Cash Management Improvement Act Agreement
between
The State of Illinois
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 Illinois (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 Illinois shall be the the Director of the Governor's Office of Management and Budget 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 07/01/2014 and shall remain in effect until 06/30/2015.

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

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

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

4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on the State's Single Audit for fiscal year ending 06/30/2013.

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 $70,594,000.

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

10.551 Supplemental Nutrition Assistance Program
10.553 School Breakfast Program
10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
10.558 Child and Adult Care Food Program
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.228 Community Development Block Grants/State's Program
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S Unemployment Insurance -- State Benefit Account
20.106 Airport Improvement Program
20.205 Highway Planning and Construction
20.319 High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States
84.367 Improving Teacher Quality State Grants
93.558 Temporary Assistance for Needy Families
93.563 Child Support Enforcement
93.568 Low-Income Home Energy Assistance
93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658 Foster Care -- Title IV-E
93.659 Adoption Assistance
93.767 Children's Health Insurance Program
93.778 Medical Assistance Program
96.001 Social Security -- Disability Insurance
97.067 Homeland Security Grant Program

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

There are 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:

66.458 Capitalization Grants for State Revolving Funds --- Exclusion:Federal Statute - Full Exemption

84.032 Federal Family Education Loans --- Exclusion:Federal Statute - Full Exemption
93.268 Immunization Grants --- Exclusion:Non-Cash

5.0 ENTITIES COVERED

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

Department of Children and Family Services (DCFS)
Department of Commerce & Economic Opportunity (DCEO)
Department of Employment Security (DES)
Department of Healthcare & Family Services (HFS)
Department of Human Services (DHS)
Department of Transportation (DOT)
Illinois Emergency Management Agency (IEMA)
Illinois Student Assistance Commission (ISAC)
State Board of Education (SBE)

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:

Wells Fargo Bank 10.551 Supplemental Nutrition Assistance Program
Wells Fargo Bank 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

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.

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.

Payment Schedule - Monthly

The State shall request funds such that they are deposited in a State account on the median business 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 shall be a prorated share of the lesser of (1) the annual grant divided by 12, or (2) 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.

Payment Schedule - Quarterly

The State shall request funds such that they are deposited in a State account on the median business day of the quarter.The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be a prorated share of (1) the lesser of the annual grant divided by 4, or (2) the total amount of Federal funds expected to be paid out for program purposes during the year divided by 4. 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.

Direct Administrative Costs - Drawdowns at Fixed Intervals

The State shall request funds once a month, such that they are deposited on the day of the month specified for each component.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 based on the amount of actual cash outlays for direct administrative costs during the month. This funding technique is interest neutral.

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

Indirect Costs - Quarterly with Reconciliation

The State shall request funds at the end of each quarter so that they are deposited in a State account after the last payroll of each quarter. After the completion of each quarter's payroll, reconciliation will be done prior to requesting of the quarterly draw. 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 annual amount of indirect costs based on the federally approved estimated indirect cost rate divided by 4. This funding technique is interest neutral.

Modified Actual Clearance, ZBA - ACH

The State Contractor (Contractor) shall request funds such that they are deposited by ACH in a Contractor 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 Contractor's account on the settlement date. This funding technique is interest neutral.

Modified Actual Costs - Estimated Allocation - Semi-Monthly

The State shall request funds at semi-monthly intervals, such that funds are deposited on the date of the State paydays. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request is the lesser of one-sixth of the estimated allocation derived from actual costs distributed to the program according to the allocation statistics of the prior quarter or one-sixth of the quarter's grant award. The State will adjust the drawdown of the actual allocation at the end of the quarter based on the approved cost allocation plan. This funding technique is interest neutral.

Modified Payment Schedule - Monthly

The State shall request funds such that they are deposited in a State account on the median business 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 shall be a prorated share of the lesser of (1) the quarterly grant award divided by 3, or (2) the total amount of Federal funds expected to be paid out for program purposes during the quarter divided by 3. This funding technique is interest neutral.

Modified Payment Schedule - Semi-Monthly

The State shall request funds that they are deposited in a State account on the average clearance date 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 a pro-rated share of the lesser of (1) the annual grant divided by 24, or (2) the total amount of Federal funds expected to be paid out for program purposes during the year divided by 24. This funding technique is interest

neutral.

Modified Payment Schedule - Semi-Monthly with Reconciliation

The State shall request funds such that they are deposited in a State account on the first business day following the end of the payroll period. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be a prorated share of the lesser of (1) the annual grant divided by 24, or (2) the total amount of Federal funds expected to be paid out for program purposes during the year divided by 24, reconciling after each month and adjusting the request for funds to the actual payments during the preceding month. This funding technique is interest neutral.

Modified Payment Schedule - Weekly

The state shall request funds such that they are deposited in a State account on the median business day of the week. The request shall be made in accordance with the appropriate Federal agency cut-off tine specified in Exhibit I. The amount of the request shall be a pro-rated share of the lesser of (1) the annual quarterly grant divided by 13, or (2) the total amount of Federal funds expected to be paid out for program purposes during the quarter divided by 13. This funding technique is interest neutral.

Modified Payment Schedule - Weekly (Thursday)

The State shall request funds such that they are deposited in a State account on Thursday 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 request shall be the estimated amount of Federal funds expected to be paid out to participating contractors and vendors. This funding technique is interest neutral.

