

No. 2

(House Joint Resolution No. 3)

A House Joint Resolution concerning

Federal/State Cash Management

FOR the purpose of urging the U.S. Congress and the Maryland Congressional Delegation to support the adoption of legislation to improve cash management among the states and the federal government.

WHEREAS, The State/Federal Cash Management Reform Task Force, which includes state members representing the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) and the National Association of State Budget Officers (NASBO), has been working over six years to develop fair policies for the exchange of funds between the federal government and the states; and

WHEREAS, The preliminary need for negotiation between the states and the federal government was caused by the federal government acting to implement the "delay of drawdown" cash management procedure; and

WHEREAS, Members of the Task Force have signed two Memoranda of Understanding that include a set of intergovernmental cash management policies, as well as methods to implement them; and

WHEREAS, The spirit of trust and cooperation that evolved among the Task Force members has expanded the benefits of the Task Force beyond the development of new funding policies to include the following initiatives:

(1) Pilot tests have been instituted in several states to test the feasibility of an annual rather than a quarterly grant award process by the U.S. Department of Health and Human Services expressly in response to the interest of state members of the State/Federal Cash Management Reform Task Force; and

(2) The U.S. Treasury Department is acting as a single contact with federal program agencies in approving and implementing cash management methods developed by the Task Force; and

(3) The Task Force has become a conduit for bringing state concerns about grant awards, funding issues, interest payments, and other matters to the attention of federal decision-makers for resolution; and

WHEREAS, Pilot tests conducted in Virginia, Wisconsin, Indiana, and California of one method that called for the reciprocal payment of interest as an alternative to delay of drawdown and a means of encouraging a timely exchange of funds between the federal government and the state, demonstrated that interest could be easily calculated without significant systems changes or increases in staff; and