

## 9625 Interest Payments to the Federal Government

As a result of Public Law 101-453, 31 U.S.C. 3335 and 6503, which enacted the Cash Management Improvement Act of 1990 (CMIA), the state will incur an interest liability to the federal government. The purpose of CMIA is to ensure greater efficiency, effectiveness, and equity in the exchange of funds between the federal government and the state. The major provisions of CMIA are: (a) federal agencies must make timely fund disbursements and grant awards to the state; (b) the state must minimize the time between the deposit of federal funds in the state account and the payout of the funds for program purposes; (c) the state is entitled to interest from the federal government from the time state funds are paid out for program purposes until federal funds are deposited in the state account; and (d) the federal government is entitled to interest from the state from the time federal funds are deposited in the state account until the funds are paid out for program purposes.

The federal assistance programs impacted by the CMIA are those programs that have \$230 million or more in federal fund expenditures. For the majority of these programs, state agencies request federal funds in advance of the warrant (i.e., check) issuance. State agencies use this funding technique because the State Constitution requires that the funds be deposited before the warrants are issued.

Interest payments to the federal government are due no later than March 31 each year. The March 31, 2009 payment will be for the interest liability incurred during the state's 2007-08 fiscal year.

### 3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

|  | Positions |          |          | Expenditures    |                 |                 |
|--|-----------|----------|----------|-----------------|-----------------|-----------------|
|  | 2007-08   | 2008-09  | 2009-10  | 2007-08*        | 2008-09*        | 2009-10*        |
| 10 Interest Payments to the Federal Government             | -         | -        | -        | \$24,684        | \$31,002        | \$31,002        |
| <b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>   | <b>-</b>  | <b>-</b> | <b>-</b> | <b>\$24,684</b> | <b>\$31,002</b> | <b>\$31,002</b> |
| <b>FUNDING</b>   |           |          |          | <b>2007-08*</b> | <b>2008-09*</b> | <b>2009-10*</b> |
| 0001 General Fund  |           |          |          | \$23,735        | \$30,000        | \$30,000        |
| 0042 State Highway Account, State Transportation Fund      |           |          |          | 949             | 1,000           | 1,000           |
| 0494 Other Unallocated Special Funds                       |           |          |          | -               | 1               | 1               |
| 0988 Various Other Unallocated Non-Governmental Cost Funds |           |          |          | -               | 1               | 1               |
| <b>TOTALS, EXPENDITURES, ALL FUNDS</b>                     |           |          |          | <b>\$24,684</b> | <b>\$31,002</b> | <b>\$31,002</b> |

### LEGAL CITATIONS AND AUTHORITY

#### DEPARTMENT AUTHORITY

Pursuant to annual Budget Act.

### DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

| 1 STATE OPERATIONS  | 2007-08*        | 2008-09*        | 2009-10*        |
|---|-----------------|-----------------|-----------------|
| <b>0001 General Fund</b>  |                 |                 |                 |
| APPROPRIATIONS  |                 |                 |                 |
| 001 Budget Act appropriation  | \$30,000        | \$30,000        | \$30,000        |
| <b>Totals Available</b>   | <b>\$30,000</b> | <b>\$30,000</b> | <b>\$30,000</b> |
| Unexpended balance, estimated savings   | -6,265          | -               | -               |
| <b>TOTALS, EXPENDITURES</b>   | <b>\$23,735</b> | <b>\$30,000</b> | <b>\$30,000</b> |
| <b>0042 State Highway Account, State Transportation Fund</b>                          |                 |                 |                 |
| APPROPRIATIONS  |                 |                 |                 |
| 001 Budget Act appropriation  | \$900           | \$1,000         | \$1,000         |
| Revised expenditure authority per Provision 2, Item 9625-001-0042, Budget Act of 2007 | 49              | -               | -               |
| <b>TOTALS, EXPENDITURES</b>   | <b>\$949</b>    | <b>\$1,000</b>  | <b>\$1,000</b>  |
| <b>0494 Other Unallocated Special Funds</b>   |                 |                 |                 |
| APPROPRIATIONS  |                 |                 |                 |
| 001 Budget Act appropriation  | \$1             | \$1             | \$1             |
| <b>Totals Available</b>   | <b>\$1</b>      | <b>\$1</b>      | <b>\$1</b>      |
| Unexpended balance, estimated savings   | -1              | -               | -               |

\* Dollars in thousands

## 9625 Interest Payments to the Federal Government - Continued

| 1 STATE OPERATIONS  | <u>2007-08*</u> | <u>2008-09*</u> | <u>2009-10*</u> |
|---|-----------------|-----------------|-----------------|
| <b>TOTALS, EXPENDITURES</b>                                       | \$-             | \$1             | \$1             |
| <b>0988 Various Other Unallocated Non-Governmental Cost Funds</b> |                 |                 |                 |
| APPROPRIATIONS  |                 |                 |                 |
| 001 Budget Act appropriation                                      | <u>\$1</u>      | <u>\$1</u>      | <u>\$1</u>      |
| <b>Totals Available</b>   | <b>\$1</b>      | <b>\$1</b>      | <b>\$1</b>      |
| Unexpended balance, estimated savings                             | <u>-1</u>       | <u>-</u>        | <u>-</u>        |
| <b>TOTALS, EXPENDITURES</b>                                       | <u>\$-</u>      | <u>\$1</u>      | <u>\$1</u>      |
| <b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>         | <b>\$24,684</b> | <b>\$31,002</b> | <b>\$31,002</b> |

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\* Dollars in thousands