Reimbursement Funding

The state shall request funds once a month, after reports containing the amount of actual cash outlays for direct program costs are available, and deposited into a special state fund. The Federal government will not incur interest liabilities for this technique as state rules require deposits into the fund to be based on actual amounts. No reconciliation is necessary. This funding technique is interest neutral.

6.3 Application of Funding Techniques to Programs

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

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.551 Supplemental Nutrition Assistance Program
Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 100.00
Component: Program
Technique: Modified Actual Clearance, ZBA - ACH
Average Day of Clearance: N/A

10.553 School Breakfast Program
Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Indirect Costs
Technique: Payment Schedule - Quarterly
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Administration
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 97.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

10.555 National School Lunch Program
Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 100.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 2.00
Component: Payroll
Technique: Modified Payment Schedule - Semi-Monthly
Average Day of Clearance: N/A

Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 1.00
Component: Admin
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Human Services (DHS)

% of Funds Agency Receives: 97.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

10.558 Child and Adult Care Food Program
Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Indirect
Technique: Payment Schedule - Quarterly
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Admin
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 97.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 100.00
Component: All Funds
Technique: Modified Payment Schedule - Semi-Monthly
Average Day of Clearance: N/A

14.228 Community Development Block Grants/State's Program
Recipient: Department of Commerce & Economic Opportunity (DCEO)
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Commerce & Economic Opportunity (DCEO)
% of Funds Agency Receives: 99.00

Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Employment Security (DES)
% of Funds Agency Receives: 6.00
Component: Admin
Technique: Modified Payment Schedule - Semi-Monthly with Reconciliation
Average Day of Clearance: N/A

Recipient: Department of Employment Security (DES)
% of Funds Agency Receives: 15.00
Component: Payroll
Technique: Modified Payment Schedule - Semi-Monthly with Reconciliation
Average Day of Clearance: N/A

Recipient: Department of Employment Security (DES)
% of Funds Agency Receives: 79.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Employment Security (DES)
% of Funds Agency Receives: 100.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

20.106 Airport Improvement Program
Recipient: Department of Transportation (DOT)
% of Funds Agency Receives: 100.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

20.205 Highway Planning and Construction
Recipient: Department of Transportation (DOT)
% of Funds Agency Receives: 2.00
Component: Payroll
Technique: Modified Payment Schedule - Weekly (Thursday)
Average Day of Clearance: N/A

Recipient: Department of Transportation (DOT)

% of Funds Agency Receives: 98.00
Component: Program
Technique: Modified Payment Schedule - Weekly (Thursday)
Average Day of Clearance: N/A

20.319 High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants
Recipient: Department of Transportation (DOT)
% of Funds Agency Receives: 100.00
Component: Program
Technique: Reimbursement Funding
Average Day of Clearance: N/A

84.010 Title I Grants to Local Educational Agencies
Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Indirect
Technique: Payment Schedule - Quarterly
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Admin
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 97.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Indirect
Technique: Payment Schedule - Quarterly
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 2.00

Component: Admin
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 96.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States
Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 6.00
Component: Indirect
Technique: Indirect Costs - Quarterly with Reconciliation
Average Day of Clearance: N/A

Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 48.00
Component: Direct Payroll
Technique: Modified Payment Schedule - Semi-Monthly
Average Day of Clearance: N/A

Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 46.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

84.367 Improving Teacher Quality State Grants
Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Indirect
Technique: Payment Schedule - Quarterly
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Admin
Technique: Pre-Issuance

Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 97.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: State Board of Education (SBE)
% of Funds Agency Receives: 9.00
Component: Program
Technique: Payment Schedule - Monthly
Average Day of Clearance: N/A

Recipient: Illinois Student Assistance Commission (ISAC)
% of Funds Agency Receives: 12.00
Component: Program
Technique: Payment Schedule - Monthly
Average Day of Clearance: N/A

Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 38.00
Component: Program
Technique: Payment Schedule - Monthly
Average Day of Clearance: N/A

Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 41.00
Component: Program
Technique: Payment Schedule - Monthly
Average Day of Clearance: N/A

93.563 Child Support Enforcement
Recipient: Department of Healthcare & Family Services (HFS)
% of Funds Agency Receives: 100.00
Component: Admin
Technique: Modified Actual Costs - Estimated Allocation - Semi-Monthly
Average Day of Clearance: N/A

93.568 Low-Income Home Energy Assistance
Recipient: Department of Commerce & Economic Opportunity (DCEO)
% of Funds Agency Receives: 4.00
Component: Payroll
Technique: Average Clearance
Average Day of Clearance: 4 Days

Recipient: Department of Commerce & Economic Opportunity (DCEO)
% of Funds Agency Receives: 96.00
Component: Program
Technique: Average Clearance
Average Day of Clearance: 8 Days

93.575 Child Care and Development Block Grant
Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 100.00
Component: Program
Technique: Payment Schedule - Monthly
Average Day of Clearance: N/A

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 100.00
Component: All Funds
Technique: Payment Schedule - Monthly
Average Day of Clearance: N/A

93.658 Foster Care -- Title IV-E
Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 13.00
Component: Admin
Technique: Modified Payment Schedule - Monthly
Average Day of Clearance: N/A

Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 3.00
Component: Indirect
Technique: Modified Payment Schedule - Monthly
Average Day of Clearance: N/A

Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 17.00
Component: Payroll
Technique: Modified Payment Schedule - Monthly
Average Day of Clearance: N/A

Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 67.00
Component: Program
Technique: Modified Payment Schedule - Monthly
Average Day of Clearance: N/A

93.659 Adoption Assistance
Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 6.00
Component: Admin
Technique: Modified Payment Schedule - Monthly
Average Day of Clearance: N/A

Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 1.00
Component: Indirect
Technique: Modified Payment Schedule - Monthly
Average Day of Clearance: N/A

Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 3.00
Component: Payroll
Technique: Modified Payment Schedule - Monthly
Average Day of Clearance: N/A

Recipient: Department of Children and Family Services (DCFS)
% of Funds Agency Receives: 90.00
Component: Program
Technique: Modified Payment Schedule - Monthly
Average Day of Clearance: N/A

93.767 Children's Health Insurance Program
Recipient: Department of Healthcare & Family Services (HFS)
% of Funds Agency Receives: 6.00
Component: Admin
Technique: Modified Actual Costs - Estimated Allocation - Semi-Monthly
Average Day of Clearance: N/A

Recipient: Department of Healthcare & Family Services (HFS)
% of Funds Agency Receives: 94.00
Component: Program
Technique: Reimbursement Funding
Average Day of Clearance: N/A

93.778 Medical Assistance Program
Recipient: Department of Healthcare & Family Services (HFS)

% of Funds Agency Receives: 69.00
Component: Program
Technique: Average Clearance
Average Day of Clearance: 5 Days

Recipient: Department of Healthcare & Family Services (HFS)
% of Funds Agency Receives: 2.00
Component: Admin
Technique: Direct Administrative Costs - Drawdowns at Fixed Intervals
Average Day of Clearance: N/A

Recipient: Department of Healthcare & Family Services (HFS)
% of Funds Agency Receives: 6.00
Component: Admin
Technique: Modified Actual Costs - Estimated Allocation - Semi-Monthly
Average Day of Clearance: N/A

Recipient: Department of Healthcare & Family Services (HFS)
% of Funds Agency Receives: 6.00
Component: Program
Technique: Modified Payment Schedule - Weekly
Average Day of Clearance: N/A

Recipient: Department of Healthcare & Family Services (HFS)
% of Funds Agency Receives: 2.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Healthcare & Family Services (HFS)
% of Funds Agency Receives: 15.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

96.001 Social Security -- Disability Insurance
Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 11.00
Component: Indirect Costs
Technique: Indirect Costs - Quarterly with Reconciliation
Average Day of Clearance: N/A

Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 62.00
Component: Payroll
Technique: Modified Payment Schedule - Semi-Monthly
Average Day of Clearance: N/A

Recipient: Department of Human Services (DHS)
% of Funds Agency Receives: 27.00
Component: Program
Technique: Pre-Issuance
Average Day of Clearance: N/A

97.067 Homeland Security Grant Program
Recipient: Illinois Emergency Management Agency (IEMA)
% of Funds Agency Receives: 2.00
Component: Administration
Technique: Modified Payment Schedule - Weekly
Average Day of Clearance: N/A

Recipient: Illinois Emergency Management Agency (IEMA)
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Modified Payment Schedule - Weekly
Average Day of Clearance: N/A

Recipient: Illinois Emergency Management Agency (IEMA)
% of Funds Agency Receives: 97.00
Component: Program
Technique: Modified Payment Schedule - Weekly
Average Day of Clearance: N/A

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

None.

6.3.4 Percentages listed under Section 6.3.2 shall be viewed as estimates. All percentages are rounded to the nearest whole number. Percentages listed as zero shall be interpreted to mean the component represents less than one percent.

6.4 For payment schedules, neither the State nor Federal government shall be liable for interest if funds are requested for deposit in a State account on the median business or calendar day of the month. If an interest neutral funding technique is violated, the State shall be liable for interest for the amount of Federal funds received in excess of the specified funding technique on a pre-issuance basis.

7.0 CLEARANCE PATTERNS

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

Each program or program component as required in section 6.3.2 under the agreement.

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

Each entity which receives Federal funds shall be responsible for the development of its own clearance patterns.

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

State accounting records.

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.

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.

7.4.1 Or the Agency shall determine the time Federal funds are held in a State account prior to disbursement by calculating the dollar-weighted average pre-issuance time for all Federal funds deposited during the state fiscal year for the applicable grant. The Agency will identify all checks or warrants as its population.

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.

7.5.1 In each calculation made by the State the Agency shall use 0 (zero) days as the time from issuance to clearance of payments made to individuals through electronic payments for purposes of payroll.

In each calculation made by the State the Agency shall use 2 (two) days as the number of days relating to the interval of time from issuance to clearance for electronic payments made relating to non-payroll disbursements.

