



Detroit Public Schools:

Quality, Accountability, and Governance

MSU IPPSR Forum | January 20, 2016



GLEP's K-12 Education Policy Priorities

GLEP strongly supports efforts to:

- ✓ Improve academic **achievement**,
- ✓ Increase **accountability**, and
- ✓ Expand parental **choice**

Our current policy priorities are:

- ✓ Fulfill the promise of Proposal A & eliminate the per-pupil funding equity gap
- ✓ Increase early literacy (K-3 Reading) and end social promotion
- ✓ Adopt an A-F letter grading system for school accountability
- ✓ Reform MSPSERS for a solid future while keeping our promises to retirees

The long history of DPS failure

- ✓ In the city of Detroit, 47 percent of adults are [functionally illiterate](#).
- ✓ Half of Detroit's illiterate population has a high school degree.

Nearly Half Of Detroit's Adults Are Functionally Illiterate

Posted: 05/07/2011 12:58 pm EDT | Updated: 07/08/2013 7:03 pm EDT

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Detroit's population fell by 25 percent in the last decade. And of those that stuck around, nearly half of them are functionally illiterate, a new report finds.

According to estimates by The National Institute for Literacy, roughly 47 percent of adults in Detroit, Michigan -- 200,000 total -- are "functionally illiterate," meaning they have trouble with reading, speaking, writing and computational skills. Even more surprisingly, the Detroit Regional Workforce finds **half of that illiterate population has obtained a high school degree.**

The long history of DPS failure

- ✓ Total revenue is \$17,994 per pupil.



\$17,994

Revenue Per Pupil

This didn't happen overnight.

Detroit's Reform Timeline: At the Crossroads Again

- 1968 School Board adopts first in nation "equity" challenge to state school funding formula.
- 1969 School Board adopts desegregation plan.
- 1970 School Board supporters of desegregation recalled; state legislature invalidates Board desegregation plan.
- 1971 Legislature mandates Detroit Public Schools decentralize into 8 regions, each with own Board; NAACP files civil rights case alleging district complicity in segregation; School Board adopts magnet school plan.
- 1973 New Detroit, Inc. issues report urging reduction in administrative expenses, distribution of more power to regions and communities, and increased parental involvement.
- 1974 U.S. Supreme Court rules in Milliken v. Bradley against allowing a desegregation plan that crossed school district lines from Detroit into its suburbs.
- 1975 Arthur Jefferson appointed first African-American Superintendent of Detroit.
- 1978 District runs first in a series of budget deficits, ranging from a low of \$10 million to a high of \$160 million in 1989.
- 1979 District preoccupied with court-ordered school busing for desegregation and promotion of affirmative action.
- 1981 John Elliott takes over as first African-American President of the Detroit Federation of Teachers (DFT); District institutes pilot program for increased collaboration with local universities to revive urban education. Detroit voters eliminate decentralization of district by two-to-one margin.
- 1982 State legislature approves "recentralization" plan that reunites the eight-regional system and giving more power to superintendent; Detroit teachers strike for 17 days in opposition to Board's proposed 8 percent cut in salaries to reduce \$60 million deficit. Following binding arbitration, DFT agrees to \$20 million in concessions set up as loan to the Board.
- 1983 District eliminates 213 jobs, including 87 administrative posts, under recentralization plan drawn up by Supt. Arthur Jefferson. The Board votes to freeze salaries for the 1983-84 school year in effort to stem projected \$43 million deficit.
- 1984 On November 4, Detroit voters approve a 4 mill increase in school taxes, the third increase in seven years.
- 1985 DFT threatens to strike unless teachers get substantial raises; Board approves a 10 percent increase for 1985-86 and 7 percent for 1986-87 in effort to attract and retain talented teachers.
- 1987 Board approves Superintendent's plan to cut administrative and support personnel by 25% and shift more authority, responsibility and accountability to principals under area superintendents. The Board freezes salaries in face of \$27 million deficit; DFT strike lasts 3 weeks and results in new contract guaranteeing

August 12, 2009 11:07 a.m. UPDATED 8/12/2009

5 Detroit Public Schools employees charged with embezzlement

By Corey Williams
Associated Press Writer

DPS: Scam cost \$57M

Mar 29, 2010 | By Miss Fruge



A former department chief at Detroit Public Schools and his assistant used secret offices and their own computer system to improperly divert more than \$57 million in school funds to vendors who provided little, if anything, in return, according to sworn records reviewed by the Free Press.

Robert Bobb, the district's emergency financial manager, said in a statement that the case is another example of how "DPS has been a place where people use the district as their personal banker and where there has been a cesspool of corruption, and in cases such as this one, both national corporations and local individuals took advantage of Detroit Public Schools."

This didn't happen overnight.

