Section 25 Overview

Section 25e of the State School Aid Act (MCL 388.1625e, Public Act 60 of 2013) was created for fiscal year 2014 to allow for any school district to claim pro-rated full-time equivalency (FTE) for pupils that transfer after the Fall Pupil Membership Count Day. Further revisions were made under Public Act 130 of 2013.

CEPI worked with representatives of the Michigan Department of Education (MDE) Office of State Aid and School Finance and Department of Technology, Management, and Budget Agency Services to review the legislative requirements and develop preliminary plans. Work group sessions were held with intermediate school district (ISD) auditors and district pupil accounting personnel to gather input on format and functionality.

District Process for Requesting Adjustments:
In order to request a pro-rated transfer of FTE for a student, a district must submit and certify a Student Record Maintenance (SRM) record and include the Section 25 component (figure 1). The record must include FTE, and the total FTE cannot be greater than the amount claimed for the student in the Fall General Collection. The “First Day in Attendance” characteristic within the Section 25 Component must specify the date the student was first in attendance at the new district. This date, in conjunction with the Section 25 financial calendar, will be used to determine the number of days remaining in the school year as part of the FTE proration calculation. Section 25 requests may only be submitted for students who were counted in membership in the Fall Pupil Membership count day and enroll after the fall count date but prior to the spring count date. Requests must be submitted within 30 days after the transfer, or 30 days after the Fall General Collection certification deadline, whichever is later. Requests must also be certified before the spring count date.

District Review:
Both the gaining and losing district can view Section 25 claims for their students via a report (figure 3). The report will include basic student information, new and previous district information, and the amount of FTE being adjusted. The report will specify if the claims are pending, approved or denied. Requests are added to this report upon certification of the aforementioned SRM record.

Auditor Review and Approval:
Once a district submits and certifies a Section 25 request, it must go through an audit process to ensure that the attendance and claimed FTE are valid. Each request will appear in a separate screen for auditors to review (figure 2). The requesting district may also access this screen in a view-only format. The screen will include basic student information, new and previous district information, and the amount of FTE being adjusted. The auditor will approve or deny the request and include comments.

District Resubmission (if applicable):
If a Section 25 request is denied, a district may resubmit the request by submitting and certifying another SRM record. A “copy to staging” function is available within the SRM Collection to reduce the amount of data entry for a resubmission request.

Audit Form/Audit Narrative Impact:
If a Section 25 request is approved, the appropriate FTE adjustments will be applied to the gaining/losing districts’ audit forms (DS4061 or DS4120) and audit narrative.

State Aid Impact:
On the second business day of the month, the MDE Office of State Aid and School Finance will extract the aggregate FTE amounts for each district in order to process state aid payments. Section 25 requests that are approved by this date will be reflected in that month’s payment.
Figure 1
District Submission (Section 25 Component)

Figure 2
Auditor Review and Approval

Figure 3
Section 25 Summary Report