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

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

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

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

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

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

None

The State shall also adjust each clearance pattern to reflect:

None

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

7.8.1 Calendar days shall be used to develop clearance patterns in the following cases:

1. All calculations by the Illinois Department of Employment Security
2. All calculations by the Illinois Department of Transportation
3. All calculations by the Department of Commerce and Economic Opportunity

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:

Average Clearance
Direct Administrative Costs - Drawdowns at Fixed Intervals
Indirect Costs - Quarterly with Reconciliation
Modified Actual Clearance, ZBA - ACH
Modified Actual Costs - Estimated Allocation - Semi-Monthly
Modified Payment Schedule - Monthly
Modified Payment Schedule - Semi-Monthly
Modified Payment Schedule - Semi-Monthly with Reconciliation
Modified Payment Schedule - Weekly
Modified Payment Schedule - Weekly (Thursday)
Payment Schedule - Monthly
Payment Schedule - Quarterly
Reimbursement Funding

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 States 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 States 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 States 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 States 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 Non-Interest Neutral Programs - Liability Captured Manually by Each Agency:
For programs to which applicable non-interest neutral funding techniques are applied, each State agency shall maintain records identifying:

(1) the date of the refund
(2) the date the refund is offset against subsequent deposit of Federal funds
(3) the check issue date for the disbursement related to the subsequent deposit of Federal funds
(4) the amount of the refund

Interest shall be calculated based on the difference in whole days between the date the refund is deposited in a State account and the date the refund is paid out for program purposes. The State shall measure this period by dividing it into three periods: the pre-offset period, the pre-disbursement period, and the clearance period.

The pre-offset period is from deposit of the refund to the subsequent deposit of Federal funds against which the refund is offset. The pre-disbursement period is from the deposit of Federal funds against which the refund is offset to the issuance of checks, as measured by period one calculations. The clearance period is from the issuance of checks to the clearance of checks.

8.4.4 There is no interest liability on WIC rebates, as per the 1994 Appropriation Act, if used for program purposes.

There is no interest liability on WIC funds transferred from the State Treasury to the WIC Fiscal Agent.

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 cash draws 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.

Clearance Patterns:
The time period from issuance of funds to the date funds are debited from the States account shall be determined by the appropriate clearance pattern specified in Exhibit II.

8.6.2.2 Source of Data

Bank or Agency:
The time period from warrant issuance or electronic funds transfer shall be determined from information captured by the agency accounting system.

8.6.2.3 Standards Applied

Census (Average Daily Balance):
The average daily cash balance of Federal Funds in the program's account reflects the actual activity of each draw from the date of deposit to the date of issuance or clearance, whichever is pertinent.

8.6.2.4 Calculation Procedure

Average Daily Balance:
I = ADB x R x Days Held, where

I = States interest liability

ADB = Average Daily Balance of federal funds in a programs account, measured from deposit to clearance.

R = daily Interest Rate calculated by the Bureau of the Fiscal Service (of the U.S. Treasury) for states with fiscal years beginning July 1.

Days Held = Difference in whole days between the Clearance Pattern specified in Exhibit II and the days measured as Deposit to Clearance in 8.6.2.1.

8.7 Where applicable, Sections 8.2, 8.4, and 8.6, including all subsections, shall only apply to programs operated by the Illinois Department of Healthcare and Family Services.

Note: The CMIAS system is currently set up so that sections 8.2, 8.4, and 8.6 apply to the entire agreement. The State of Illinois, however, allows each state agency to manage their federal funds independently, which means that the state uses several different methods to calculate interest liabilities. Section 8.7 is included to distinguish that sections 8.2, 8.4, and 8.6 apply to only one state agency. The sections following these sections outline the same information contained in sections 8.2, 8.4, and 8.6 for each state agency and/or CFDA # as appropriate.

8.7.1 Where applicable, the following language shall only apply to CFDA # 84.126.

A. Federal interest liabilities will be calculated in accordance with section 8.2.2. Money drawn down for indirect costs will not be subject to federal interest liability pursuant to 31 CFR Part 205.13.

B. The State shall use the methodology identified below to calculate state interest liabilities on refunds of $50,000 or more.

When a refund is received, it is deposited and a subsequent federal draw is adjusted by the amount of the refund. The following equation will be used for calculating the state interest liabilitiy on refunds:

I=Refund Amount x Days Held by State x Daily Interest Rate, where

I=State interest liability.

Refund Amount = Dollar amount of the refund.

Days Held by State = The State agency will record the date the refund is deposited and the date the federal draw that is adjusted by the refund amount is deposited. The State shall measure the difference between these two dates in whole calendar days.

Daily Interest Rate = the rate calculated by the Bureau of the Fiscal Service (of the U.S. Department of the Treasury) for states with fiscal years beginning July 1.

C. Money drawn down for indirect costs will be excluded from the state interest liability calculation pursuant to 31 CFR Part 205.13. The State shall use the following method to calculate State interest liabilities on Federal funds:

(1) Measuring Time Funds are Held

Deposit to Issuance; Issuance to Clearance:
To determine the total time Federal funds are held, the State shall separately measure two time periods: (1) the date Federal funds are deposited to the date checks are issued; and (2) the date checks are issued to the date funds are debited from the State's account shall be the method for calculating clearance pattern as further defined in Section 7. The clearance pattern as previously defined shall be reflected in whole day numbers in Exhibit II.

(2) Source of Data

Bank or Agency:
The time period from deposit to issuance shall be determined from information captured by the agency's accounting system.

(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.

Or

The Agency shall determine the time Federal funds are held in a State account prior to disbursement by calculating the dollar-weighted average pre-issuance time for all Federal funds deposited during the state fiscal year for the applicable grant. The Agency will identify all checks or warrants tied to the federal fund deposits as its sample population.

