Public Law 101-453
101st Congress

An Act

Oct. 24, 1990
[H.R. 4279]

To amend title 31, United States Code, to improve cash management of funds transferred between the Federal Government and the States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Cash Management Improvement Act of 1990. 31 USC 6501 note.

SECTION 1. SHORT TITLE.

This Act may be cited as the "Cash Management Improvement Act of 1990".

31 USC 6501 note.

SEC. 2. PURPOSE.

The purpose of this Act is to ensure greater efficiency, effectiveness, and equity in the exchange of funds between the Federal Government and the States.

SEC. 3. TECHNICAL AMENDMENTS.

Section 6501 of title 31, United States Code, is amended—

(1) in paragraph (2)(B) by striking "subclause (A) of this clause (2)" and inserting in lieu thereof "subparagraph (A)";

(2) in paragraph (2)(E) by striking "subclauses (A)-(D) of this clause (2)" and inserting in lieu thereof "subparagraphs (A), (B), (C), and (D)";

(3) in paragraph (4)(A) by striking "subclause (C) of this clause (4)" and inserting in lieu thereof "subparagraph (C)"; and

(4) in paragraph (4)(B) by striking "subclause (C) of this clause (4)" and inserting in lieu thereof "subparagraph (C)".

SEC. 4. DISBURSEMENT OBJECTIVES.

(a) IN GENERAL.—Subchapter II of chapter 33 of title 31, United States Code, is amended by adding at the end thereof the following:

"§ 3335. Timely disbursement of Federal funds

Regulations.

"(a) Each head of an executive agency (other than the Tennessee Valley Authority) shall, under such regulations as the Secretary of the Treasury shall prescribe, provide for the timely disbursement of Federal funds through cash, checks, electronic funds transfer, or any other means identified by the Secretary.

"(b) The Secretary may collect from any executive agency which does not comply with subsection (a) a charge in an amount the Secretary determines to be the cost to the general fund of the Treasury caused by such noncompliance.

"(c) The amounts of charges collected from an executive agency under this section shall be deposited in the Treasury and credited as miscellaneous receipts.

"(d) Any charge assessed by the Secretary under this section, to the maximum extent practicable—

"(1) shall be paid out of appropriations available for executive agency operations; and

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"(2) shall not be paid from amounts available for funding programs of an executive agency.".

(b) CLERICAL AMENDMENT.—The chapter analysis for chapter 33 of title 31, United States Code, is amended by inserting after the item relating to section 3334 the following:

"3335. Timely disbursement of Federal funds.".

(c) REGULATIONS.—The Secretary of the Treasury shall prescribe regulations under section 3335 of title 31, United States Code, as added by subsection (a), to ensure the full implementation of that section by the date which is 2 years after the date of the enactment of this Act.

31 USC 3335 note.

SEC. 5. PAYMENT OF INTEREST.

(a) DEFINITION OF STATE.—Section 6501 of title 31, United States Code, is amended—

(1) by redesignating paragraphs (7), (8), and (9) as paragraphs (8), (9), and (10), respectively;

(2) by inserting after paragraph (6) the following new paragraph:

"(7) 'Secretary' means the Secretary of the Treasury."; and

(3) by striking out paragraph (9) (as redesignated by paragraph (1)) and inserting in lieu thereof the following:

"(9) 'State' means a State of the United States, the District of Columbia, a territory or possession of the United States, and an agency, instrumentality, or fiscal agent of a State but does not mean a local government of a State.".

(b) INTERGOVERNMENTAL TRANSFERS OF FUNDS; PAYMENT OF INTEREST.—Section 6503 of title 31, United States Code, is amended to read as follows:

"§ 6503. Intergovernmental financing

"(a) Consistent with program purposes and with regulations of the Secretary, and in accordance with an agreement under subsection (b) entered into by the Secretary and a State—

"(1) the head of an executive agency (other than the Tennessee Valley Authority) carrying out a program shall schedule transfers of funds to the State under the program so as to minimize the time elapsing between transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payments by other means by a State; and

"(2) the State shall minimize the time elapsing between transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payments by other means for program purposes.

"(b)(1) The Secretary shall enter into an agreement with each State to which transfers of funds are made, which establishes procedures and requirements for implementing this section.

Government contracts.

"(2) An agreement under this subsection shall—

"(A) specify procedures chosen by the State for carrying out transfers of funds under the agreement;

"(B) describe the process by which the Federal Government shall review and approve the implementation of the procedures specified under subparagraph (A);

"(C) establish the methods to be used for calculating and documenting payments of interest pursuant to this section; and

"(D) specify those types of costs directly incurred by the State for interest calculations required under this section, and require the Secretary to consider those costs in computing payments under this section.

Regulations.

"(3) The Secretary shall issue regulations establishing procedures and requirements for implementing this section with respect to a State with which no agreement is entered into by the Secretary under paragraph (1). Such regulations shall apply to a State until such time as the Secretary enters into an agreement with the State under paragraph (1).

Regulations.

