DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE
WASHINGTON, DC 20227

July 9, 2014

Ms. Pamela Leary
Director of Treasury
Department of Revenue
State of Alaska
333 Willoughby Avenue, 11th Floor
State Office Building
Juneau, AK 99801

Dear Ms. Leary:

Enclosed is the fully-executed Treasury-State Agreement (TSA 2015) for the period July 1, 2014 – June 30, 2015. This Agreement defines the terms for the transfer of financial assistance funds between the Federal government and the State of Alaska as prescribed under the Cash Management Improvement Act of 1990 (P.L. 101-453), as amended.

Should there be a need to modify the TSA, please note the provisions in 31 CFR 205.7 that define the amendment requirements. Specifically, a proposed (draft) amendment must be submitted within 30 days of the time the State becomes aware that the terms of the existing Agreement are no longer correct or applicable.

Thank you for your cooperation throughout the negotiation process. We appreciate your support and partnership in the effort to continuously improve the management of Federal-State funds transfers. If you have any questions, please do not hesitate to contact me at 202-874-7055.

Sincerely,

Mary N. Bailey

Mary N. Bailey
Director, CMIA Division
Revenue Collections Management

Enclosure

# Cash Management Improvement Act Agreement between The State of Alaska 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 Alaska (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 Alaska shall be the Pamela Leary, Director of Treasury in all matters concerning this Agreement.

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

2.0 AUTHORITY

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

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

3.0 DURATION, AMENDING, TERMINATING, AND MISCELLANEOUS PROVISIONS

3.1 This Agreement shall take effect on 07/01/2014 and shall remain in effect until terminated.

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 Draft 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 $19,554,169.

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

10.551 Supplemental Nutrition Assistance Program
10.555 National School Lunch Program
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
66.202 Congressionally Mandated Projects
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
84.041 Impact Aid
93.558 Temporary Assistance for Needy Families
93.563 Child Support Enforcement
93.767 Children's Health Insurance Program
93.778 Medical Assistance Program

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

There are currently no programs listed for Section 4.4.

5.0 ENTITIES COVERED

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

Department of Commerce, Community & Economic Development
Department of Education and Early Development
Department of Environmental Conservation
Department of Health and Social Services
Department of Labor and Workforce Development
Department of Revenue
Department of Transportation and Public Facilities

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:

J.P. Morgan Chase & Co. 10.551 Supplemental Nutrition Assistance Program
J.P. Morgan Chase & Co. 93.558 Temporary Assistance for Needy Families

6.0 FUNDING TECHNIQUES

6.1 General Terms

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

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

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

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

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

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

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

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

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

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

a. Timing of the Request

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

b. Justification for the Request

The request for a supplemental funding for any of the above mentioned programs should contain a justification clearly documenting the need for the additional funding authority during the current quarter. This documentation should be in the form of State accounting records or similar documents that will show the actual expenditures through the most recent month for which such data are available, as well as the State's most accurate projection of its anticipated expenditures during the remaining month(s) of the quarter. For either the TANF or the CCDF program, the State's justification should also include an explanation of the activities requiring the obligation and/or expenditure of amounts that exceed the normal quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

c. Form Submittal

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

d. Approval Process

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

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

6.2 Description of Funding Techniques

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

Actual Clearance, ZBA - 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 no funding techniques listed in Section 6.2.2

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

There are no funding techniques listed in Section 6.2.3

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

Historical Redemption

The State shall request funds daily. The draw will be calculated by taking the balance in the State Benefit account and substracting an estimate of warrants that shall clear that night and the next night. The estimate of warrants that shall clear that night and the next night is based on a two week historical clearance analysis. Each day's request will take into account any prior day adjustment, any change in warrant distribution date and any other miscellaneous anticipated receipts and disbursements. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

Median Composite Clearance

The State shall request funds using the Median Composite Clearance for programs with reporting periods in excess of a single day (generally a week or more), in accordance with the clearance pattern specified in Exhibit II. This clearance adjustment simulates the application of the average clearance to the mid-point of the reporting period. The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

Median Composite Clearance-Estimated Allocation

The State shall request funds using the Median Composite clearance funding techniques described in Section 6.2.4 of this agreement, in accordance with the clearance pattern specified in Exhibit II. The amount of the request shall be an estimated allocation derived from actual costs of the prior weekly period, distributed to the program according to the allocation statistics of the prior quarter. The State shall adjust the

estimated drawdown to the actual allocation at the end of the quarter based on the approved cost allocation plan. The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