(4) Calculation Procedure

I = P x r x (PI + CT)

I = State's total interest liability

P = Total annual draws of Federal funds for program or component cash flow of program

r = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year divided by 365 days

PI = Dollar-weighted average number of days Federal funds are held by State prior to issuance

CT = Dollar-weighted average number of days Federal funds are held by State between issuance and clearance of checks.

8.7.2 Where applicable, the following language shall only apply to CFDA # 10.557.

A. Federal interest liabilities will be calculated in accordance with Section 8.2.2.

B. The State shall use the following method to calculate State interest liabilities on Federal funds:

(1) Measuring Time Funds are Held

Deposit to Clearance

The federal monies for WIC are deposited into a dedicated fund. The daily fund cash balance serves as a gauge for measuring how long federal funds are held. As such, the sum of the daily cash balance in the state fund serves as a measure of federal funds being held.

(2) Source of Data

The average daily cash balance will be determined through reports issued by the State Treasurer and state accounting records.

(3) Standards Applied

The average daily cash balance of Federal funds in the State Treasury fund reflects the actual activity of each draw from the date of deposit to the date of clearance. It is noted that the State Treasury fund includes Infant Formula Rebates. The amount of Infant Formula Rebates not worked off will be subtracted from the daily cash balance to determine the daily cash balance for interest calculation purposes.

(4) Calculation Procedure

Average Daily Balance:

I = ADB x R, where

I = State's total interest liability.

ADB = Average daily cash balance. This will be determined by summing up the daily cash balance for each day of the fiscal year and dividing by the number of days in that fiscal year. The daily cash balance will be determined by summing up the daily cash balance in the State Treasury fund and then subtracting the amount of Infant Formula Rebates not worked off.

R= Daily interest rate as calculated by the Bureau of the Fiscal Service (of the U.S. Department of the Treasury) for states with fiscal years beginning July 1.

8.7.3 The following language shall only apply to CFDA # 93.959.
A. The State shall use the following method to calculate Federal interest liabilities:

Federal interest liabilities will be calculated in accordance with Section 8.2.2.

B. The State shall use the following methodology to calculate interest liabilities on federal funds:

(1) Measuring Time Funds are Held

Deposit to Clearance

As the federal monies for these programs are deposited into dedicated funds, the daily fund cash balance serves as a measure of federal funds being held. For CFDA # 93.959, the state fund is the Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund (#0013).

(2) Source of Data

Bank or Agency:
The average daily cash balance of the fund will be determined through reports issued by the State Treasurer.

(3) Standards Applied

The average daily cash balance of Federal funds in the fund dedicated to that program reflects the actual activity of each draw from the date of deposit to the date of clearance.

(4) Calculation Procedure

Average Daily Balance:
I = ADB x R, where

I = State s total interest liability.

ADB = Average daily cash balance in the program s fund, as measured by summing up the daily cash balance for each day of the fiscal year and dividing by the number of days in that fiscal year.

R = Daily interest rate as calculated by the Bureau of the Fiscal Service (of the U.S. Department of the Treasury) for states with fiscal years beginning July 1.

8.7.4 Where applicable, the following language shall only apply to CFDA # 20.106.

A. The State shall use the following method to calculate State interest liabilities on Federal funds:

(1) Measuring Time Funds are Held

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

(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.

(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 with a 5% precision factor and a 2% error rate.

For each check in the sample population, the State shall:
1 subtract the date the federally participating expenditure was paid by the federal agency from the check clearance date
2 multiply the difference of step 1 by the amount of federal funds identified with this payment
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

Or

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.

(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

8.7.5 Where applicable, the following language shall only apply to programs operated by the Illinois State Board of Education.

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

Average Daily Balance:
The State shall track the actual cash activity for each Federal program by its own account. A negative cash balance at the close of business indicates the State paid out its own funds for program purposes in the absence of supporting Federal funds. The Federal interest liability shall be calculated by applying the daily interest to a program's negative cash balance.

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

Refunds Deposited to Non-Interest Neutral Programs - Part of Liability Captured Under State's Pre-Issuance Calculation:

With programs to which applicable interest neutral funding techniques are applied, the State interest liability shall be based on two periods: (1) the difference in whole days between the date the refund is deposited to a State account and the date the refund is offset against a subsequent deposit of Federal funds; (2) the difference in whole days between the date the refund is offset against a subsequent deposit of Federal funds and the date the refund is paid out for program purposes.

Interest on refunds during period 1 will be calculated using the information recorded in a separate account. Interest on refunds during period 2 will be captured under the State method for calculating interest under pre-issuance funding. Under this method, interest is calculated on totals disbursed, which includes refunds on hand as well as amounts drawn. The reported interest liability for refunds, therefore, will reflect period 1 only.

C. The State shall use the following method to calculate State interest liabilities on Federal funds:

(1) Measuring Time Funds are Held

Deposit to Clearance:

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

(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.

(3) Standards Applied

Census (Average Daily Balance):
The average daily cash balance of Federal Funds in the fund's account reflects the actual activity of each draw from the date of deposit to the date of issuance or clearance, whichever is pertinent.

