

Section 25e

Barbette Lane, Auditor, Wexford Missaukee ISD

Becky Sowle, Sr. PK-12 Student Data Analyst, CEPI



Objectives

- Section 25e of the State Aid Act
- Submitting a 25e Claim
- Behind the Scenes
- Managing 25e Requests
- Auditor Review and Processing
- 25e in the Audit and Narrative
- Resources
- Questions

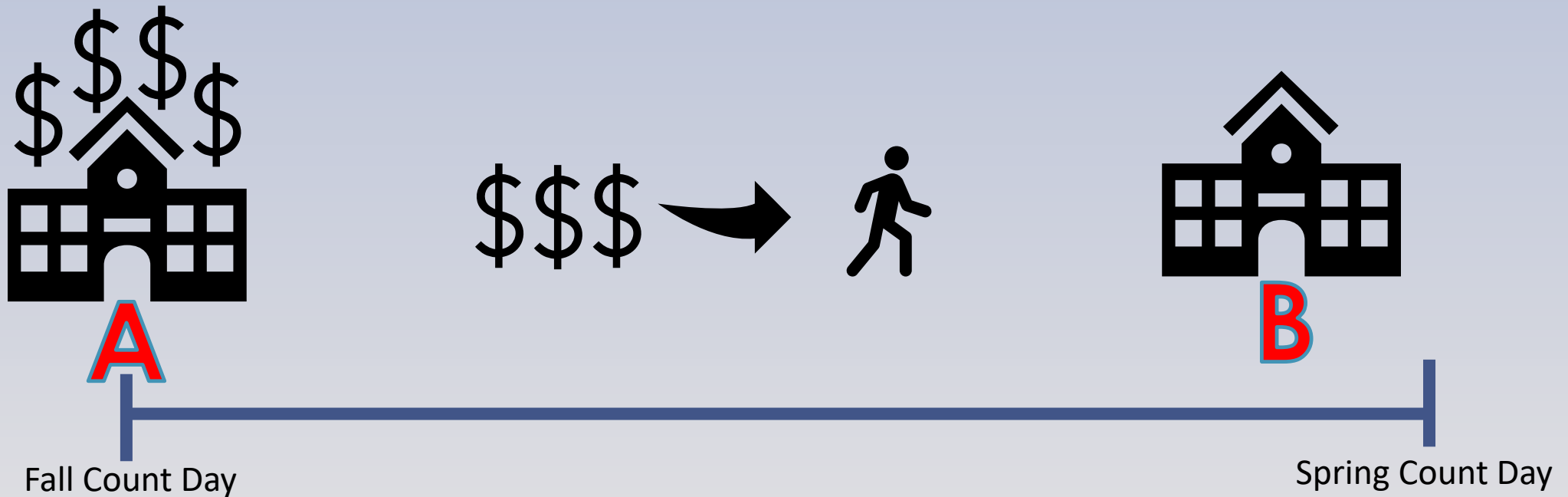
The State Aid Act

Section 25e

(MCL 388.1625e, Public Act 60 of 2013)

The State Aid Act

- What is Section 25e?
 - *“The money follows the student”*



The State Aid Act

Highlights of Section 25e

- New district may report the enrollment and attendance information within 30 days after the transfer or within 30 days after Fall Recertification Day, whichever is later.
- Claims may be submitted no earlier than the first day after the Fall Certification Deadline and before Spring Count Day.

The State Aid Act

Highlights of Section 25e

- The membership adjustment of 1/105 of a full FTE, for each school day as determined by CEPI's 25e Financial Calendar, will be prorated.
- This adjustment will be a decrease in FTE for the Fall claiming students and an increase for the Educating District.
- Changes in calculation will take effect as of the date the pupil becomes enrolled and in attendance.

The State Aid Act

Highlights of Section 25e

- Districts involved in 25e claims will provide MDE and CEPI all information they require to comply with Section 25e.
- The pupil auditing staff shall investigate a representative sample of 25e claims for audit based on required audit sample sizes.

Submitting a 25e Claim

Submitting a 25e Claim

Process Overview

- Claims must be submitted using the Student Record Maintenance Collection (SRM)
- The submission must include FTE as applicable
 - Full-time
 - Part-time
 - General Education
 - Special Education
 - Split of General and Special Ed

Submitting a 25e Claim

Process Overview

- The SRM must include the Section 25e Component
 - First Day in Attendance
- Claim submission **must take place within 30 days after the transfer** occurs with *three exceptions*:
 1. Claims for Fall Count Day through Fall Recertification may be submitted up through 30 days after Fall Recertification day.
 2. The last day to submit claims is the day prior to Spring Count Day.
 3. The First Day in Attendance may be modified to 30 days prior to submission to allow for certification of late claims.

