House Appropriations Committee

Monday, March 7, 2016

City of Detroit
Mayor Mike Duggan

Mayor's Proposed Approach: Education System Based on 3 Principles

1) Parent choice. Parents should be given quality choices in both public and charter schools and should be free to select the one best for their child.
2) Local school governance. Local control should be maximized in school management – leadership should be elected and held accountable by adults in that community.
3) State oversight of school finances. State revenues are used to run the schools and the state should assure the district's finances are managed responsibly.

History of Emergency Management at Detroit Public Schools

- January, 2009: Governor Granholm Appointed Robert Bobb as Emergency Manager who inherited deficit of $200 million
- Bobb promptly closed 30 schools and promised a $17 million surplus in 2010.
- In 2010, the deficit had grown to $270 million.
- Bobb closed 26 more schools in 2010.
- In 2011, the deficit had grown to $363 million.
- Feb. 2011, Bobb proposed closing 70 more schools and increasing classes sizes to 60.
- April, 2011 Gov. Snyder removed Bobb.

Continual Turmoil in Detroit Schools: 5 different EM's in less than 5 years

4/11 Robert Bobb removed as EM.

5/11 Governor appointed Roy Roberts EM.

5/13 Governor appointed Jack Martin EM.

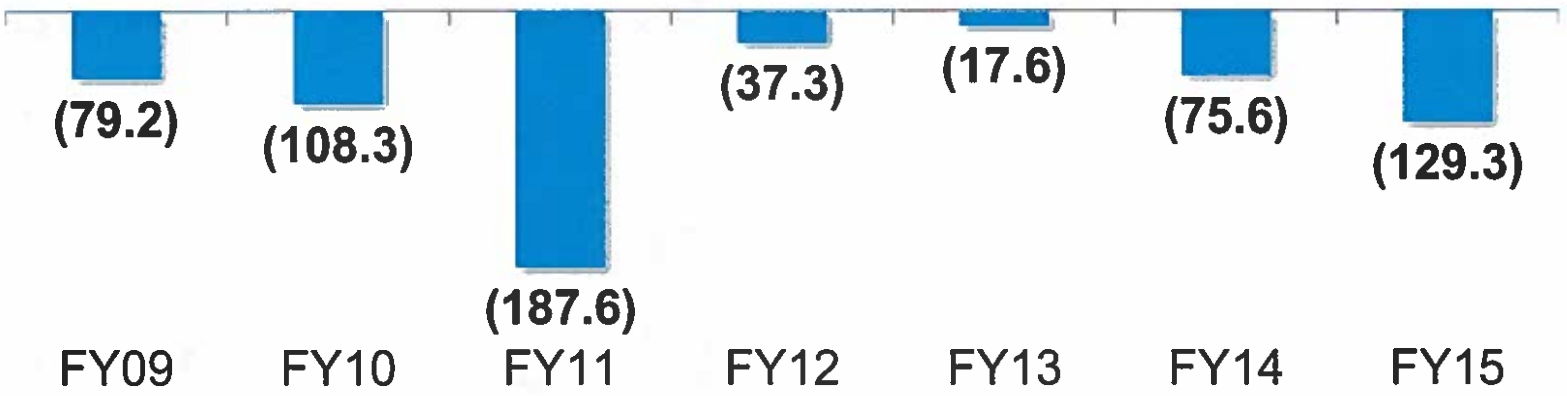
1/15 Governor appointed Darnell Early EM.

2/16 Governor appointed Judge Steven Rhodes EM.

That turmoil in leadership has resulted in a 50% loss of enrollment in last 7 years under State Management

2009	87,877
2010	75,263
2011	66,132
2012	51,127
2013	50,511
2014	47,238
2015	46,331

State Emergency Management of DPS has run up $635 million in deficits in the last 7 years



Note: Figures exclude capital received as the result of long-term bond offerings.
1 Figure excludes an one-time gain of $110mm related to an allocation of one-time federal stimulus dollars and a gain of $231mm related to the failure of DPS to retire $231mm of $420mm in state aid anticipation notes borrowed during the fiscal year.
2 Figure excludes a gain of $83mm related to the failure of DPS to retire $83mm of $191mm in state aid anticipation notes borrowed during the fiscal year.
Source: DPS FY09-15 CAFRs (accessible at http://detroit.k12.mi.us/data/finance/); Michigan House memorandum from August 18, 2012 on the Federal Education Jobs Fund Act (accessible at http://www.house.mi.gov/hfa/PDF/SchoolAid/FederalEdJobs_2010Memo.pdf).

