Cash Management Improvement Act of 1990

# General Information

## Description/Major Provisions:

The federal government enacted the Cash Management Improvement Act of 1990 **(CMIA)** to ensure greater **efficiency, effectiveness,** and **equity** in the exchange of funds between the federal government and the states, territories, and the District of Columbia. The CMIA regulations require the calculation of an interest liability due to the federal government when the state receives federal funds in advance of disbursement to vendors, subrecipients, or program participants. Similarly, when the state incurs costs for federal programs prior to receiving federal funds, the CMIA allows the state to calculate interest due from the federal government. To implement the CMIA, the federal government prescribed regulations for the transfer of funds for federal programs between the federal government and the state.

The CMIA requires an annual Treasury-State Agreement **(TSA)** between the U.S. Department of the Treasury, Financial Management Service, and the State of California, Department of Finance. The TSA covers federal programs that meet the funding threshold established each year ($656 million for fiscal year 2023-24) and establishes the procedures and requirements for the transfer of funds. These procedures require the state to calculate federal and state interest liabilities for these programs and to annually report the liabilities to the federal government. Any interest owed by the state for the preceding fiscal year is due to the federal government no later than March 31 of the following fiscal year.

## Authority:

Federal Statute:

Cash Management Improvement Act of 1990, Public Law 101-453, 31 U.S.C. 3335 and 6503 and Cash Management Improvement Act Amendments of 1992, Public Law 102-589, 31 U.S.C. 3335, 6501, and 6503; Single Audit Amendments of 1996, 31 U.S.C. Ch. 75; Executive Order 12866 of September 30, 1993, Regulatory Planning and Review; and the Debt Collection Improvement Act of 1996. Implementing CMIA regulations are in [31 CFR Part 205](http://www.fms.treas.gov/cmia/regulations.html).

State Policy:

Statewide policy is described in [California’s State Administrative Manual](http://sam.dgs.ca.gov/TOC/8000/8010.htm) (SAM) Sections 8010 through 8014.

# Responsibilities:

## State Department Responsibilities:

Any state department that exceeds the federal funding threshold is required to provide quarterly expenditures and payment receipt dates to the Department of Finance, Fiscal Systems and Consulting Unit (FSCU).

## Department of Finance Responsibilities:

From the information received from the departments, FSCU develops, for each program covered by the TSA, an average number of days that federal funds were in the State Treasury. To determine the state and federal interest liability, the average number of days is multiplied by the CMIA interest rate (annualized 13-week Treasury Bill rate) and the total program expenditures reported.

* **Interest Payment:**

The fund that earns interest from federal money on deposit in the State Treasury pays the interest liability. Budget Act Item 9625, Interest Payments to the Federal Government, authorizes the interest payment from the applicable funds.

* **CMIA Training:**

The [Cash Management Improvement Act Open Forum](http://www.dof.ca.gov/FISA/FSCU/Training.htm) is a three-hour class that includes an overview of the CMIA, the TSA, and any changes to the required reporting and processing of information for federal programs covered by the CMIA. There is also an open discussion period between participating state departments and FSCU.

* **Department of Finance — FSCU Contacts:**

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