Submitting a 25e Claim

Add students to your SRM collection

The screenshot displays the MSDS web application interface. The top navigation bar includes the MSDS logo and the user profile 'State User' with a grade indicator 'A- | A+'. A left sidebar contains a menu with options: MSDS Home, Manage Collections..., Manage Users..., System Maintenance..., Manage Requests..., Administrative Reports..., and Student Data Submission... (highlighted with a red box). Below the 'Student Data Submission...' menu item are sub-options: Upload File, Uploaded File Status, STARR XML Conversion, and Data Staging Area. The main content area is titled 'Staging Area' and features a filter criteria section. This section includes a text input for 'Submitting Entity', a dropdown for 'Collection' (with the placeholder 'Select school year/collection'), and another dropdown for 'Certification Status' (with the placeholder 'Select One'). There are 'Add New Collection', 'Filter', and 'Clear' buttons. A legend indicates that an asterisk (*) denotes a required field.

MSDS Profile: State User A- | A+

Staging Area

* = Required

Select your filter criteria...

Submitting Entity: [Add New Collection](#)

Collection:

Certification Status:

[Filter](#) [Clear](#)

- Upload an XML file from your SIS
- Directly add students

Submitting a 25e Claim

Staging Area

* = Required

Select your filter criteria...

Submitting Entity: [Add New Collection](#)

Collection:

Certification Status:

[Filter](#) [Clear](#)

Your search yielded 1 result(s).

Collection	Submitting Entity	Students	Certification Status	Last Certified				Collection Open?	Certification Available?	
Student Record Maintenance 2023-2024		4	Errors Exist	8/25/2023 10:57:44 AM	Upload	Download	Certify	Yes	Yes	Rerun Validation

Items per page:

Page of 1

[Excel](#) [Export](#)

Submitting a 25e Claim

Select your filter criteria...

Submitting Entity:

Collection:

Total Records - 4 Quality Review

Validation Status

Errors Exist	2
Error Free with Warnings	0
Error Free with No Warnings	2
Pending Validation	0
Processing Validation	0
Validation Failed	0

Validation Reports

Select a report:

Select a format:

UIC Resolution Status

Requires Resolution	1
Match Found	3
Used Previous Resolution Result	0
New UIC Generated	0
New UIC Requested	0
Not Eligible for Resolution	0
Pending Resolution	0
Processing Resolution	0
Requires New UIC Not Allowed for Collection	0
UIC Request Denied	0
UIC Resolution Failed	0

UIC Resolution Reports

Select a report:

Select a format:

Staging Reports

Select Report:

Select Format:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z All Clear All Filter...

Select All Unselect All Delete Selected Add Direct Search / Add Rerun Resolution Copy Selected to Staging

Your search yielded 4 result(s).

Select	School Facility #	User Notes	UIC	Last Name	First Name	Gender	Date of Birth	Validation Status	Resolution Status	Certification Date
<input type="checkbox"/>								Errors Exist	Match Found	
<input type="checkbox"/>								Errors Exist	Match Found	

Submitting a 25e Claim

Submitting Entity:
Collection:
PEPE District:
PEPE Building:

*Last Name:
Last Name Suffix:
Middle Name:
*First Name:
*Date of Birth:
*Gender:
Multiple Birth Order:
*UIC:

*First Day In Attendance:

Submitting a 25e Claim

Ongoing Certification Detail

Select your filter criteria...

Submitting Entity: []
Collection: Student Record Maintenance 2023-2024

Total Records - 4 Quality Review

Validation Status

Errors Exist	2
Error Free with Warnings	0
Error Free with No Warnings	2
Pending Validation	0
Processing Validation	0
Validation Failed	0

Validation Reports

Select a report: []
Select a format: []
Run Report

UIC Resolution Status

Requires Resolution	1
Match Found	3
Used Previous Resolution Result	0
New UIC Generated	0
New UIC Requested	0
Not Eligible for Resolution	0
Pending Resolution	0
Processing Resolution	0
Requires New UIC Not Allowed for Collection	0
UIC Request Denied	0
UIC Resolution Failed	0

UIC Resolution Reports

Select a report: []
Select a format: []
Run Report

Staging Reports

Select Report: []
Select Format: []
Run Report

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z All Clear All Filter...