"(c)(1) The Secretary shall issue regulations that shall require a State, when not inconsistent with program purposes, to pay interest to the United States on funds from the time funds are deposited by the United States to the State's account until the time that funds are paid out by the State in order to redeem checks or warrants or make payments by other means for program purposes. Except as provided under paragraph (3)(B) (relating to the Unemployment Trust Fund), the interest payable under this subsection shall be calculated at a rate equal to the average of the bond equivalent rates of 13-week Treasury bills auctioned during the period for which interest is calculated, as determined by the Secretary.

"(2) Except as provided in paragraph (3), amounts received by the United States as payment of interest under this subsection shall be deposited in the Treasury and credited as miscellaneous receipts.

"(3)(A) Amounts paid by a State under paragraph (1) as interest on funds paid to a State from a trust fund for which the Secretary is the trustee shall be credited to such trust fund.

"(B) Notwithstanding any other provision of this section, amounts of interest paid by a State, on funds drawn from its account in the Unemployment Trust Fund, shall be deposited into that account and shall consist of actual interest earnings by the State, less related banking costs incurred by the State, for the period for which interest is calculated.

"(d)(1) If a State disburses its own funds for program purposes in accordance with Federal law, Federal regulation, or Federal-State agreement, the State shall be entitled to interest from the time the State's funds are paid out to redeem checks or warrants, or make payments by other means, until the Federal funds are deposited to the State's bank account. The Secretary shall pay, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary for interest owed to a State under this subsection. Such interest shall be calculated, at a rate equal to the average of the bond equivalent rates of 13-week Treasury bills auctioned during the period for which interest is calculated, as determined by the Secretary.

"(2) If interest is paid under this subsection as a result of a State disbursing its own funds before receiving payment from a trust fund for which the Secretary of the Treasury is the trustee, such interest shall be charged against such trust fund.

"(e) The budget submitted by the President under section 1105 of this title for a fiscal year shall include a statement specifying, for the most recently completed fiscal year, amounts of interest accrued to the Federal Government under subsection (c) and amounts of interest paid to States under subsection (d).

"(f) If a State receives refunds of funds disbursed by the State under a Federal program, the State shall return those refunds to the Federal executive agency administering the program or apply those

refunds to reduce the amount of funds owed by the Federal Government to the State under such program. Interest earned on such refunds shall be considered when setting overall interest obligations between the State and the Federal Government as required by this section.

"(g) If the Federal Government makes a payment to a recipient under a Federal program, and a portion of the payment is an amount which the Federal Government is paying to such recipient on behalf of a State, such amount shall be considered to be a transfer of funds between the Federal Government and the State for purposes of this section.

"(h) A State may not be required by a law or regulation of the United States to deposit funds received by it in a separate bank account. However, a State shall account for funds made available to the State as United States Government funds in the accounts of the State. The head of the State agency concerned shall make periodic authenticated reports to the head of the appropriate Federal executive agency on the status and the application of the funds, the liabilities and obligations on hand, and other information required by the head of the executive agency. Records related to the funds received by the State shall be made available to the head of the executive agency, the Inspector General of the executive agency, and the Comptroller General for necessary audits.

Reports.

Records.

"(i) The Secretary shall prescribe methods for the payment of interest under this section between the Federal Government and the States, including provisions for offsetting amounts owed by the respective parties. Such methods of payment shall require payment of interest on an annual basis and shall provide for comparable treatment in manner, technique, and timing for both the States and the Federal Government.

"(j) Consistent with Federal program purposes and regulations of the Director of the Office of Management and Budget, the head of a Federal executive agency carrying out a program shall execute grant awards to States on a timely basis to assure the availability of funds to accomplish transfers in compliance with subsection (a) of this section.".

(c) CLERICAL AMENDMENT.—The item relating to section 6503 in the chapter analysis for chapter 65 of title 31, United States Code, is amended to read as follows:

"6503. Intergovernmental financing.".

(d) AGREEMENTS WITH STATES.—

31 USC 6503 note.

(1) SECRETARY'S EFFORTS TO ENTER AGREEMENTS.—The Secretary of the Treasury shall make all reasonable efforts to enter into an agreement with each State under section 6503(b) of title 31, United States Code, as added by this section (relating to procedures and requirements for transfers of funds between executive agencies and States), by not later than 2 years after the date of the enactment of this Act.

(2) EFFECTIVE DATE OF REGULATIONS.—Regulations issued by the Secretary of the Treasury under subsection (b)(3) of section 6503 of title 31, United States Code, as added by the section (relating to procedures and requirements for transfers of funds involving States not entering agreements), shall take effect 2 years after the date of the enactment of this Act.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act, except that subsec-

31 USC 6503 note.

tions (c) and (d) of section 6503 of title 31, United States Code, as added by subsection (b) of this section (relating to payments of interest between the Federal Government and State governments), shall take effect 2 years after the date of enactment of this Act.

31 USC 6503 note.

SEC. 6. GAO REPORT.

Four years after the date of the enactment of this Act the Comptroller General shall submit an audit of the implementation of the amendments made by section 5 and submit a report to the Congress describing the results of that audit.

Approved October 24, 1990.

LEGISLATIVE HISTORY—H.R. 4279 (S. 926):

HOUSE REPORTS: No. 101-696 (Comm. on Government Operations).
CONGRESSIONAL RECORD:
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