DPS has suffered 4 credit rating downgrades in that time

Feb, 2009	Ba2
July, 2009	B1
June, 2013	B2
April, 2014	B3
March, 2015	Caa1

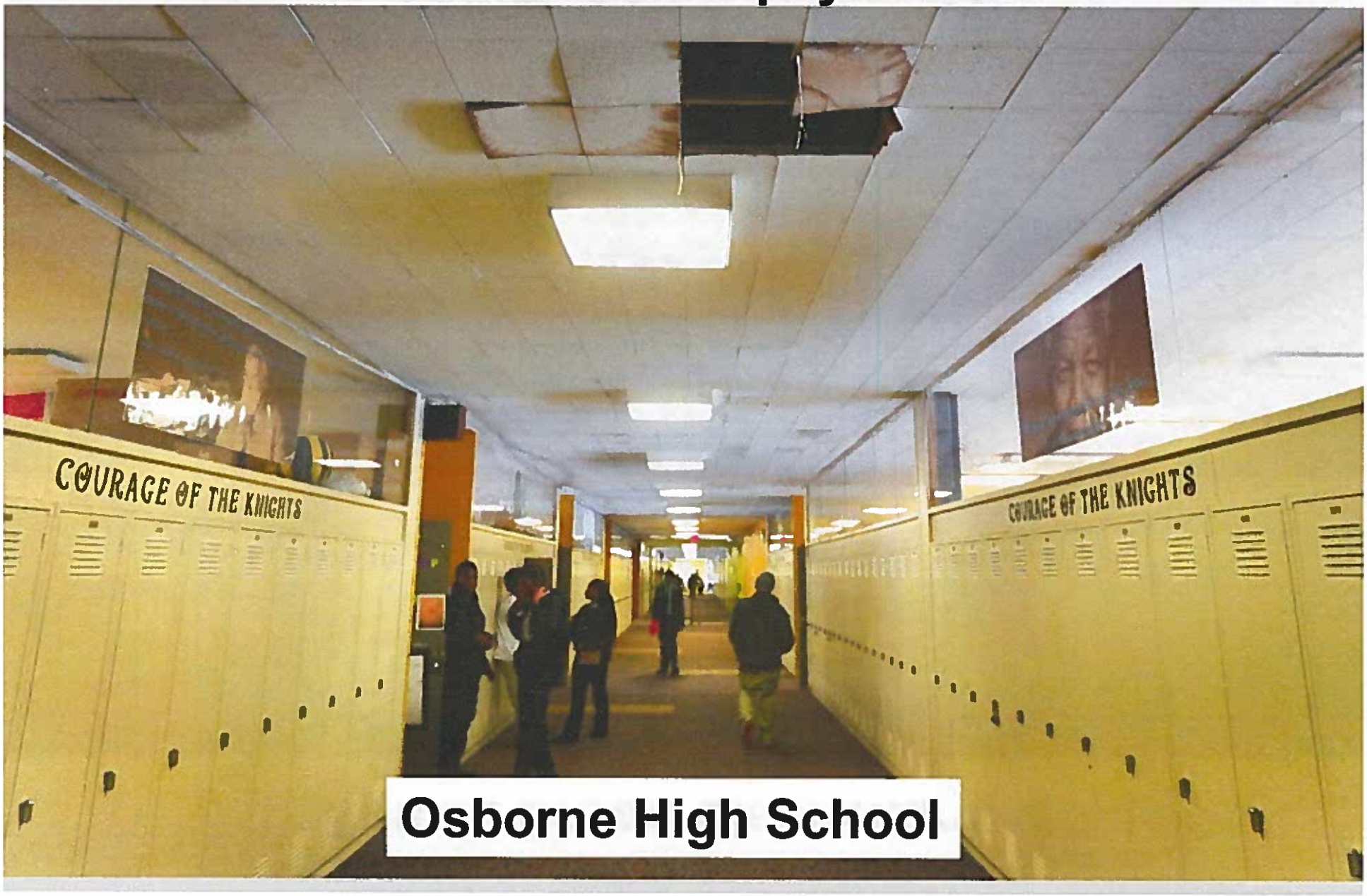
Why is there no money for teaching?
DPS now spends nearly as much on debt as employees

DPS Current Monthly Cash Flow: February, 2016

Total Payroll and Benefits (6,000 Total Staff)	**$28.1**
Monthly Debt Payments	**$26.1**
2011 Bonds	$4.0
2012 Bonds	2.6
2014 SAN	6.9
2015 SAN	12.6
Total Debt Pmts	$26.1

Source: DPS FY16 Projected General Cash Flows as of November 15, 2015; DPS FY15 CAFR (accessible at http://detroit.k12.mi.us/data/finance/).