Periodic Payments CFDA 84.041 Impact Aid

The Federal Government shall make periodic payments to the State in accordance with 34 CFR 222. Neither the State nor the Federal Government shall incur an interest liability regarding the transfer of these funds. 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 Health and Social Services
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

10.555 National School Lunch Program
Recipient: Department of Education and Early Development
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Average Clearance
Average Day of Clearance: 3 Days

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Labor and Workforce Development
% of Funds Agency Receives: 84.00
Component: Benefit Payments - Federal Funds
Technique: Average Clearance
Average Day of Clearance: 1 Day

Recipient: Department of Labor and Workforce Development
% of Funds Agency Receives: 16.00
Component: Administration
Technique: Median Composite Clearance
Average Day of Clearance: 1 Day

17.225S Unemployment Insurance -- State Benefit Account

Recipient: Department of Labor and Workforce Development
% of Funds Agency Receives: 95.00
Component: Benefit Electronic Fund Transfers (EFTs) - State Funds
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Department of Labor and Workforce Development
% of Funds Agency Receives: 5.00
Component: Benefit Payments - State Funds
Technique: Historical Redemption
Average Day of Clearance: 0 Days

20.106 Airport Improvement Program
Recipient: Department of Transportation and Public Facilities
% of Funds Agency Receives: 88.00
Component: All Program Costs - Winter
Technique: Average Clearance
Average Day of Clearance: 3 Days

Recipient: Department of Transportation and Public Facilities
% of Funds Agency Receives: 12.00
Component: All Program Costs - Summer
Technique: Median Composite Clearance
Average Day of Clearance: 1 Day

20.205 Highway Planning and Construction
Recipient: Department of Transportation and Public Facilities
% of Funds Agency Receives: 92.00
Component: All Program Costs - Winter
Technique: Median Composite Clearance
Average Day of Clearance: 1 Day

Recipient: Department of Transportation and Public Facilities
% of Funds Agency Receives: 8.00
Component: All Program Costs - Summer
Technique: Median Composite Clearance
Average Day of Clearance: 2 Days

66.202 Congressionally Mandated Projects
Recipient: Department of Commerce, Community & Economic Development
% of Funds Agency Receives: 8.00
Component: All Program Costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

Recipient: Department of Environmental Conservation

% of Funds Agency Receives: 92.00
Component: All Program Costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

84.010 Title I Grants to Local Educational Agencies
Recipient: Department of Education and Early Development
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Average Clearance
Average Day of Clearance: 3 Days

84.027 Special Education -- Grants to States
Recipient: Department of Education and Early Development
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Average Clearance
Average Day of Clearance: 3 Days

84.041 Impact Aid
Recipient: Department of Education and Early Development
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Periodic Payments CFDA 84.041 Impact Aid
Average Day of Clearance: 0 Days

93.558 Temporary Assistance for Needy Families
Recipient: Department of Health and Social Services
% of Funds Agency Receives: 56.00
Component: Benefits
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Department of Health and Social Services
% of Funds Agency Receives: 44.00
Component: Administration
Technique: Median Composite Clearance-Estimated Allocation
Average Day of Clearance: 6 Days

93.563 Child Support Enforcement
Recipient: Department of Revenue
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Average Clearance

Average Day of Clearance: 4 Days

93.767 Children's Health Insurance Program
Recipient: Department of Health and Social Services
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

93.778 Medical Assistance Program
Recipient: Department of Health and Social Services
% of Funds Agency Receives: 100.00
Component: All Program Costs
Technique: Median Composite Clearance-Estimated Allocation
Average Day of Clearance: 3 Days

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

CFDA 10.555 - Department of Health and Social Services
CFDA 10.555 - Department of Military and Veterans Affairs
CFDA 20.205 - Department of Commerce, Community, and Economic Development
CFDA 20.205 - Department of Fish and Game
CFDA 20.205 - Department of Public Safety
CFDA 20.205 - Department of Transportation and Public Facilities (ARRA)
CFDA 84.027 - Department of Labor and Workforce Development

6.3.4 The State may choose to defer a scheduled drawdown to the next scheduled draw date if the amount of the request is less than $1,000.00. No Federal interest liability shall accrue as a result of this drawdown deferment. The State may also choose to process an unscheduled drawdown if the amount of the request is more than $100,000.00. When processing an unschedule draw, the State will apply the average clearance pattern regardless of the clearance pattern used for the regularly scheduled drawdown. No interest will be calculated if the technique is applied properly.

