58.19	Administration Costs TANF Base	Payment Schedule-Quarterly Estimates-Payroll Cycle	N/A
	Temporary Assistance for Needy Families	AHS-Agency of Human Services	14.88	Daily Child Care Payments to Providers/Clients/Grantees (Incl. TANF Transfer)	Weekly Billing Cycle	2 Days
93.568	Low-Income Home Energy Assistance	AHS-Agency of Human Services	5.18	Administrative Costs	Payment Schedule-Quarterly Estimates-Payroll Cycle	N/A

	Low-Income Home Energy Assistance	AHS-Agency of Human Services	56.71	EFT Fuel Benefit Payments to Providers	Actual Clearance, ZBA - ACH	1 Day
	Low-Income Home Energy Assistance	AHS-Agency of Human Services	38.11	Daily Check/ACH/EFT Payments to Providers/Clients/Grantees	Weekly Billing Cycle	2 Days
93.778	Medical Assistance Program	AHS-Agency of Human Services	89.19	Payments to Public Managed-Care Organization	Actual Clearance, ZBA - ACH	1 Day
	Medical Assistance Program	AHS-Agency of Human Services	0.39	Buy-in	Actual Clearance, ZBA - ACH	1 Day
	Medical Assistance Program	AHS-Agency of Human Services	0.15	Payments to Providers-EFT	Actual Clearance, ZBA - ACH	1 Day
	Medical Assistance Program	AHS-Agency of Human Services	5.35	Administrative Costs, Excluding IAPD and OAPD Costs	Payment Schedule-Quarterly Estimates-Payroll Cycle	N/A
	Medical Assistance Program	AHS-Agency of Human Services	4.92	IAPD and OAPD Administrative Costs	Weekly Billing Cycle	2 Days

Certification

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: 11/24/2021

Printed Name: Adam Greshin

Certifying Signature:  70D84AFD9C8648F...

Title: Commissioner of Finance and Management