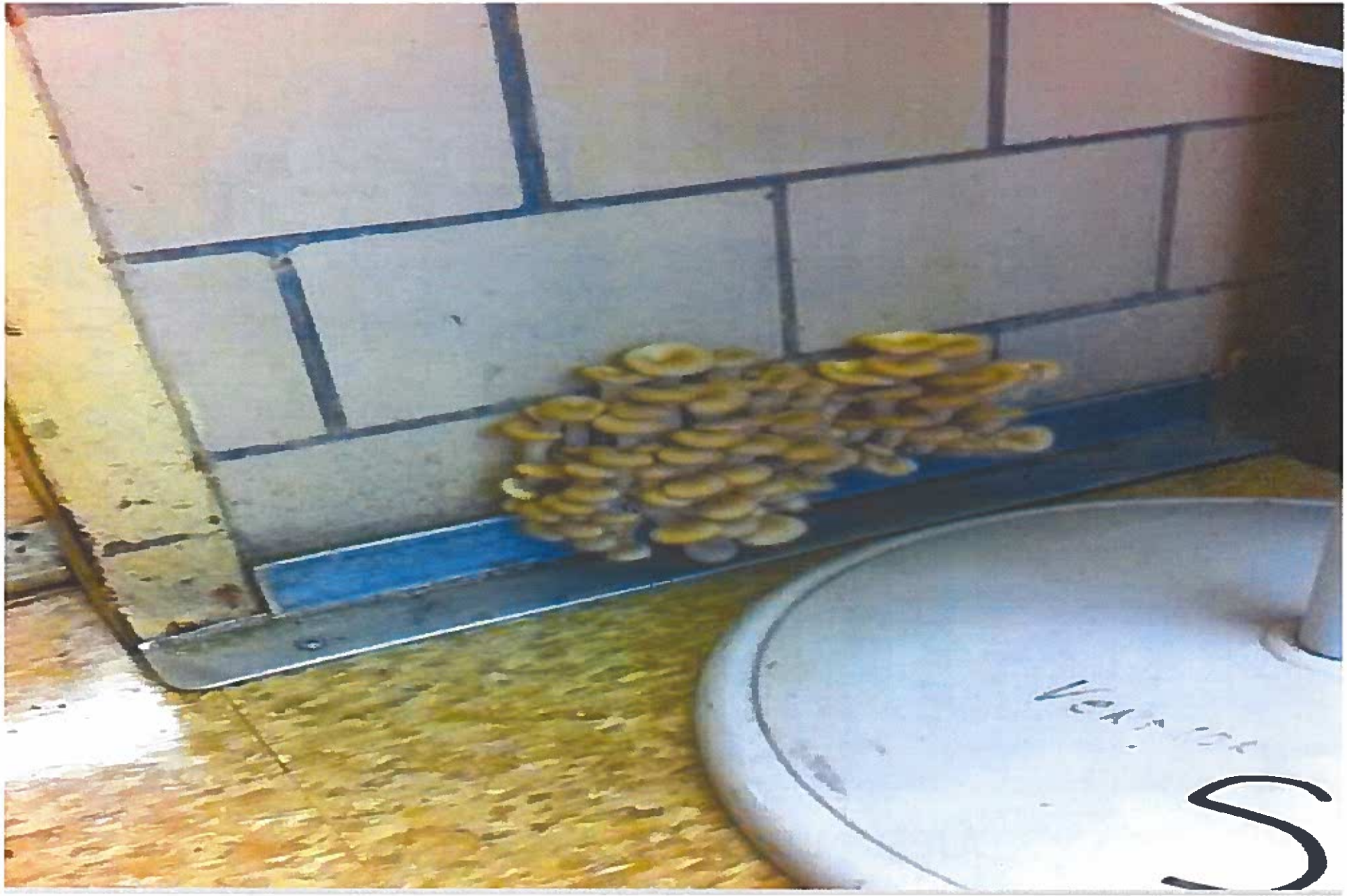
When a huge part of your budget is diverted to debt payments…