Emergency Manager Robert Bobb uncovered millions in corruption.

The Washington Post

Opinions




Corrupt educators are threatening school reform

By Robert C. Bobb April 25, 2013

Robert Bobb is a former D.C. city administrator, former president of the D.C. Board of Education and the D.C. State Board of Education, and the former emergency financial manager for Detroit Public Schools. His e-mail address is robertcobb@yahoo.com.

Indeed, I found Detroit Public Schools to be a magnificent vessel of wholesale theft and graft. Not one area of management escaped the thieves and defrauders: One high school food service worker stuffed as much as \$200 daily from lunchroom sales into her apron and bra. A teacher and her mother, a contract accountant, placed \$500,000 worth of orders for supplies from a sham company they had created. Ten people collectively stole more than 1,500 laptops. Even sworn police officers assigned to my security detail committed fraud, submitting phony overtime reports.

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Audit: More than 250 ghost workers on payroll of Detroit Public Schools

0 comments

By Jonathan Coasting | jcoasting@mlive.com
Follow on Twitter
on June 24, 2009 at 6:41 AM, updated June 24, 2009 at 11:56 AM

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 AP Photo/Detroit

Public Schools Emergency Financial Manager Robert Bobb hinted in April that ghost workers may be on the DPS payroll

More than 250 people may regularly cash Detroit Public Schools checks but aren't on the payroll, according to a recent audit.

Emergency Financial Manager Robert Bobb, appointed by Jennifer Granholm to oversee DPS, hinted at ghost workers back in April and earlier this month took the unusual step of forcing the district's estimated 13,880 workers to pick up their checks in person.

Apparently, it worked.

Thirty-seven paychecks and 220 direct-deposit slips totalling approximately \$208,000 were not picked up, [according to the Detroit Free Press](#).

FLINT IN CRISIS 

- Flint mayor thankful after federal emergency declaration by President Obama
- Investigators suspected Flint River tie to Legionnaires' in 2014, public never told
- National Guard to double numbers at water resource sites in Flint
- Key figures in water crisis
- How the water crisis emerged

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And it's still happening.

DPS to award former student \$350K in Pugh sex suit

Tresa Baldas, Detroit Free Press 9:55 p.m. EST November 4, 2015

Charles Pugh continues as defendant in lawsuit, DPS settles



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(Photo: Regina H. Boone Detroit Free Press)

In a surprise move, right in the middle of trial, the Detroit Public Schools today settled a sex-grooming lawsuit with a former student who says ex-Detroit City Council President Charles Pugh sexually pursued him through a mentorship program while school officials looked the other way.

The district settled the suit, which sought more than \$1 million, for \$350,000, court records show.

"Detroit Public Schools has reached a tentative agreement under which DPS and all defendants related to the district will be dismissed," district spokeswoman Michelle Zrodowski said. "The terms of the agreement will remain confidential until

it is finalized by the parties involved."

Rochelle Riley: Ex-star principal recalls fall from grace

Rochelle Riley, Detroit Free Press Columnist 1:34 p.m. EST December 16, 2015



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(Photo: William Archie, Detroit Free Press file photo)

The first time Kenyetta (K.C.) Wilbourn Snapp broke the law, she had been in a new job for less than a week.

It was 2009. She was in her first stint as a principal and she was to run Denby High School, one of the worst-performing schools in the district.

When Snapp told the Free Press that she had funneled public school funds to nearly 1,000 consultants, local businesses, parents, family and friends, those muffled wails you heard across the city were the sounds of hope dying.

... she asked her football coach to hire her uncle as an assistant principal. She paid him using funds from a DPS vendor. That vendor paid Snapp \$750 every time she gave him the names of 20 students for a tutoring session.

MORE STORIES



Flint man, long held in Iran, reunited with family

Jan. 18, 2016, 3:08 p.m.



Treetops lawyer: Silence slows U.M. frat prosecution

And it's still happening.

Poor spending decisions, plus teacher sickouts add up to more woes for DPS

More than 80 Detroit Public Schools closed due to massive teacher sick-out

POSTED: 8:31 PM, Jan 19, 2016
UPDATED: 1 hour ago



Sickouts close most Detroit schools

James David Dickson, The Detroit News 6:39 a.m. EST January 20, 2016



(Photo: Detroit News file)

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Detroit — Eighty-six Detroit Public School buildings are closed for instruction on Wednesday due to another teacher sickout, DPS said. That's more than 80 percent of the 104 schools in the district, which serves about 47,000 students total.