7.0 CLEARANCE PATTERNS

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

For each of the programs listed in sections 4.2 and 4.3 of the Agreement.

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

The State of Alaska, Department of Administration shall develop the State's clearance patterns with the exception of CFDA 17.225 Unemployment Insurance - Benefits. The State of Alaska, Department of Labor and Workforce Development shall develop the State's clearance pattern for CFDA 17.225 Unemployment Insurance - Benefits.

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

Warrant issuance and redemption information from the State's general ledger and the Department of Labor and Workforce Development Unemployment Insurance system.

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:

N/A

The State shall also adjust each clearance pattern to reflect:

Funds transferred to secondary agencies by RSA, State agencies' method of billing and paying each other without issuance of a warrant.

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 - Same Day Payment
Average Clearance
Historical Redemption
Median Composite Clearance
Median Composite Clearance-Estimated Allocation
Periodic Payments CFDA 84.041 Impact Aid

8.1.2 The State shall maintain information on disbursements and receipts of funds to verify the implementation of any funding technique and document interest liabilities.
For each disbursement, the State shall be able to identify:
(1) amount of the issuance
(2) date of issuance
(3) date Federal funds are received and credited to a State account
(4) amount of Federal funds received
(5) date funds were requested

8.2 Federal Interest Liabilities

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

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

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

8.3 The Unemployment Trust Fund

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

Federal Funds Interest Neutral, State Funds not:
The State shall use the following methodology to calculate State interest liabilities on funds withdrawn from the State account in the UTF under the Unemployment Insurance program.

Based on statements provided by its financial institution (or other appropriate sources), 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 actual interest earnings of the benefit payment account on the whole constitute the actual interest earnings attributable to funds withdrawn from the State account in the UTF, since the State shall apply an appropriate interest neutral funding technique, to funds withdrawn from the FECA and EUCA and any other benefit accounts of Federal funds in the UTF from which the State draws.

The State shall calculate the related banking costs attributable to funds withdrawn from the State account in the UTF by multiplying the State % by the amount of the related banking costs of the benefit payment 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 of the benefit payment account on the whole less the related banking costs attributed to such funds.

8.4 Refund Liabilities

8.4.1 The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes. The State shall apply a $50,000 refund transaction threshold below which the State shall not incur or calculate interest liabilities on refunds. A transaction is defined as a single deposit.

8.4.2 For each refund, the State shall maintain information identifying:
(1) date a refund is credited to a State account
(2) date of the subsequent deposit of Federal funds against which the refund is offset
(3) amount of the refund

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

With programs to which applicable interest neutral funding techniques are applied, the State interest liability shall be based on the difference in whole days between the date the refund is deposited in a State account and the date the refund is offset against a subsequent deposit of Federal funds.

8.5 Exemptions

8.5.1 Where more than one State agency is a recipient of Federal funds under a program, a particular State agency's funding may be excluded from interest calculation procedures if the State agency receives an amount of funds less than 5 % of the State's threshold for major Federal assistance programs. Notwithstanding this potential exemption, however, in no case shall less than 90% of a program's total funding be subject to interest calculation procedures.

Proration of calculations: If less than total program funding is subject to interest calculation procedures, the resulting interest liability calculations shall be prorated to 100% of program funding.

8.6 State Interest Liabilities

8.6.1 The State shall be liable for interest on Federal funds from the date Federal funds are credited to a State account until the date those funds are paid out for program purposes.

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

8.6.2.1 Measuring Time Funds Are Held

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

The time period from when Federal funds are deposited and warrants are issued shall be determined from information captured by the state agencies that administer the programs.

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, 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

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 service costs, computer time, and costs of developing and
producing databases and applications programming for tracking
Federal funds. These costs are for the actual calculation of interest and maintenance of clearance patterns.

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

11.0 NON-COMPLIANCE

11.1 The provisions of 31 CFR Part 205.29 and 31 CFR Part 205.30 shall apply in cases of non-compliance with the terms of this Agreement.