Select All Unselect All Delete Selected Add Direct Search / Add Rerun Resolution Copy Selected to Staging

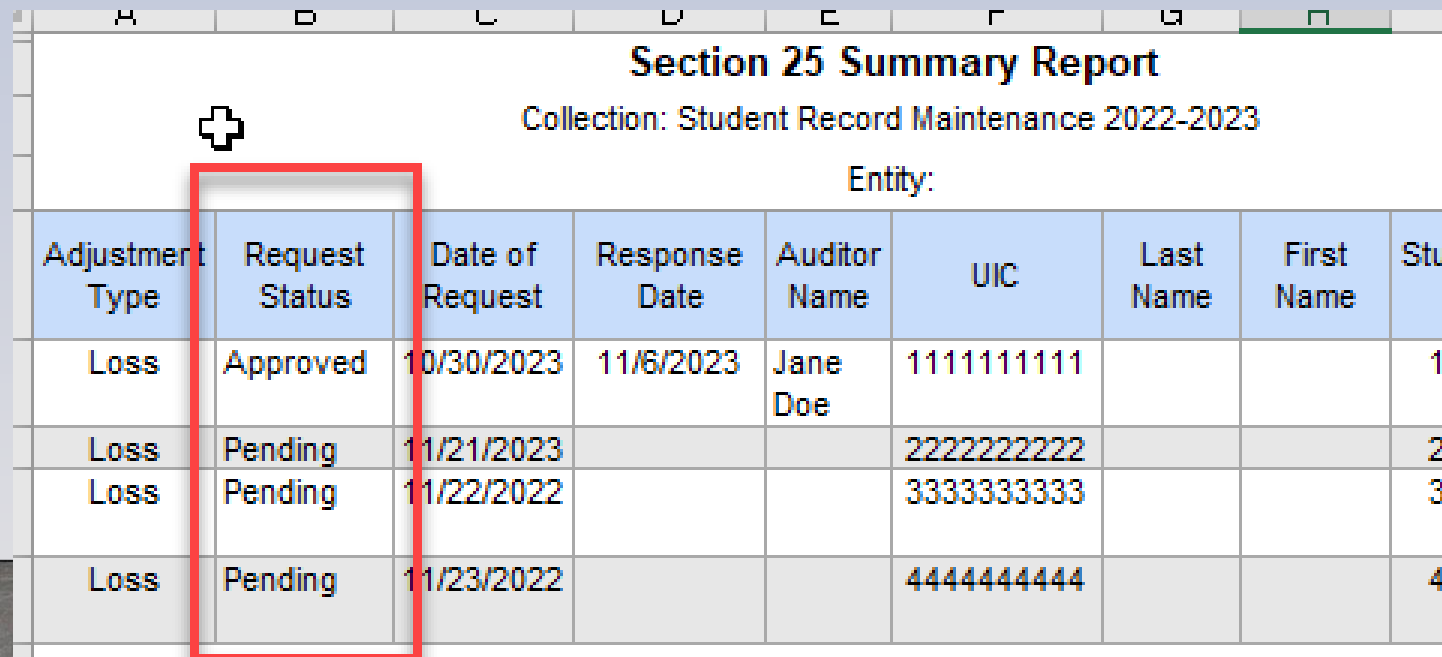
Your search yielded 4 result(s).

Select	School Facility #	User Notes	UIC	Last Name	First Name	Gender	Date of Birth	Validation Status	Resolution Status	Certification Date
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Submitting a 25e Claim

After Certification

- Run the Section 25e Summary Report
- If you don't see your claim(s), you most likely did not submit the 25e Component



Section 25 Summary Report
Collection: Student Record Maintenance 2022-2023
Entity:

Adjustment Type	Request Status	Date of Request	Response Date	Auditor Name	UIC	Last Name	First Name	Stu
Loss	Approved	10/30/2023	11/6/2023	Jane Doe	1111111111			1
Loss	Pending	11/21/2023			2222222222			2
Loss	Pending	11/22/2022			3333333333			3
Loss	Pending	11/23/2022			4444444444			4

Submitting a 25e Claim

After Certification

- **Claim statuses:**
 - **Pending:** the auditor has not processed yet
 - **Approved:** the auditor has processed and approved
 - **Denied:** the auditor has processed and denied
 - **Denied by System:** claim was automatically denied by the system for one of the following reasons
 - A student-level FTE adjustment was made in the Audit Form/Narrative and:
 - The remaining FTE is less than the FTE requested or
 - A previous Section 25e claim was approved
 - A claim for the same First Day in Attendance was previously approved and the requested FTE exceeds the available FTE.
 - Student has an unresolved FTE conflict from the Fall General Collection.