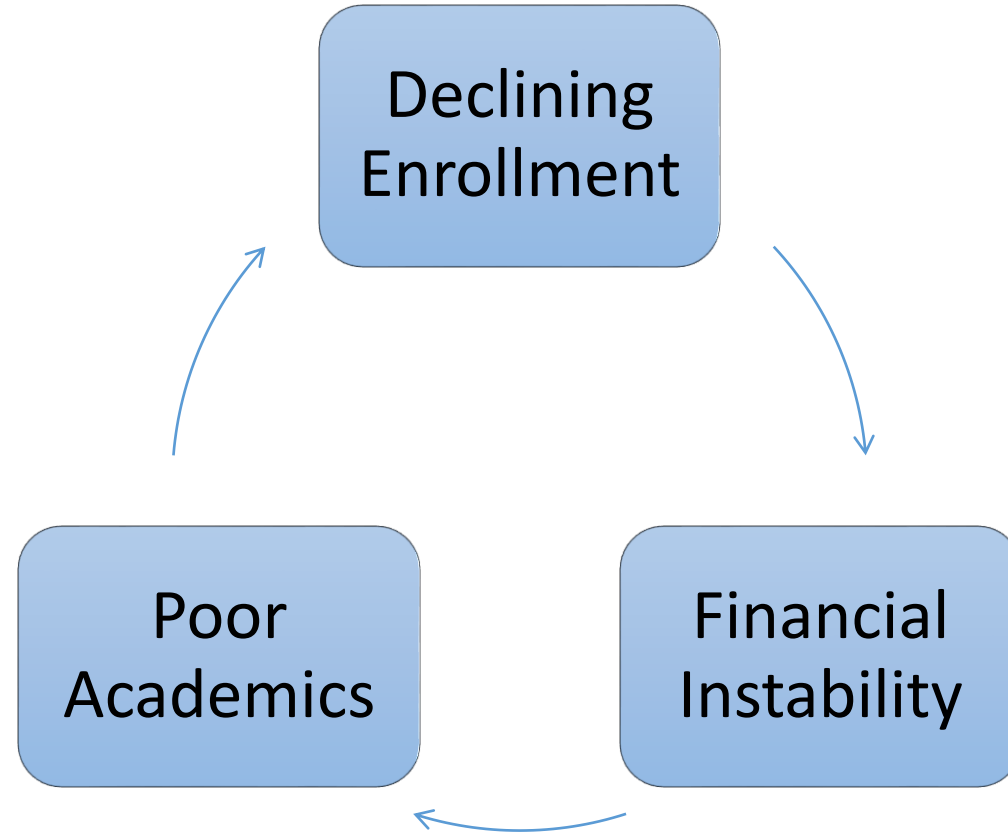
Wednesday is the second time in recent weeks that more than 50 percent of DPS schools were closed due to a high volume of teacher absences. Steve Conn, former head of the Detroit Federation of Teachers, the local union, is set to fight for his reinstatement at a hearing of the Detroit American Federation of Teachers office. The national union has placed the local union in trusteeship.

"DPS has no other option but to close schools when teachers do not report for work," said DPS spokeswoman Michelle Zdrodowski in a statement. Teachers at closed schools are required to either show up to their buildings or take a leave day, the district said.