(4) Calculation Procedure

Average Daily Balance + Clearance Pattern:
I = {ADB x R} + {P x r x T}, where

I = State's total interest liability

ADB = Average Daily Balance of cash in a fund'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

P = Total annual expenditures of Federal funds for program or component cash flow of program

r = R/365 days

T = Dollar-weighted average day of clearance, as determined by the appropriate clearance pattern in Exhibit II

8.7.6 Where applicable, the following language shall only apply to programs operated by the Illinois Department of Employment Security.

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

Average Daily Balance-Modified:
The State shall track the actual cash activity for each Federal program by its own account. A negative cash balance at the close of business indicates the State paid out its own funds for program purposes in the absence of supporting Federal funds. The Federal interest liability shall be calculated using the interest liability for each day's net transaction cash balance for the period from the effective date of the transaction to the end of the state's fiscal year.

B. The State shall use the following two methods 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.

Refunds Deposited to Non-Interest Neutral Programs - Part of Liability Captured Under State's Pre-Issuance Calculation: With programs to which applicable interest neutral funding techniques are applied, the State interest liability shall be based on two periods: (1) the difference in whole days between the date the refund is deposited to a State account and the date the refund is offset against a subsequent deposit of Federal funds; (2) the difference in whole days between the date the refund is offset against a subsequent deposit of Federal funds and the date the refund is paid out for program purposes.

Interest on refunds during period 1 will be calculated using the information recorded in a separate account. Interest on refunds during period 2 will be captured under the State method for calculating interest under pre-issuance funding. Under this method, interest is calculated on totals disbursed, which includes refunds on hand as well as amounts drawn. The reported interest liability for refunds, therefore, will reflect period 1 only.

C. The State shall use the following method to calculate State interest liabilities on Federal funds:

(1) Measuring Time Funds are Held

Deposit to Issuance; Issuance to Clearance:
To determine the total time Federal funds are held, the State shall separately measure two time periods: (1) the date Federal funds are deposited to the date checks are issued; and (2) the date checks are issued to the date funds are debited from the State's account.

(2) Source of Data

Bank or Agency:
The agency shall use their own accounting system, which provides transaction dates. These transaction dates are converted to cash to an actual cash basis using processing data (date vouchered to date warrant or ACH is issued) plus clearance patterns (for disbursements) and adding one business day for draws requested via ACH.

(3) Standards Applied

Census (Average Daily Balance):
The average daily cash balance of Federal Funds in the program's account reflects the actual activity of each draw from the date of deposit to the date of issuance or clearance, whichever is pertinent.

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.

(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

8.7.7 Where applicable, the following language shall only apply to programs operated by the Illinois Department of Commerce and Economic Opportunity.

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

Average Daily Balance:
The State shall track the actual cash activity for each Federal program by looking at the close of business fund balance per the Comptroller on working days. A negative cash balance at the close of business indicates the State paid out its own funds for program purposes in the absence of supporting Federal funds. The Federal interest liability shall be calculated by applying the daily interest to a program's negative cash balance.

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

Refunds Deposited to Non-Interest Neutral Programs - Part of Liability Captured Under State's Pre-Issuance Calculation:
With programs to which applicable interest neutral funding techniques are applied, the State interest liability shall be based on two periods: (1) the difference in whole days between the date the refund is deposited to a State account and the date the refund is offset against a subsequent deposit of Federal funds; (2) the difference in whole days between the date the refund is offset against a subsequent deposit of Federal funds and the date the refund is paid out for program purposes.

Interest on refunds during period 1 will be calculated using the information recorded in a separate account. Interest on refunds during period 2 will be captured under the State method for calculating interest under pre-issuance funding. Under this method, interest is calculated on totals disbursed, which includes refunds on hand as well as amounts drawn. The reported interest liability for refunds, therefore, will reflect period 1 only.

C. The State shall use the following method to calculate State interest liabilities on Federal funds:

(1) Measuring Time Funds are Held

Deposit to Issuance; Issuance to Clearance:
To determine the total time Federal funds are held, the State shall separately measure two time periods: (1) the date Federal funds are deposited to the date checks are issued; and (2) the date checks are issued to the date funds are debited from the State's account.

(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.

(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.

(4) Calculation Procedure

Segment A: The Time of the recording of the receipt by the Comptroller to the issuance of the warrant.

[Average Daily Balance] * [Interest Rate]

Segment B: The time from the issuance of the warrant to the presentation of the warrant to the Treasury for payment.

([Program Total] - [CMIA Covered Share of EFT]) * [Payroll % of Warrants] * [Interest Rate] * [Payroll Average Clearance Pattern/365]

AND

([Program Total] - [CMIA Covered Share of EFT]) * [Non-Payroll % of Warrants] * [Interest Rate] * [Non-Payroll Average Clearance Pattern/365]

Interest Liability = Segment A + Segment B

9.0 REVERSE FLOW PROGRAMS

The State is not required to cover any reverse flow programs under the terms of this Agreement because the State does not participate in the program.

10.0 INTEREST CALCULATION COSTS

10.1 As set forth in 31 CFR 205.27, interest calculation costs are defined as those costs necessary for the actual calculation of interest, including the cost of developing and maintaining clearance patterns in support of the interest calculations. Interest calculation costs do not include expenses for normal disbursing services, such as processing of checks or maintaining records for accounting and reconciliation of cash balances, or expenses for upgrading or modernizing accounting systems. Interest calculation costs in excess of $50,000 in any year are not eligible for reimbursement, unless the State provides justification with the annual report.