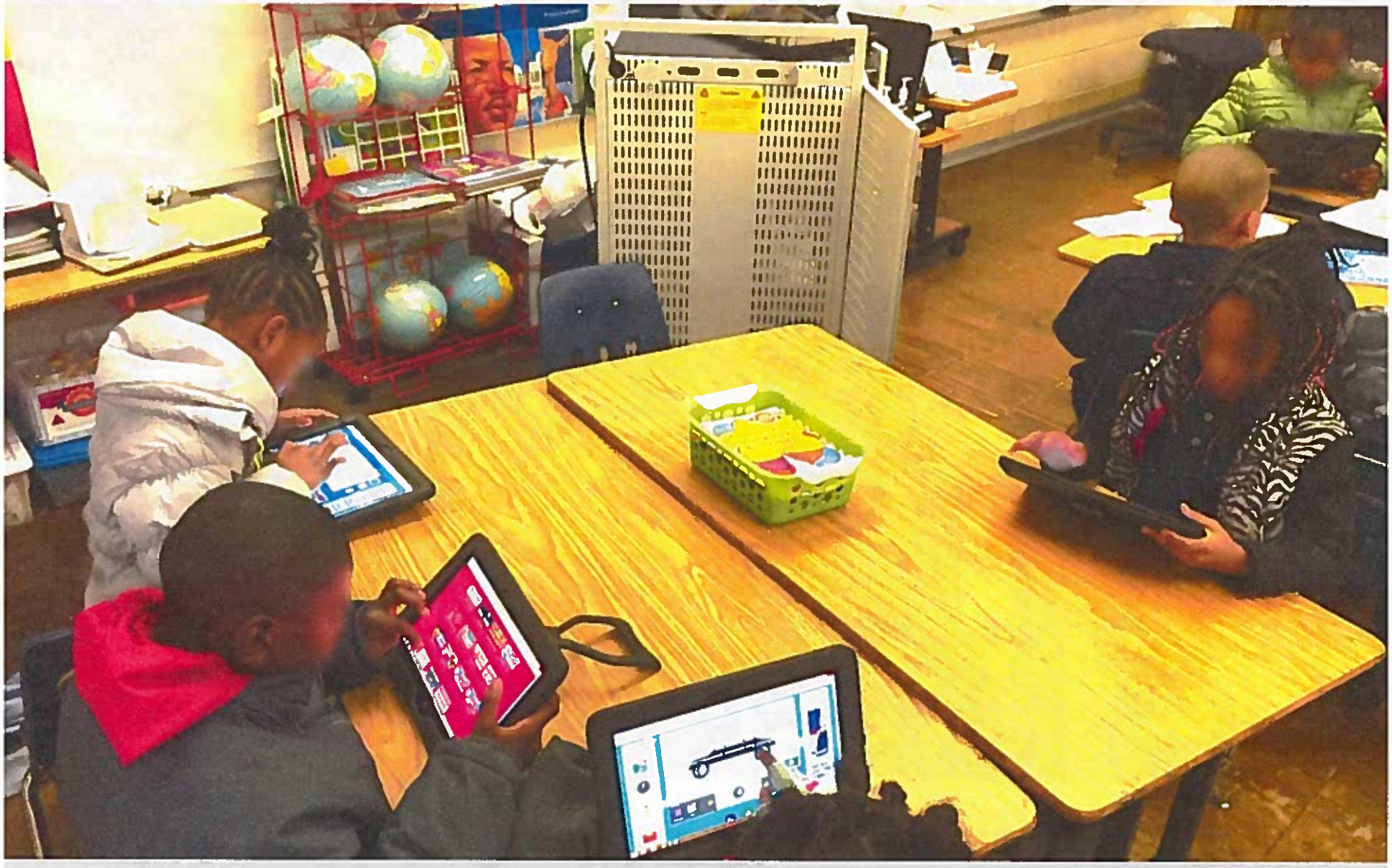
Ronald Brown Elementary

Palmer Park Elementary

Mold at Vernor Elementary



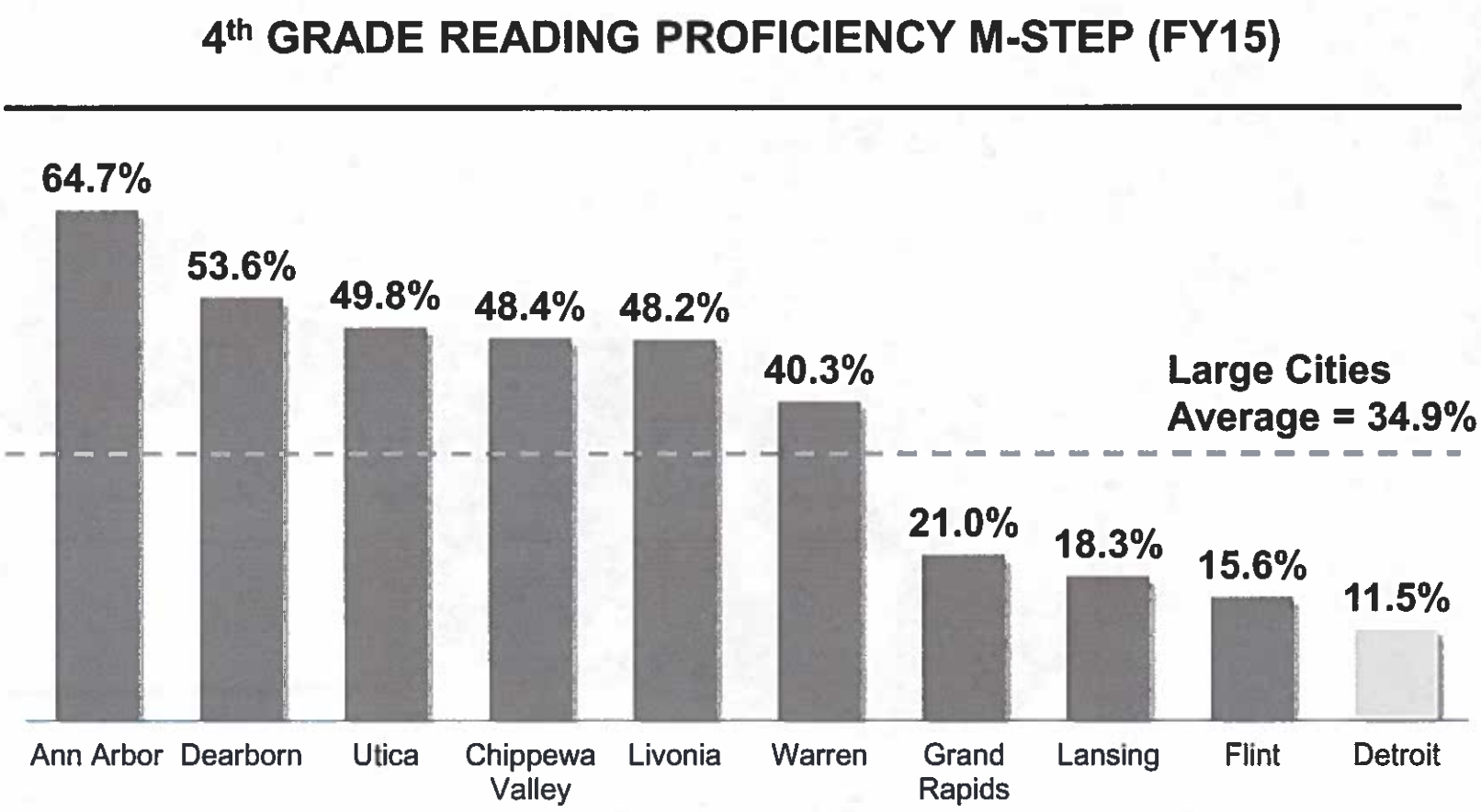
Studying in Winter Coats at Mann Elementary