12.0 AUTHORIZED SIGNATURES

Pamela Leary
Director of Treasury
Department of Revenue
State of Alaska

Signature: _____ Date Signed: 6/22/14

Date Submitted 06/15/2014

Kristine S. Conrath
Assistant Commissioner
Revenue Collections Management
Bureau of the Fiscal Service
U.S. Department of the Treasury

Signature: _____ Date Signed: 6/27/14

# Exhibit I - Funds Request and Receipt Times Schedule
## State of Alaska

| 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 Alaska

# 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 Health and Social Services | 100.00 | All Program Costs | Actual Clearance, ZBA - Same Day Payment | 0 Days |
| 10.555 | National School Lunch Program | Department of Education and Early Development | 100.00 | All Program Costs | Average Clearance | 3 Days |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Department of Labor and Workforce Development | 84.00 | Benefit Payments - Federal Funds | Average Clearance | 1 Day |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Department of Labor and Workforce Development | 16.00 | Administration | Median Composite Clearance | 1 Day |
| 17.225S | Unemployment Insurance -- State Benefit Account | Department of Labor and Workforce Development | 95.00 | Benefit Electronic Fund Transfers (EFTs) - State Funds | Actual Clearance, ZBA - Same Day Payment | 0 Days |
| 17.225S | Unemployment Insurance -- State Benefit Account | Department of Labor and Workforce Development | 5.00 | Benefit Payments - State Funds | Historical Redemption | 0 Days |
| 20.106 | Airport Improvement Program | Department of Transportation and Public Facilities | 88.00 | All Program Costs - Winter | Average Clearance | 3 Days |
| 20.106 | Airport Improvement Program | Department of Transportation and Public Facilities | 12.00 | All Program Costs - Summer | Median Composite Clearance | 1 Day |
| 20.205 | Highway Planning and Construction | Department of Transportation and Public Facilities | 92.00 | All Program Costs - Winter | Median Composite Clearance | 1 Day |
| 20.205 | Highway Planning and Construction | Department of Transportation and Public Facilities | 8.00 | All Program Costs - Summer | Median Composite Clearance | 2 Days |
| 66.202 | Congressionally Mandated Projects | Department of Commerce, Community & Economic Development | 8.00 | All Program Costs | Average Clearance | 4 Days |
| 66.202 | Congressionally Mandated Projects | Department of Environmental Conservation | 92.00 | All Program Costs | Average Clearance | 4 Days |
| 84.010 | Title I Grants to Local Educational Agencies | Department of Education and Early Development | 100.00 | All Program Costs | Average Clearance | 3 Days |
| 84.027 | Special Education -- Grants to States | Department of Education and Early Development | 100.00 | All Program Costs | Average Clearance | 3 Days |
| 84.041 | Impact Aid | Department of Education and Early Development | 100.00 | All Program Costs | Periodic Payments CFDA 84.041 Impact Aid | 0 Days |
| 93.558 | Temporary Assistance for Needy Families | Department of Health and Social Services | 56.00 | Benefits | Actual Clearance, ZBA - Same Day Payment | 0 Days |
| 93.558 | Temporary Assistance for Needy Families | Department of Health and Social Services | 44.00 | Administration | Median Composite Clearance-Estimated Allocation | 6 Days |
| 93.563 | Child Support Enforcement | Department of Revenue | 100.00 | All Program Costs | Average Clearance | 4 Days |

| CFDA | Program Name | Recipient | % | Component | Technique | Rounded days |
|---|---|---|---|---|---|---|
| 93.767 | Children's Health Insurance Program | Department of Health and Social Services | 100.00 | All Program Costs | Actual Clearance, ZBA - Same Day Payment | 0 Days |
| 93.778 | Medical Assistance Program | Department of Health and Social Services | 100.00 | All Program Costs | Median Composite Clearance-Estimated Allocation | 3 Days |

---

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

1. Have been prepared in accordance with the standards provided in 31 CFR 205.20;
2. Accurately represent the flow of Federal funds under the Federal assistance programs to which they apply;
3. Reflect seasonal or other periodic variations in the clearance activities; and,
4. Are auditable.

Date: 6-19-14

Printed Name: Jesse Blackwell

Certifying Signature: [signature]

Title: Accountant IV