Gov. Rick Snyder Announces Education Agenda

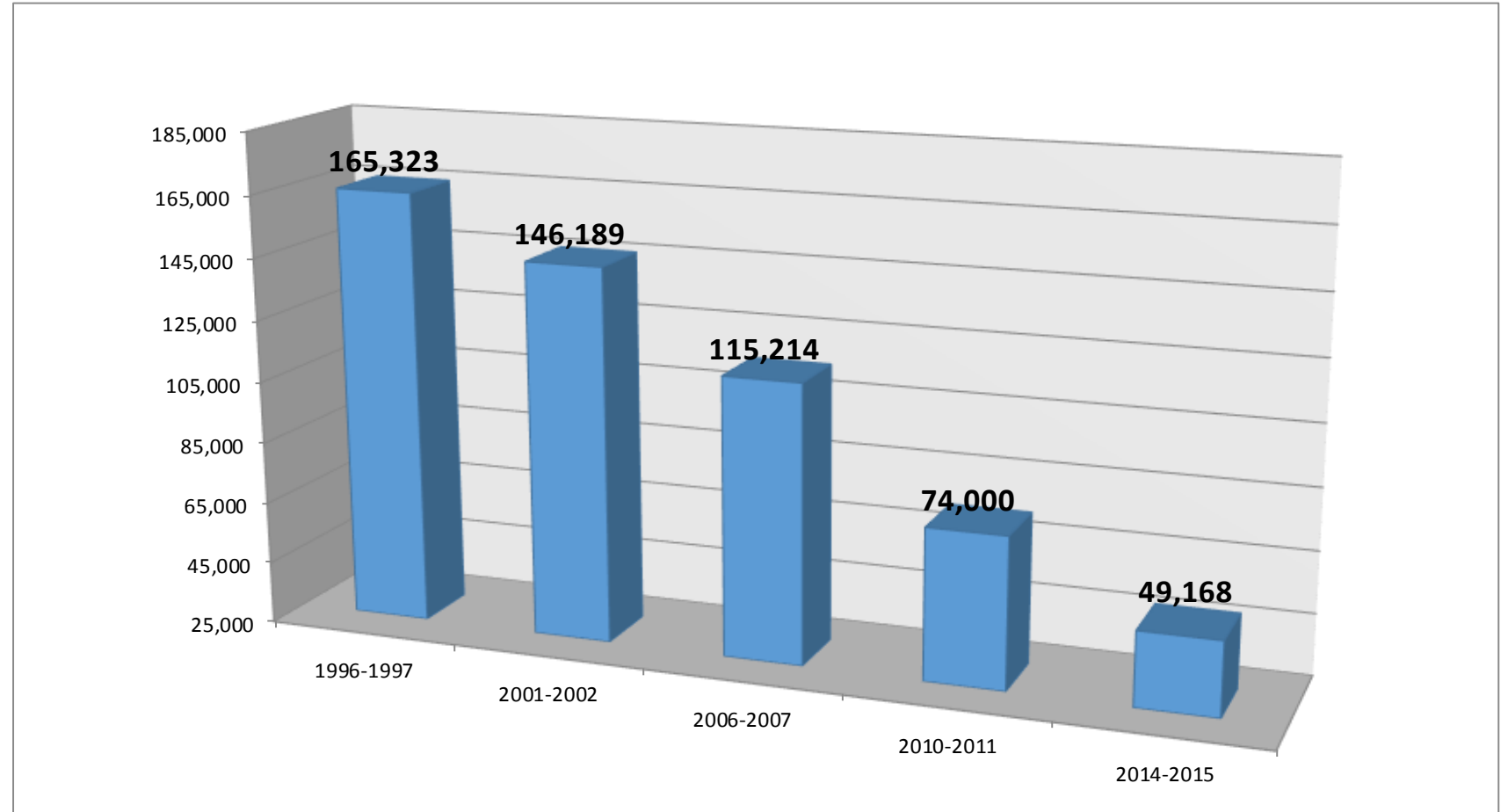


The DPS Death Spiral



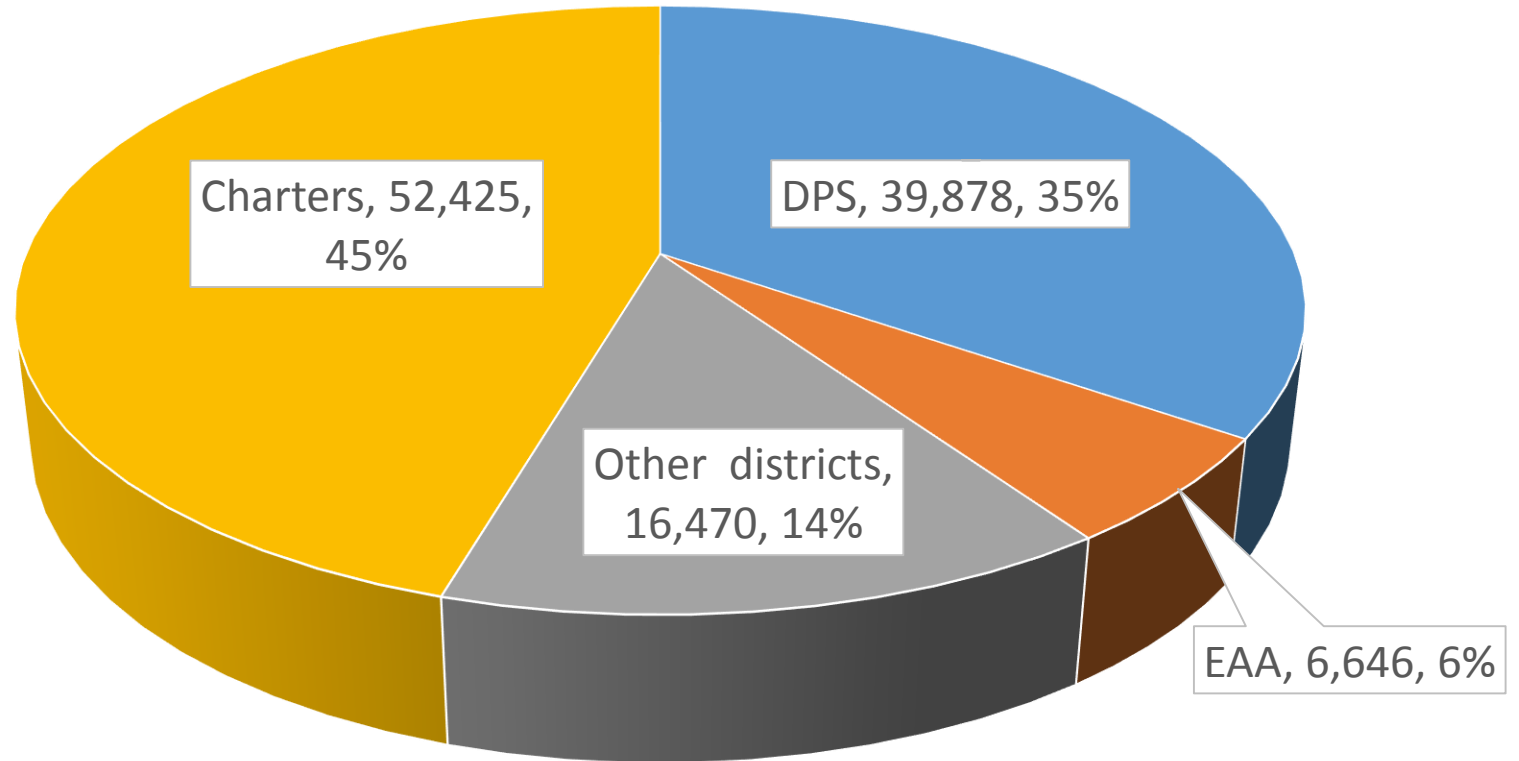
The DPS Death Spiral: Declining Enrollment