Jammed Into Crowded Classrooms at Spain

And at Neinas Elementary
District Has 150 Vacant Teacher Positions

The results are inevitable: DPS is the worst performing school district in Michigan.



DPS isn't the only state managed school system failing in Detroit…

In September 2012, the State-formed EAA took over 15 Detroit Public Schools

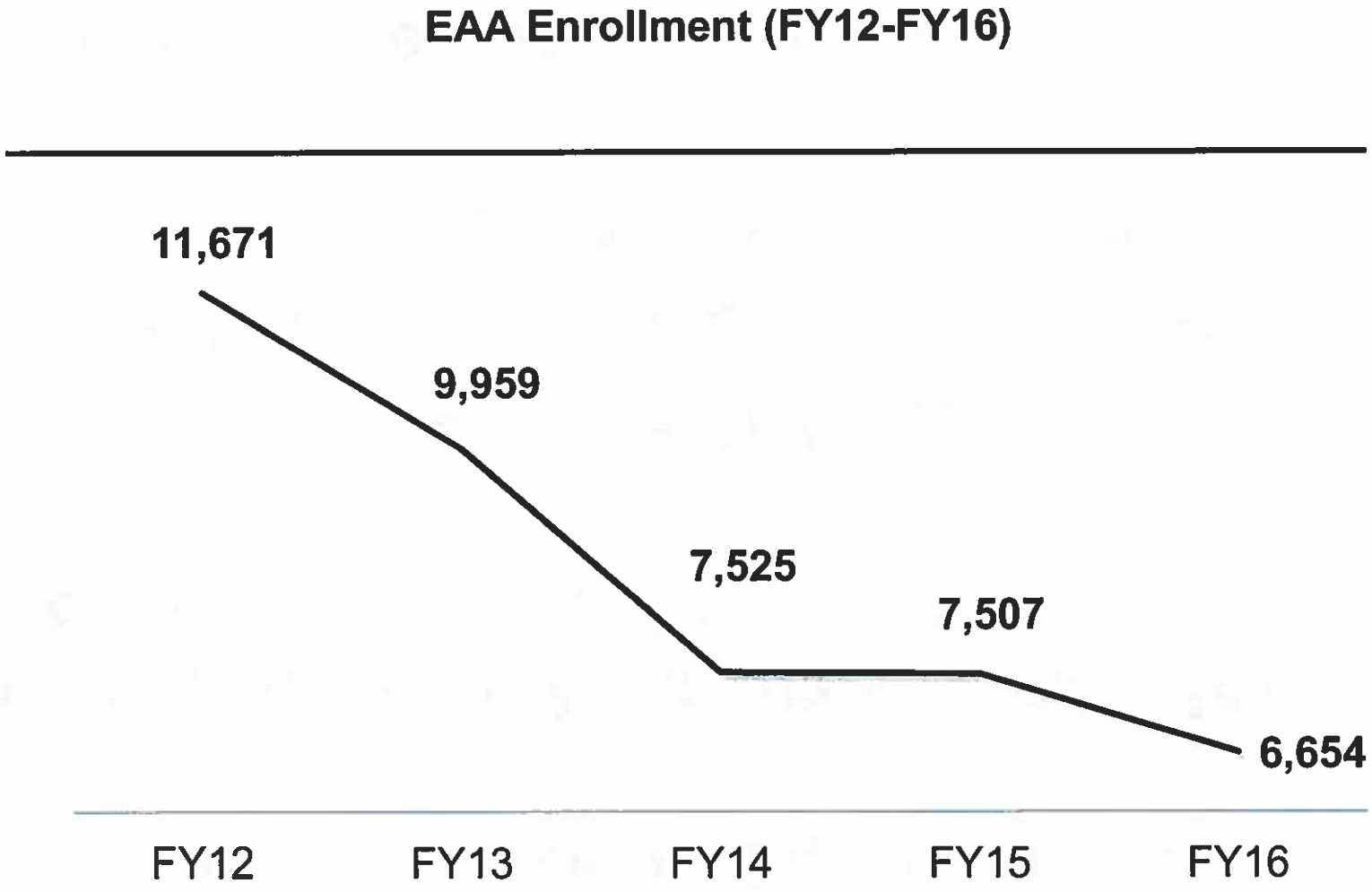
6 Elementary Schools EAA-Operated

6 High Schools Schools EAA-Operated

3 Elementary Schools EAA-Chartered

EAA Enrollment in 2012 was 11,671

EAA Schools Lost Nearly 50% of Enrollment in Just 4 Years



Student Achievement Is Far Worse Than DPS

Detroit Free Press
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M-STEP results: Just 1 EAA 4th-grader passed math

By Lori Higgins and Kristi Tanner, Detroit Free Press 8:48 a.m. EST December 18, 2015

(Photo: Detroit Free Press archive)

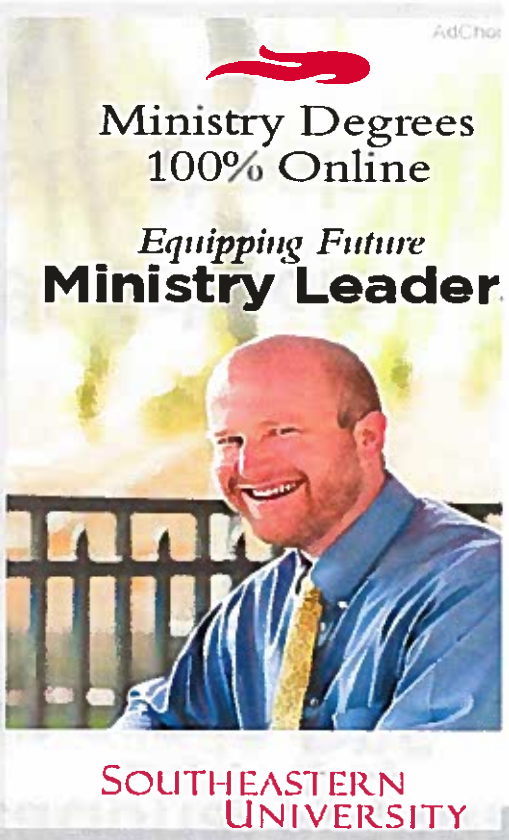
Detailed results from Michigan's tough new standardized exam paint a worrisome picture for many schools in Detroit and will likely boost state efforts to fix what many see as a broken educational system in the city.

Just one fourth-grader in schools run by the Education Achievement Authority — a state district created to turn around the worst-performing schools in the state — passed the math portion of the exam, according to results released this morning. Overall, only 1.2% of the students in the district passed in math and 5.6% passed in English language arts. In some grades and subjects, not one student passed.

The EAA includes 15 schools, 12 of which are directly run by the district. The three operated as charters did better, with 6% passing in math and 11.6% passing in English language arts.