10.2 The State expects to incur the following types of interest calculation costs:

Personnel costs for interest calculation and clearance pattern development

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

Jerome Stermer
Director, Governor's Office of Management and Budget

Signature: [redacted] (b) (6) Date Signed: 8-19-14

Date Submitted 07/08/2014

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

Signature: Corvelli A. McDaniel Date Signed: 9/2/14

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

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 Illinois

LIST OF STATE CLEARANCE TIMES

(Rounded Dollar-Weighted Average Day of Clearance)

Clearance Times Where the Timing of A Draw Down Is Based on A Clearance Pattern

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
10.551	Supplemental Nutrition Assistance Program	Department of Human Services (DHS)	100.00	Program	Modified Actual Clearance, ZBA - ACH	N/A
10.553	School Breakfast Program	State Board of Education (SBE)	1.00	Administration	Pre-Issuance	N/A
10.553	School Breakfast Program	State Board of Education (SBE)	97.00	Program	Pre-Issuance	N/A
10.553	School Breakfast Program	State Board of Education (SBE)	1.00	Payroll	Pre-Issuance	N/A
10.553	School Breakfast Program	State Board of Education (SBE)	1.00	Indirect Costs	Payment Schedule - Quarterly	N/A
10.555	National School Lunch Program	State Board of Education (SBE)	100.00	Program	Pre-Issuance	N/A
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Human Services (DHS)	2.00	Payroll	Modified Payment Schedule - Semi-Monthly	N/A
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Human Services (DHS)	1.00	Admin	Pre-Issuance	N/A
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Human Services (DHS)	97.00	Program	Pre-Issuance	N/A
10.558	Child and Adult Care Food Program	State Board of Education (SBE)	1.00	Payroll	Pre-Issuance	N/A
10.558	Child and Adult Care Food Program	State Board of Education (SBE)	97.00	Program	Pre-Issuance	N/A
10.558	Child and Adult Care Food Program	State Board of Education (SBE)	1.00	Admin	Pre-Issuance	N/A
10.558	Child and Adult Care Food Program	State Board of Education (SBE)	1.00	Indirect	Payment Schedule - Quarterly	N/A
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Department of Human Services (DHS)	100.00	All Funds	Modified Payment Schedule - Semi-Monthly	N/A
14.228	Community Development Block Grants/State's Program	Department of Commerce & Economic Opportunity (DCEO)	99.00	Program	Pre-Issuance	N/A
14.228	Community Development Block Grants/State's Program	Department of Commerce & Economic Opportunity (DCEO)	1.00	Payroll	Pre-Issuance	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Employment Security (DES)	79.00	Program	Pre-Issuance	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Employment Security (DES)	6.00	Admin	Modified Payment Schedule - Semi-Monthly with Reconciliation	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Employment Security (DES)	15.00	Payroll	Modified Payment Schedule - Semi-Monthly with Reconciliation	N/A
17.225S	Unemployment Insurance -- State Benefit Account	Department of Employment Security (DES)	100.00	Program	Pre-Issuance	N/A
20.106	Airport Improvement Program	Department of Transportation (DOT)	100.00	Program	Pre-Issuance	N/A
20.205	Highway Planning and Construction	Department of Transportation (DOT)	98.00	Program	Modified Payment Schedule - Weekly (Thursday)	N/A
20.205	Highway Planning and Construction	Department of Transportation (DOT)	2.00	Payroll	Modified Payment Schedule - Weekly (Thursday)	N/A
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants	Department of Transportation (DOT)	100.00	Program	Reimbursement Funding	N/A
84.010	Title I Grants to Local Educational Agencies	State Board of Education (SBE)	97.00	Program	Pre-Issuance	N/A
84.010	Title I Grants to Local Educational Agencies	State Board of Education (SBE)	1.00	Admin	Pre-Issuance	N/A
84.010	Title I Grants to Local Educational Agencies	State Board of Education (SBE)	1.00	Payroll	Pre-Issuance	N/A
84.010	Title I Grants to Local Educational Agencies	State Board of Education (SBE)	1.00	Indirect	Payment Schedule - Quarterly	N/A
84.027	Special Education -- Grants to States	State Board of Education (SBE)	1.00	Payroll	Pre-Issuance	N/A
84.027	Special Education -- Grants to States	State Board of Education (SBE)	2.00	Admin	Pre-Issuance	N/A
84.027	Special Education -- Grants to States	State Board of Education (SBE)	96.00	Program	Pre-Issuance	N/A
84.027	Special Education -- Grants to States	State Board of Education (SBE)	1.00	Indirect	Payment Schedule - Quarterly	N/A
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States	Department of Children and Family Services (DCFS)	6.00	Indirect	Indirect Costs - Quarterly with Reconciliation	N/A
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States	Department of Human Services (DHS)	48.00	Direct Payroll	Modified Payment Schedule - Semi-Monthly	N/A
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States	Department of Human Services (DHS)	46.00	Program	Pre-Issuance	N/A