- ✓ DPS lost nearly 75% of their students in the past decade.
- ✓ During the same time period, statewide enrollment is down 8%.



The DPS Death Spiral: Declining Enrollment

- ✓ DPS is the minority educator of 115,000 Detroiters.
- ✓ Detroit is #2 city in the country for choosing charter public schools.



The DPS Death Spiral: Financial Instability

- ✓ DPS has \$3.5 billion in outstanding debt.
- ✓ \$1.7 billion in capital debt is secured.
- ✓ \$1.3 billion in MPSERS UAAL is being spread among the entire state.
- ✓ CRC Webinar at 2 pm on Jan 21 on this. www.crcmich.org

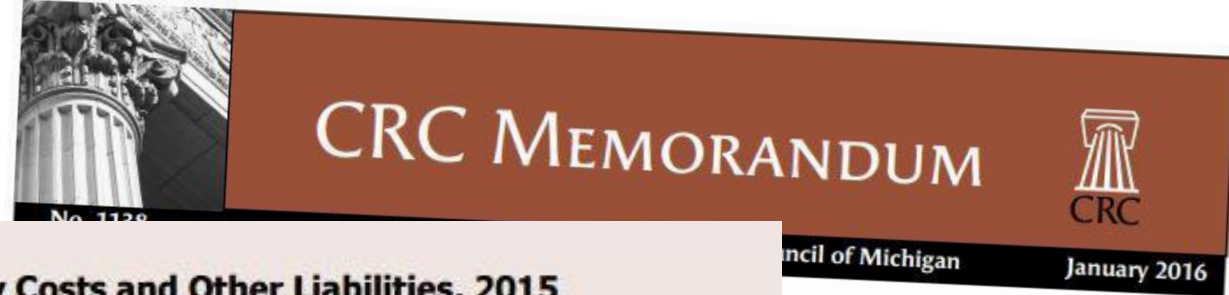


Table 1
Detroit Public Schools Legacy Costs and Other Liabilities, 2015
(Dollars in millions)

Operating Liabilities	Amount
MPSERS – Pension Unfunded Actuarially Accrued Liability (UAAL)	\$872.7
MPSERS – Retiree health Unfunded Actuarially Accrued Liability	443.8
Delinquent MPSERS payment (principal and interest)	80.9
Termination Incentive Plan – UAAL	16.6
Refinanced 2005 and 2011 cash flow borrowings	259.2
Refinanced 2014 cash flow borrowing	82.8
2015 cash flow borrowing	<u>121.0</u>
<i>Subtotal – operating liabilities</i>	\$1,877.0
Capital Liabilities	
“Qualified” general obligation bonds	1,452.1
School Loan Revolving Fund loan (principal and interest)	<u>198.7</u>
<i>Subtotal – capital liabilities</i>	\$1,650.8
Total	\$3,527.8

ASSETS AND INDEBTEDNESS

In **Table 1**, DPS has over \$3.5 billion in combined operating and capital debt. This includes nearly \$1.9 billion in legacy costs and cash flow borrowings and \$1.7 billion in multi-year bonds/notes.

The DPS Death Spiral: Financial Instability

Outstanding operational debt:

- ✓ 2011 SAF notes: \$ 24 million
 - ✓ 2012 SAF notes: \$236 million*
 - ✓ 2014 SAF notes: \$ 83 million
 - ✓ 2015 SAF notes: \$121 million
 - ✓ MPSERS premiums: \$157 million
 - ✓ FY '16 cash flow: \$ 92 million
- TOTAL: \$713 million**
Average: \$118 million/year

*2005 notes



The DPS Death Spiral: Poor Academics

- ✓ Detroit had the lowest NAEP scores in the country in 2009, 2011, 2013 & 2015.
- ✓ Only 4% of DPS students are proficient in Math and 7% of DPS students are proficient in Reading.

Detroit Public Schools: 93% Not Proficient in Reading; 96% Not Proficient in Math

Detroit worst in math, reading scores among big cities

Shawn D. Lewis, The Detroit News 4:40 p.m. EDT October 28, 2015



(Photo: greatschools.org)

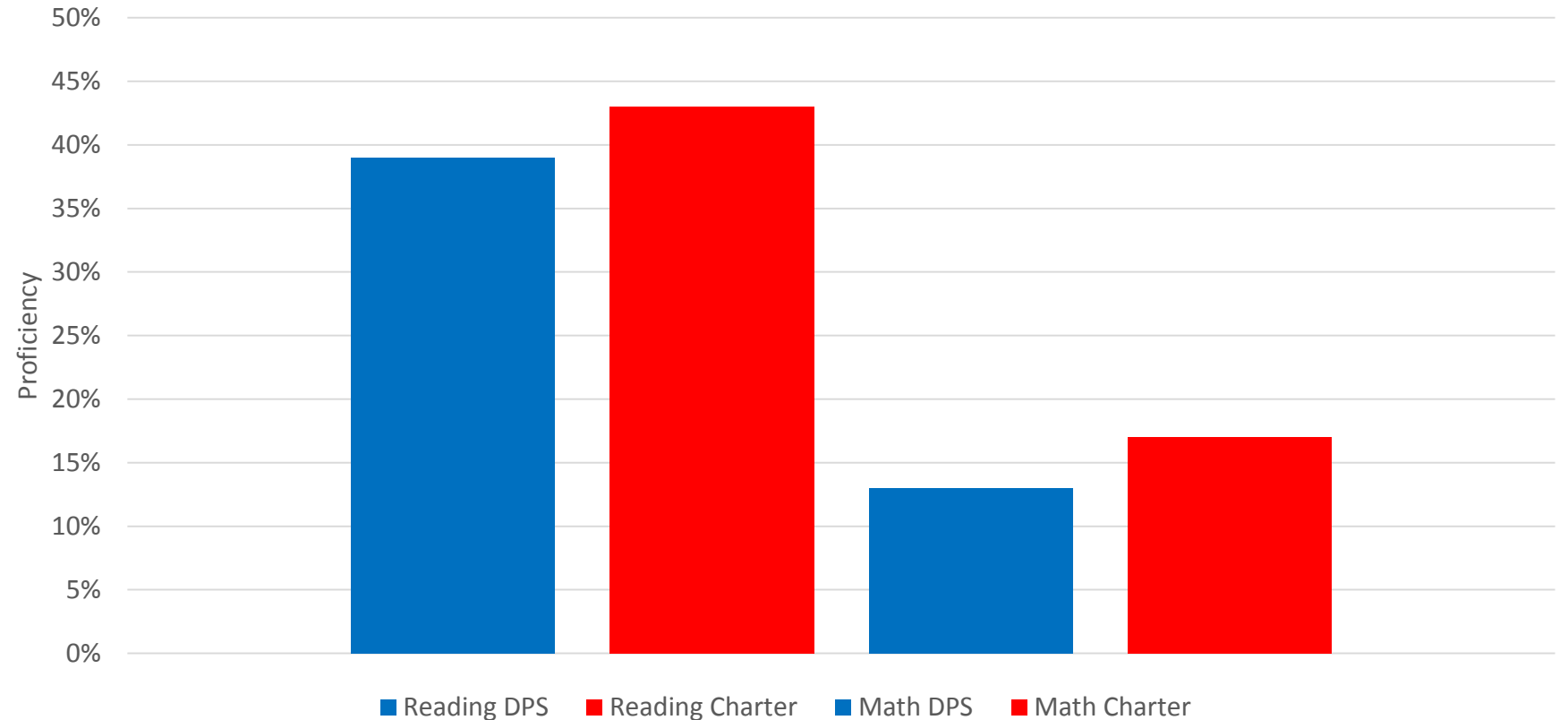
For a fourth straight time, Detroit students have scored the lowest among big-city districts in math and reading, according to national test results released Wednesday.

Detroit Public Schools' fourth- and eighth-graders lagged students in 20 other districts included in the National Assessment of Educational Progress Trial Urban District Assessment. **DPS also ranked lowest in 2009, 2011 and 2013.**

The DPS Death Spiral: Poor Academics

- ✓ Detroit has the lowest MEAP scores of all Michigan cities.
- ✓ While Detroit charters outperform DPS schools, overall performance is still too low in the city.

2014 MEAP Proficiency in Detroit Schools



The DPS Death Spiral: The Ultimate Question



School Aid Fund bailout of local district debt

- ✓ Has happened four (4) times:
 - Inkster & Buena Vista were dissolved
 - Muskegon Heights & Highland Park became all-charter districts
- ✓ In each case, the traditional public school district is no longer responsible for educating children.



The Proposals for DPS: Coalition to Save DPS

- ✓ State bailout of existing DPS operational debt, MSPERS liabilities and others debts
- ✓ Reinstate current DPS Board of Directors
- ✓ Detroit Education Commission to manage:
 - ✓ academic standards
 - ✓ open, close or re-locate schools
 - ✓ school choice
 - ✓ student enrollment



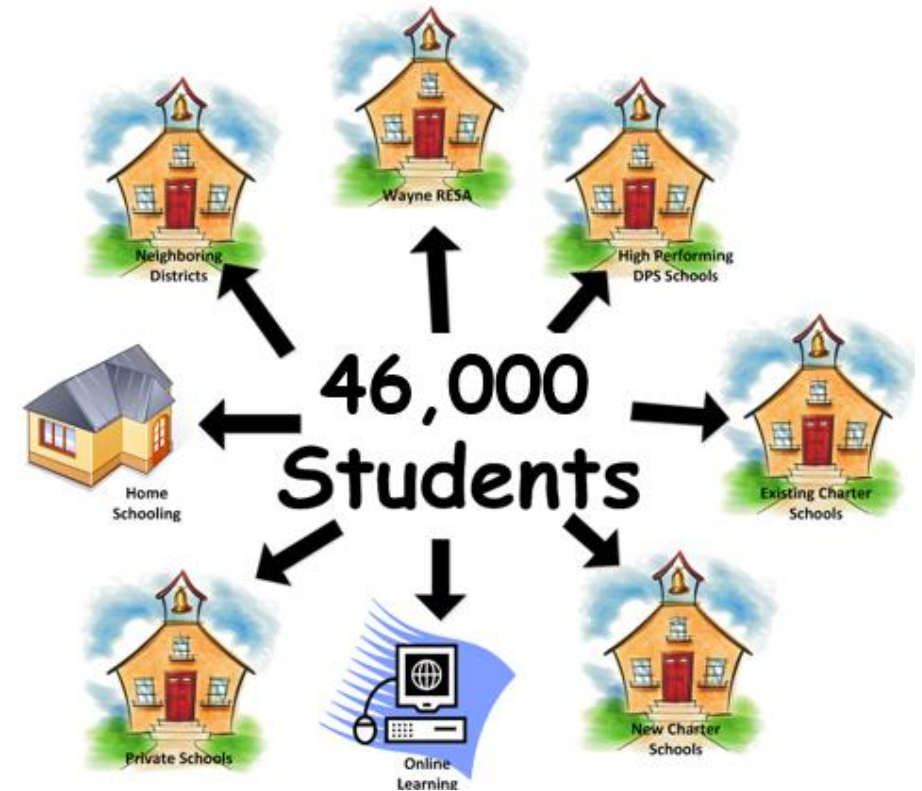
The Proposals for DPS: Governor Snyder

- ✓ OldCo: \$515 million state bailout of existing DPS operational debt via 18 mill non-homestead property tax
- ✓ NewCo: DPS 2.0 w/\$200 million in “seed money” to be repaid by 18 mill non-homestead property tax
- ✓ Elected Board of Directors for DPS 2.0 – via transition
- ✓ Detroit Education Commission to open, close & relocate schools
- ✓ A-F accountability system for Detroit only
- ✓ Universal/Mandatory Enrollment System



The Proposals for DPS: GLEP

- ✓ Retire DPS operational debt via 18 mill n/h property tax
- ✓ Create an “Education Improvement Zone” in Detroit
- ✓ Participating schools must meet annual academic standards for proficiency and growth, as set by their “accredited” sponsor/authorizer
- ✓ Allow Mayor’s Office, Wayne State University and Wayne County Community College to become sponsors
- ✓ Students receive \$8,000 “Opportunity Scholarship” from the state to cover basic operational funding at any participating school in the zone, public or private.