DETROIT FREE PRESS
Database: Search M-STEP results by school or district

In Detroit Public Schools, 7.9% of students passed in math while 14.56% passed in



The Need for a Single Detroit Educational Standard: Only 40% of Detroit's Children are in DPS

Detroit has 113,000 School Age Children

46,000 in DPS Schools	95 Schools
34,000 in Detroit Charters	98 Schools
27,000 Outside Detroit	
6,000 EAA	12 Schools
113,000 Total	205 Schools

Some Charters Are Successful: 17 K-8 Charters are Achieving Double the DPS's 11.5% Reading Proficiency

Martin Luther King, Jr. Education Center Academy (DPS)	61.1%
Detroit Edison Public School Academy	59.1%
Hope of Detroit Academy	46.3%
University Preparatory Academy (PSAD) - Thompson	41.4%
University Preparatory Academy (PSAD) - Murray	41.0%
Detroit Enterprise Academy	37.9%
The James and Grace Lee Boggs School	36.4%
New Paradigm Glazer Academy (DPS)	35.3%
Universal Academy	33.9%
Ross-Hill Academy - Elementary (DPS)	25.5%
University Prep Science and Math - Elementary	24.8%
Henry Ford Academy: School for Creative Studies	24.4%
Voyageur Academy	23.8%
Cesar Chavez Academy Intermediate	23.3%
Regent Park Scholars Charter Academy	31.3%
Warrendale Charter Academy	30.1%
George Crockett Academy	29.9%

Performance of Other Charters is Abysmal
16 Are Below DPS 11.5% Proficiency –
7 Achieving Less than Half DPS Standard

Allen Academy

Cesar Chavez Academy Elementary East

David Ellis Academy (DPS)

Detroit Community Schools - Elementary

Detroit Innovation Academy

Detroit Service Learning Academy Campus

Escuela Avancemos (DPS)

Experiencia Preparatory Academy

International Preparatory Academy - MacDowell Campus (DPS)

Joy Preparatory Academy

Michigan Technical Academy Elementary

Nataki Talibah Schoolhouse of Detroit

Stewart Elementary (EAA)

Trix Elementary (EAA)

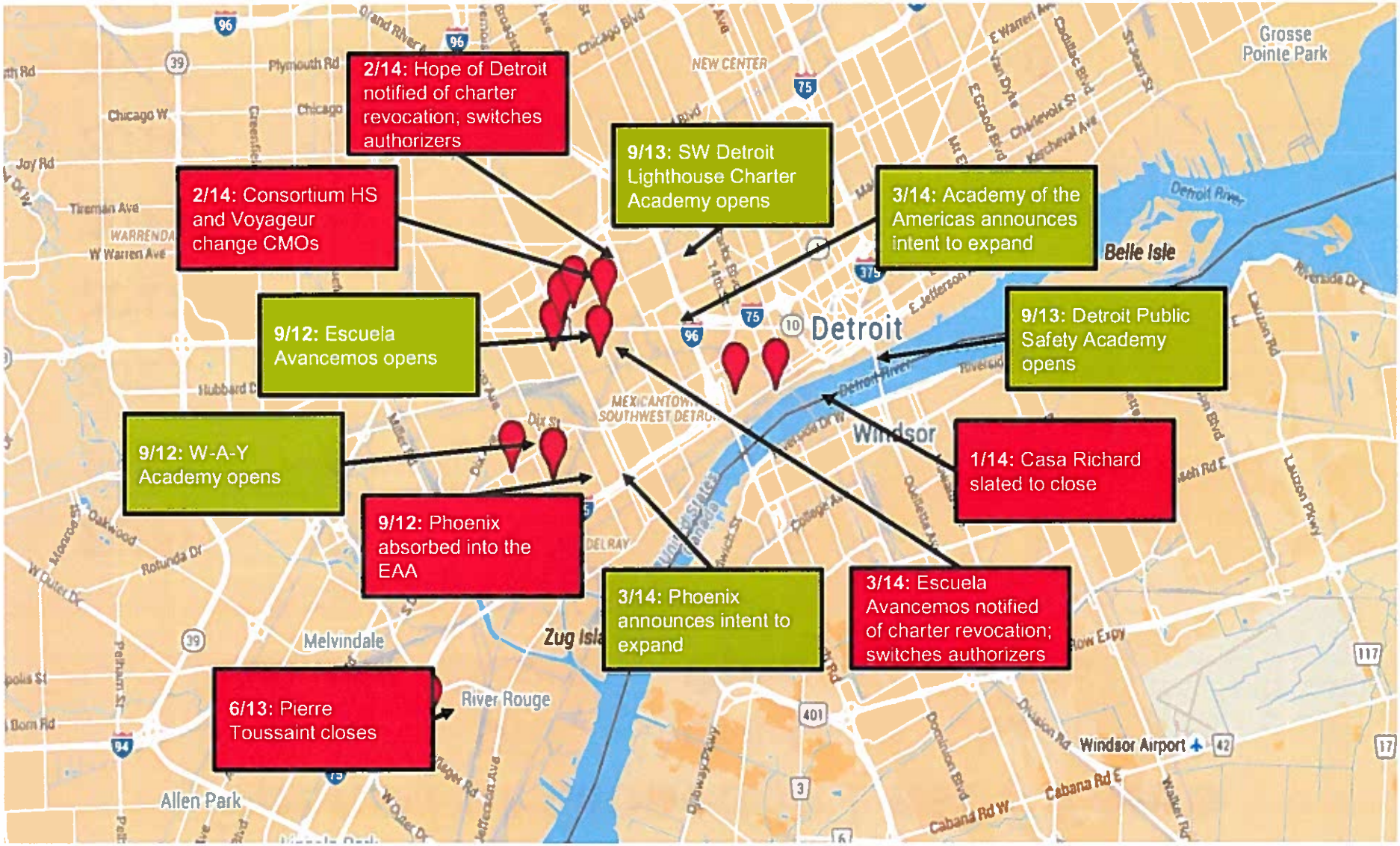
Timbuktu Academy of Science and Technology (DPS)

University Yes Academy

Detroit's Education Chaos: 164 Schools Opened or Closed in Last 7 Years

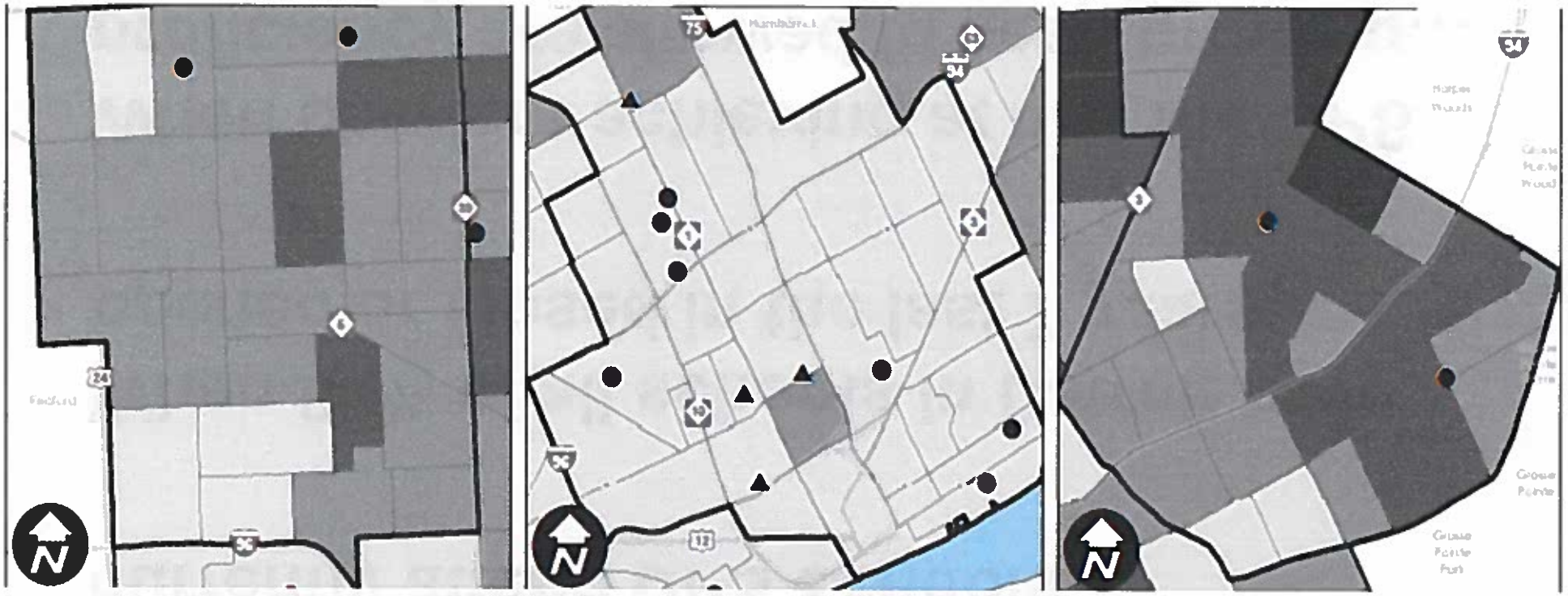
	DPS Opened	DPS Closed	Charter Opened	Charter Closed
2009	10	30	5	1
2010	0	26	5	0
2011	3	15	8	2
2012	4	19	8	1
2013	0	4	9	4
2014	1	1	6	2
2015	0	0	1	0
Total	18	95	42	9

Chaos in One Southwest Detroit Community: 12 Schools Opened or Closed in 18 Months



Location of City High Schools is Senseless

NW Detroit	Greater Downtown	NE Detroit
3742 HS Age	1894 HS Age	6018 HS Age
3 High Schools	11 High Schools	2 High Schools



When less than 40% of Detroit children currently attend DPS Schools…

When 80% of all schools in Detroit have opened or closed in the last 7 years…

When charters achieving at half the DPS proficiency are allowed to keep growing…

A solution to the financial problems of DPS by itself will not fundamentally change the complete failure to educate our children.

The Detroit Education Commission – A Local Authority Demanding a Single Standard of Accountability and Expanding Quality Schools

- 7 Member Board Appointed by Mayor – Single Point of Accountability.
- Would not operate any schools -
  School Board operates DPS schools
  Charter Boards/Authorizers operate charters
- Bring order to opening and closing of schools.
- Promote expansion of quality schools – public and charter schools treated equally.
- Support competition and parent choice.

DEC Creates a Fair and Level Playing Field

1) Authorize opening of any new school in Detroit based on preset, objective standards.
2) Take proposals to open new schools in areas that are underserved.
3) Develop localized transportation loops to give parents a choice of 4-5 schools.
4) Create report card to inform parents.
5) Provide common application form.
6) Seek national philanthropic support for educational improvement.
7) Coordinate work force development strategies.

DEC must have authority to close failing schools on transparent, objective basis.

Summer 2016: Performance measures adopted with state approval on the measures.

(Test scores, enrollment, student attendance, employee turnover, parent satisfaction surveys)

Fall, 2016: Schools measured against performance standards – public reporting.

Fall, 2017: Schools failing to meet standards given notice to improve. DEC provides resources to help schools succeed.

Fall, 2018: Schools that have failed to make progress against standards are closed.

On the other elements of plan

Support Governor's Concept of Oldco/Newco.

Support FRC oversight of new DPS, modeled on City of Detroit oversight.

Support return of EAA to DPS.

Appointment of Interim Board is Unnecessary – Set School Board General Election for August 2, 2016 and transition directly from EM to elected School Board, modeled on Detroit transition.