84.367	Improving Teacher Quality State Grants	State Board of Education (SBE)	97.00	Program	Pre-Issuance	N/A
84.367	Improving Teacher Quality State Grants	State Board of Education (SBE)	1.00	Payroll	Pre-Issuance	N/A
84.367	Improving Teacher Quality State Grants	State Board of Education (SBE)	1.00	Admin	Pre-Issuance	N/A
84.367	Improving Teacher Quality State Grants	State Board of Education (SBE)	1.00	Indirect	Payment Schedule - Quarterly	N/A
93.558	Temporary Assistance for Needy Families	Department of Children and Family Services (DCFS)	41.00	Program	Payment Schedule - Monthly	N/A
93.558	Temporary Assistance for Needy Families	Department of Human Services (DHS)	38.00	Program	Payment Schedule - Monthly	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
93.558	Temporary Assistance for Needy Families	Illinois Student Assistance Commission (ISAC)	12.00	Program	Payment Schedule - Monthly	N/A
93.558	Temporary Assistance for Needy Families	State Board of Education (SBE)	9.00	Program	Payment Schedule - Monthly	N/A
93.563	Child Support Enforcement	Department of Healthcare & Family Services (HFS)	100.00	Admin	Modified Actual Costs - Estimated Allocation - Semi-Monthly	N/A
93.568	Low-Income Home Energy Assistance	Department of Commerce & Economic Opportunity (DCEO)	96.00	Program	Average Clearance	8 Days
93.568	Low-Income Home Energy Assistance	Department of Commerce & Economic Opportunity (DCEO)	4.00	Payroll	Average Clearance	4 Days
93.575	Child Care and Development Block Grant	Department of Human Services (DHS)	100.00	Program	Payment Schedule - Monthly	N/A
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Department of Human Services (DHS)	100.00	All Funds	Payment Schedule - Monthly	N/A
93.658	Foster Care -- Title IV-E	Department of Children and Family Services (DCFS)	67.00	Program	Modified Payment Schedule - Monthly	N/A
93.658	Foster Care -- Title IV-E	Department of Children and Family Services (DCFS)	3.00	Indirect	Modified Payment Schedule - Monthly	N/A
93.658	Foster Care -- Title IV-E	Department of Children and Family Services (DCFS)	13.00	Admin	Modified Payment Schedule - Monthly	N/A
93.658	Foster Care -- Title IV-E	Department of Children and Family Services (DCFS)	17.00	Payroll	Modified Payment Schedule - Monthly	N/A
93.659	Adoption Assistance	Department of Children and Family Services (DCFS)	90.00	Program	Modified Payment Schedule - Monthly	N/A
93.659	Adoption Assistance	Department of Children and Family Services (DCFS)	6.00	Admin	Modified Payment Schedule - Monthly	N/A
93.659	Adoption Assistance	Department of Children and Family Services (DCFS)	3.00	Payroll	Modified Payment Schedule - Monthly	N/A
93.659	Adoption Assistance	Department of Children and Family Services (DCFS)	1.00	Indirect	Modified Payment Schedule - Monthly	N/A
93.767	Children's Health Insurance Program	Department of Healthcare & Family Services (HFS)	94.00	Program	Reimbursement Funding	N/A
93.767	Children's Health Insurance Program	Department of Healthcare & Family Services (HFS)	6.00	Admin	Modified Actual Costs - Estimated Allocation - Semi-Monthly	N/A
93.778	Medical Assistance Program	Department of Healthcare & Family Services (HFS)	15.00	Program	Pre-Issuance	N/A
93.778	Medical Assistance Program	Department of Healthcare & Family Services (HFS)	2.00	Program	Pre-Issuance	N/A
93.778	Medical Assistance Program	Department of Healthcare & Family Services (HFS)	6.00	Program	Modified Payment Schedule - Weekly	N/A
93.778	Medical Assistance Program	Department of Healthcare & Family Services (HFS)	2.00	Admin	Direct Administrative Costs - Drawdowns at Fixed Intervals	N/A
93.778	Medical Assistance Program	Department of Healthcare & Family Services (HFS)	69.00	Program	Average Clearance	5 Days
93.778	Medical Assistance Program	Department of Healthcare & Family Services (HFS)	6.00	Admin	Modified Actual Costs - Estimated Allocation - Semi-Monthly	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
96.001	Social Security -- Disability Insurance	Department of Human Services (DHS)	62.00	Payroll	Modified Payment Schedule - Semi-Monthly	N/A
96.001	Social Security -- Disability Insurance	Department of Human Services (DHS)	27.00	Program	Pre-Issuance	N/A
96.001	Social Security -- Disability Insurance	Department of Human Services (DHS)	11.00	Indirect Costs	Indirect Costs - Quarterly with Reconciliation	N/A
97.067	Homeland Security Grant Program	Illinois Emergency Management Agency (IEMA)	97.00	Program	Modified Payment Schedule - Weekly	N/A
97.067	Homeland Security Grant Program	Illinois Emergency Management Agency (IEMA)	1.00	Payroll	Modified Payment Schedule - Weekly	N/A
97.067	Homeland Security Grant Program	Illinois Emergency Management Agency (IEMA)	2.00	Administration	Modified Payment Schedule - Weekly	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: AUGUST 19, 2014

Printed Name: JEROME STERMER

Certifying Signature: (b) (6) [redacted]

Title: ACTING DIRECTOR - GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET