

Panel recommends state takeover of Highland Park, Michigan schools

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A 10-member state review board is recommending that Michigan Governor Rick Snyder appoint an emergency financial manager (EFM) to take control of the finances of the public school system of the Detroit enclave of Highland Park, Michigan. The governor, a Republican, has 10 days to act on the recommendation.

Under the terms of a bill enacted last year by the state legislature, EFMs now have dictatorial powers, allowing them to sideline local elected officials, void collective bargaining agreements, sell public assets and cut services. The Detroit Public Schools are currently operating under the control of an emergency manager and Governor Snyder has appointed a 10-member panel to determine if he should appoint an emergency manager for the city of Detroit. Emergency managers are also in place in the cities of Pontiac, Benton Harbor and Flint, Michigan. In December, the Muskegon Heights school board asked that the governor appoint an EFM to deal with that district's \$10 million deficit.

Since the initial appointment of an EFM to run the Detroit Public Schools, the state's largest district, by the previous Democratic governor, there has been a collapse of enrollment. Scores of schools have been closed and transformed into privately run charter schools and drastic concessions and mass layoffs have been imposed on teachers. The cuts in Detroit are serving as a model for attacks on public education being spearheaded nationally by the Obama administration, including the spread of charter schools and the imposition of merit pay.

The Highland Park School District had a reported deficit of \$11.3 million for the fiscal year ending June 30, 2011, a 51 percent increase from the previous year. The district had a reported \$1.7 million in accounts payable and expenditures exceeded revenues by a

reported \$4 million last year.

After years of gross underfunding, the Highland Park school system is on the brink of collapse. Schools lack basic supplies such as bathroom tissue and buildings are in desperate need of repair. Enrollment is plummeting, falling from 3,179 pupils in 2006 to an estimated current enrollment of just 969.

Founded in 1919, Highland Park was the home of Ford Motor Company's flagship factory with the highest average wage in America. The collapse of the auto industry has plunged residents into destitution. Highland Park is now one of the poorest cities in Michigan. Fifty-six percent of residents had incomes below the poverty line in 2009 and 30 percent had incomes below 50 percent of poverty. The child poverty rate was 60.9 percent.

The population has declined from 20,121 in 1990 to 11,776, according to the 2010 census. Median household income between 2005 and 2009 was just \$18,712, compared to a statewide average of \$48,700. A large number of homes lack basic utilities.

Last fall, gas and electric monopoly DTE Energy repossessed streetlights in the city in retaliation for unpaid bills. Not only did DTE turn out the lights on Highland Park, it hired contractors to remove 1,400 light poles. The unprecedented action plunged large areas of the city into darkness.

The so-called independent review panel making the recommendation to impose an emergency financial manager to run the Highland Park Schools is made up of hand-picked representatives of the state's political and business establishment. Included on the panel are high-level state officials including Carol Wolenburg, deputy state superintendent of education, and Tom Saxton, deputy state treasurer. Among those appointed by Snyder was attorney John C. Clark, who has

represented several state appointed emergency financial managers, including the EFM for the Detroit Public Schools.

State-appointed emergency managers ran the city of Highland Park for most of the last decade, carrying out massive cuts in services. In June 2011 a Wayne County jury convicted former Highland Park Emergency Financial Manager Arthur Blackwell II on fraud charges in a civil lawsuit. The jury determined that Blackwell improperly paid himself \$308,000 in back salary out of city funds.

The *Detroit Free Press* reports that a total of about a dozen school districts are on an unofficial state “watch list” due to budget problems. At the end of the fiscal year closing on June 30, 2011 some 48 Michigan school districts reported budget deficits. The Detroit Public Schools had the largest deficit, with \$284 million. It was followed by Pontiac with \$24.5 million, Benton Harbor with \$16 million, Highland Park with \$11 million, Inkster with \$10.5 million, Muskegon Heights with \$10 million, Oak Park with \$7.9 million and Brighton also with \$7.9 million.

At least one Highland Park School Board member says he plans a legal challenge to the financial review panel’s recommendation for the appointment of an emergency manager. Robert Davis told the *Detroit News* “The process was very flawed and illegal.” However, the current school board and school superintendent indicate they are willing to implement cuts suggested by the state. “We can do the same thing that an appointed emergency manager would be required to do,” said Davis. Measures already carried out by school officials include the privatization of bus service and school security.



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