Submitting a 25e Claim

After Certification

- After certification, the request is sent to the *claiming* district's ISD auditor for processing.
- Complete any next steps required by your ISD auditor. These could include:
 - A Section 25e request form
 - Enrollment documentation
 - Proof of first day in attendance
 - Proof of residency
 - Student schedule

Behind the Scenes



Behind the Scenes

Section 25e Financial Calendar

- Located on CEPI's SRM webpage
- Includes both days elapsed and day remaining
- Used for both district reference and for MSDS calculations

2023-2024 Section 25e Financial Calendar

September						
S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December						
S	M	T	W	TH	F	S
					1	2
					62/44	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

October						
S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

January						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

November						
S	M	T	W	TH	F	S
			1	2	3	4
			42/64	43/63	44/62	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

February						
S	M	T	W	TH	F	S
				1	2	3
				97/9	98/8	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

SCHOOL BREAKS

HOLIDAYS

FALL COUNT DATE

SPRING COUNT DATE

Behind the Scenes

Calculation of Gains

Gains

General Ed FTE = General Ed FTE from the Sec. 25e request x (# of days remaining / 105)

Section 52 FTE = Section 52 FTE from the Sec. 25e request x (# of days remaining / 105)

Section 53 FTE = Section 53 FTE from the Sec. 25e request x (# of days remaining / 105)

Behind the Scenes

Calculation of Losses

I Losses

General Ed FTE = Total FTE from the gaining district's Sec. 25e request x (Gen Ed FTE before gaining district's Sec. 25e request / Total FTE before gaining district's Sec. 25e request) x (# of days remaining / 105)

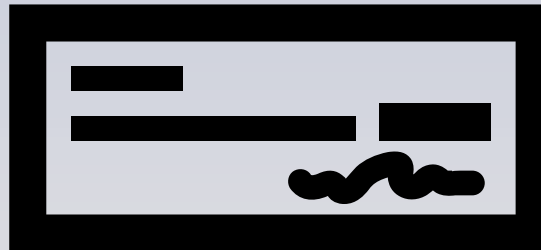
Section 52 FTE = Total FTE from the gaining district's Sec. 25e request x (Sec. 52 FTE before gaining district's Sec. 25e request / Total FTE before gaining district's Sec. 25e request) x (# of days remaining / 105)

Section 53 FTE = Total FTE from the gaining district's Sec. 25e request x (Sec. 53 FTE before gaining district's Sec. 25e request / Total FTE before gaining district's Sec. 25e request) x (# of days remaining / 105)

Behind the Scenes

Payment from State Aid

- The second business day of the month, the Office of State Aid and School Finance extracts aggregate FTE amounts for each district used to process State Aid payments
- Section 25e claims that are approved by the second business day of the month will be included in that month's payment.



Managing 25e Requests

Managing 25e Requests

Monitor request status

Review the Section 25e Summary Report in MSDS

Section 25 Summary Report

Collection: Student Record Maintenance 2022-2023

Entity:

Adjustment Type	Request Status	Date of Request	Response Date	Auditor Name	UIC	Last Name	First Name	Student Id	Grade	Prior District Code	Prior Building Code	Prior Student Residency	Prior Resident LEA	Prior Special Ed Program	Prior Alt Ed	New District Name	New District Code	New Building Name	New Building Code	Enrollment Date	Student Residency	Special Ed Program	Alt Ed	First Day In Attendance	Total FTE	Gen Ed FTE	Sect52 FTE	Sect53 FTE	Gen Ed Adj	Sect52 Adj	Sect53 Adj	Days Remaining	Comments
Loss	Approved	11/21/2022	01/24/2023		1111111111			111	00	111111	11111	14	District A			District B	99999	Building B	99999	10/10/2022	14			10/10/2022	1	1	0	0	-0.75	0	0	79	Comments
Loss	Approved	11/21/2022	01/24/2023		2222222222			222	07	22222	22222	14	District A			District B	99999	Building B	99999	11/2/2022	14			11/02/2022	1	1	0	0	-0.59	0	0	62	Comments
Loss	Approved	11/22/2022	02/24/2023		3333333333			333	07	33333	33333	14	33020	110		District B	99999	Building B	99999	10/14/2022	14			10/14/2022	1	1	0	0	-0.14	-0.58	0	75	Comments
Loss	Approved	11/23/2022	01/18/2023		4444444444			444	04	44444	44444	14	33020	194		District B	99999	Building B	99999	11/14/2022	14			11/14/2022	1	0.86	0.14	0	-0.44	-0.08	0	54	Comments

- Adjustment Type
- Request Status & Date
- Auditor
- UIC
- First & Last Name
- Student ID
- Grade
- Prior LEA, Building & District
- Prior Student Residency
- Prior Special Ed Program
- Prior Alt Ed
- New District Name & Code
- New Building Name & Code
- Enrollment Date
- Student Residency
- Special Ed Program
- Alt Ed
- First Day in Attendance
- FTE
- Days Remaining
- Comments

Managing 25e Requests

Monitor request status

Review the Manage
Section 25 Requests
page in MSDS

MSDS Home

Manage Collections... ⊕

Manage Users... ⊕

System Maintenance... ⊕

Manage Requests... ⊕

Administrative Reports... ⊕

Student Data Submission... ⊕

Upload File

Uploaded File Status

STARR XML Conversion

Data Staging Area

Student Data Downloads... ⊕

Search... ⊕

Certified Data Reports... ⊕

Audit FTE... ⊕

Grad Cohort... ⊕

General Reports... ⊕

Section 25e... ⊕

Manage Section 25e Requests

Section 25e Summary Report

Section 25 Request List

[Filter...](#)

Select your filter criteria...

UIC:

District:

Building:

Status: ▼

Request Date From:

To:

Response Date From:

To:

Show Only Requests From My District(s)

[Filter](#) [Clear](#)

2000 Result(s) Returned

Approved (12/08/2022)

Collection	ISD/District	Tot FTE	Gen FTE	Sec52 FTE	Sec53 FTE	Enrollment Date	First Day Attended	Remaining Days	GenEd Adjust	SpEd Adjust
Fall 2022 General Collection 2022-2023		1.00	0.96	0.04	0.00	07/02/2020			-0.49	-0.02
Student Record Maintenance 2022-2023		1.00	1.00	0.00	0.00	11/09/2022	11/14/2022	54	0.51	0.00

Comments:

Response Date: 12/08/2022 Request Date: 12/02/2022

Response By: Status: Approved

Auditor Review & Processing

Audit Process

5-Q-B: Section 25e Pupil Membership Transfers

Establish with districts what is required for audit

- Forms
- Supporting documentation

Audit Process

5-Q-B: Section 25e Pupil Membership Transfers – POP III category

Determine Low, Moderate, High to determine sample size percentages

Building Risk Assessment – Sample Size Percentages	High	Moderate	Low
Pop I – Conventional pupils present on count day	15%	10%	2%
Pop II – Conventional pupils absent on all or part of count day	20%	15%	10%
Pop III – Nonconventional pupils	20%	15%	10%

Audit Process

Review

- Pupil Eligible to be claimed
 - Where they reported in the Fall General Collection
- Pupil Enrollment – Must have enrolled between the day after October count through day before February count
 - Enrollment Forms

Audit Process

- Residency
 - Resident
 - District Release
 - Tuition
- Class Schedule
- Attendance Records

25e in the Audit & Narrative

Audit Forms

Audit Compliance – Appendix H

Working Paper Reference

Required form for QCR

Appendix H				
<u>AUDIT COMPLIANCE</u>				
YEAR: _____		AUDITOR: _____		
Auditor	Yes	No	NA	Date Completed and Comments
1. Completed the GAD Audit.				
2. Completed the Section 25e Review.				
3. Completed Electronic Days and Clock Hours Audit.				
4. Completed the Section 23a Review, if applicable. Reported Changes to MDE.				
5. Completed Statement of Ethics and Independence Form.				
6. Prepared Audit Cycle Schedule and Sent to MDE.				

Audit Narrative

Manual adjustment

Reasons

Student had deduction during Audit

Process

Auditors calculate the difference

Narrative – Specific Finding

S81	Manual §25e Adjustments	§25e requests manually entered by the Pupil Auditor	§25e of the State School Aid Act
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Audit Narrative

Manual Adjustments

Fall FTE removed:

1. Add negative adjustments for the losing district to the appropriate tabs in the Audit Form.
2. Deduct positive adjustments for the gaining district

Approved (12/08/2022)

Student: UIC:

Collection	ISD/District	Tot FTE	Gen FTE	Sec52 FTE	Sec53 FTE	Enrollment Date	First Day Attended	Remaining Days	GenEd Adjust	SpEd Adjust
Fall 2022 General Collection 2022-2023		0.83	0.83	0.00	0.00	02/22/2022			-0.43	0.00
Student Record Maintenance 2022-2023		0.83	0.83	0.00	0.00	11/14/2022	11/14/2022	54	0.43	0.00

Comments: DOCUMENTATION REVIEWED AND APPROVED.

Response Date: 12/08/2022 Request Date: 12/02/2022
Response By: Status: Approved

Audit Narrative

Manual Adjustments

Fall FTE reduced:

1. Recalculate the adjustment using the modified Fall FTE.
2. Subtract the new adjustment from the previously approved adjustment to get the difference.
3. Apply the difference to both the Fall district and the gaining district.

Approved (12/08/2022)

Student: _____ UIC: _____

Collection	ISD/District	Tot FTE	Gen FTE	Sec52 FTE	Sec53 FTE	Enrollment Date	First Day Attended	Remaining Days	GenEd Adjust	SpEd Adjust
Fall 2022 General Collection 2022-2023		1.00	1.00	0.00	0.00	08/29/2022			-0.50	0.00
Student Record Maintenance 2022-2023		1.00	1.00	0.00	0.00	11/14/2022	11/16/2022	52	0.50	0.00

If Fall FTE is adjusted from 1.0 to 0.75 in the Audit:

1. Calculate modified FTE adjustment:
 $0.75 \times (52 \text{ remaining days} / 105 \text{ total days}) = \mathbf{0.37}$
2. Subtract to find difference:
 $0.5 \text{ previous adjust} - 0.37 \text{ new adjust} = \mathbf{0.13}$
3. Apply **0.13** as applicable for both the Fall and gaining district

Audit Narrative

Manual Adjustments

No change in Total FTE, but modified Gen/SpEd split:

1. Recalculate the adjustment for both General Ed and Special Ed.
2. Subtract the new adjustment from the previously approved adjustment to get the difference.
3. Apply difference to the Fall district only.

Approved (12/08/2022)

Student: _____ UIC: _____

Collection	ISD/District	Tot FTE	Gen FTE	Sec52 FTE	Sec53 FTE	Enrollment Date	First Day Attended	Remaining Days	GenEd Adjust	SpEd Adjust
Fall 2022 General Collection 2022-2023		1.00	1.00	0.00	0.00	10/03/2022			-0.46	0.00
Student Record Maintenance 2022-2023		1.00	1.00	0.00	0.00	11/21/2022	11/22/2022	48	0.46	0.00

If Fall FTE is adjusted from 1.0 to 0.75 Gen Ed and 0.25 Sec52 in the Audit:

1. Calculate modified FTE adjustment:
 Gen Ed $0.75 \times (48 \text{ remaining days} / 105 \text{ total days}) = \mathbf{0.34}$
 Sec52 $0.25 \times (48 \text{ remaining days} / 105 \text{ total days}) = \mathbf{0.12}$
2. Subtract to find difference:
 Gen Ed $0.46 \text{ previous adjust} - 0.34 \text{ new adjust} = \mathbf{0.12}$
3. **Reduce Gen Ed and increase Sec52 by 0.12** as applicable for Fall district

Resources:

- CEPI's SRM Webpage <https://www.michigan.gov/cepi/pk-12/msds/srm>
 - [Section 25e Overview](#)
 - [Section 25e User Guide](#)
 - [Section 25e Financial Calendar](#)

- MDE's State Aid & School Finance Webpage
<https://www.michigan.gov/mde/services/financial-management/state-aid>
 - [Pupil Accounting Manual \(PAM\)](#)



Questions:

- CEPI Customer Support
 - (517) 335-0505, Option 3 cepi@michigan.gov
- MDE State Aid & School Finance
 - Brian Ciloski ciloskib@michigan.gov
- CEPI 25e, FTE and Audit Lead Analyst
 - Becky Sowle sowleb@michigan.gov
- Auditor, Wexford Missaukee ISD
 - Barbette Lane blane@k12eta.org