The Proposals for DPS: Senator Hansen (SB 710+)

- ✓ OldCo: \$515 million state bailout of existing DPS operational debt via 18 mill non-homestead property tax
- ✓ NewCo: DPS 2.0 w/\$250 million in “seed money” from General Fund
- ✓ DPS 2.0 under Financial Review Commission, which includes the Superintendent and the President of the Board of Directors
- ✓ Appointed Board of Directors initially, elected in Fall 2016
- ✓ Advisory body to develop a “Master Plan” for the city
- ✓ Use State Reform Office and CEO to address failing schools
- ✓ Mandatory closure of failing charters (3 of 5 years in bottom 5%)



The Proposals for DPS: Side-by-Side Comparison

	Coalition	Governor	GLEP	Hansen
Eliminate DPS	NO	YES	YES	YES
Retire DPS debt w/\$70 mill per year	YES	YES		YES
New Community School District	NO	YES	NO	YES
Elected Board of Directors	YES	YES		YES
Detroit Education Commission & CEO	YES	YES	NO	NO
Accountability via State Reform Office	NO	NO	YES	YES
Mandatory Universal Enrollment System	YES	YES	NO	NO
Opportunity Scholarships	NO	NO	YES	NO

Initial Response to Proposals for DPS

State Board of Education Statement on Proposed Detroit Public Schools Legislation

John C. Austin
President, Michigan State Board of Education
January 14, 2016

SBE President John Austin joined by a majority of Members of the State Board Of Education expressed "deep disappointment" with proposed DPS schools legislation introduced today.

"A serious effort to lift the debt burden that is taking money away from DPS' classrooms, failing to return school governance to the elected officials of Detroit, and the failed state takeover strategy," said John Austin. "The legislation abandons creation of public schools - DPS, Charters, a



Coalition statement on Detroit education bills

January 14, 2016

FOR IMMEDIATE RELEASE

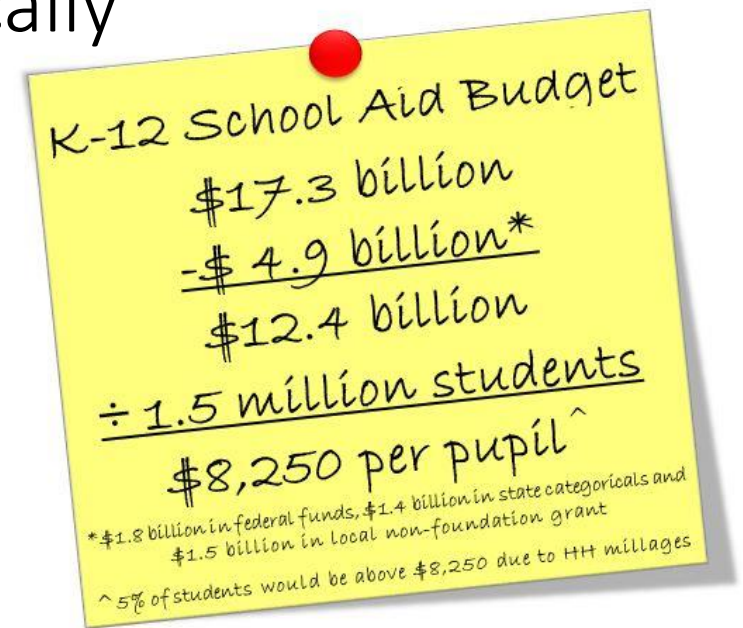
DETROIT - Detroit schools legislation - Senate Bills 710 and 711 - was introduced today. The Coalition for the Future of Detroit Schoolchildren welcomes this development so that the issues - finally - can be debated publicly. The Coalition is disappointed that the bills do not identify where funds to pay for Detroit Public Schools' debt will come from, and that they omit key recommendations for stabilizing the troubled Detroit schools landscape and ensuring a quality education for all Detroit schoolchildren.

The bills also do not address the Coalition-recommended Detroit Education Commission, a nonpartisan panel whose members would be appointed by the mayor, and be responsible for improving the accessibility and quality of school choice in Detroit. As outlined by the Coalition, the DEC would: (1) hold all schools to the same high academic standard; (2) ensure children in every neighborhood have quality choices by overseeing the opening and closing of all public schools in the city; (3) simplify enrollment for families; and (4) engage community members in planning.

Currently, Detroit has 14 different entities (authorizers and districts) that open and close schools. Not one of those entities is locally controlled. When so many are in charge, there is little coordination and no academic accountability. The DEC would provide badly needed local coordination and quality for all Detroit students - charter and DPS alike. Without it, Detroit children are forced to endure an education landscape every bit as threatening to their futures as the toxic water emergency imposes on children in Flint.

GLEP recommendations to improve education

- ✓ Improve K-3 reading and early literacy (HB 4822)
- ✓ Accountability for ALL schools via A-F Letter Grading; State Reform Office, and put chronically failing schools in State Reform District
- ✓ Equitable foundation grant for every student, with additional funding for special needs
- ✓ Reform MPSEERS to address unfunded liability



Questions?

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