



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



JENNIFER M. GRANHOLM  
GOVERNOR

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SUPERINTENDENT OF  
PUBLIC INSTRUCTION

May 29, 2007

**MEMORANDUM**

TO: Intermediate and Local District Superintendents, School Business Officials, Public School Academy Directors

FROM: Carol L. Wolenberg, Deputy Superintendent *Carol*

SUBJECT: Required Change in Federal Cash Advance Procedures

The Michigan Department of Education (MDE) must initiate a federally required change in policy regarding cash advances. Based on clarification of federal law, 30-day cash advances will no longer be permitted as a general operating rule. This change is necessary in order for MDE to comply with the Cash Management Improvement Act (CMIA) which governs payments to local education agencies. MDE has worked in collaboration with the Michigan School Business Officials (MSBO), Intermediate School Districts (ISDs), and the Financial Audit Reference Group to assure common understanding of this change and to develop an implementation process. We hope that this notice will afford you time to reflect this federal requirement in your 2008 fiscal year budgets. The following bullets provide a brief explanation:

- In 2006, the U. S. Department of Education (USDOE) clarified that states were incorrectly allowing local education agencies (LEAs) to draw 30-day cash advances from federal funds. They clarified that LEAs are under the same 3-Day Rule interpretation as state education agencies (SEAs).
- As a result of USDOE clarification, MDE is now able to offer a one-time 30-day cash advance only for start-up federal programs. The 3-Day Rule will now apply to all other requests for federal funds by MDE recipients.
- Effective July 1, 2007, MDE recipients will be able to request the 3-day cash advance from the new Cash Management System (CMS) under the Requesting Funds tab.

If you experience any difficulties in requesting funds on the CMS or have any questions concerning this federally required change in policy, please e-mail your questions to [MDE-CMS@Michigan.gov](mailto:MDE-CMS@Michigan.gov).

cc: Jon Tomlanovich, MAISA/MASA  
Tom White, MSBO  
MDE Leadership Team

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