

“Part 2” of the Detroit bankruptcy

Michigan governor releases plan for assault on public education

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2 May 2015

Michigan Governor Rick Snyder unveiled his plan for the reorganization of Detroit schools last Thursday. A frontal assault on the fast-eroding right to public education and the rights of educators, the plan would set a national precedent in the increasing subordination of education to business and financial interests.

Viewed by the ruling elite as “Part 2” of the Detroit bankruptcy, the Snyder plan institutionalizes the function of an “emergency” manager with a permanent Financial Review Commission and supplants the legal requirement for elected local school boards.

As with the bankruptcy, the pretext for the reorganization of the state’s education system is the “crushing debt” of the school district, pegged by Snyder at \$483 million. This deficit has, in fact, been mainly accumulated while the district was under the control of the state’s successive Emergency Managers. Moreover, it is result of decades of corporate tax cuts and chronically high levels of unemployment and poverty in the city.

The aims of the multifaceted plan are to repay the debt to the banks, allow the unregulated proliferation of charters and other education industry businesses, impose tight state fiscal control of education and force through the destruction of teacher pensions, tenure and other gains associated with the rise of public education.

The endgame is an entirely class-based system of education.

The immediate plan for the highly impoverished Detroit schools is to facilitate the charterization of the 47,000-student district with other states to follow. Eighty percent of Michigan charter schools are run by for-profit Education Management Organizations. The vast majority of charter schools do not participate in teacher pension funds and employment is “at will.”

As opposed to Michigan state law, which requires

elected local school boards, these measures are to be accomplished through a series of appointed boards. At the pinnacle is the state-appointed “Financial Review Commission,” overtly putting the control in the interests of banks, not children.

This commission is “similar in nature to what we used with the grand bargain,” said John Walsh, Snyder’s education strategy director, referring to the state-brokered agreement imposing massive cuts on Detroit city worker pensions and health benefits, hiving off the Detroit Institute of Arts to foundation control and placing the city under a 10-year financial control board. Walsh knows of what he speaks, as he was the lead sponsor of the bankruptcy legislation while state representative.

The plan also takes a page from the Obama government-engineered “managed bankruptcy” of General Motors with use of a “Good GM” and “Bad GM.” Snyder proposes to split the Detroit Public Schools into two entities: a “good DPS,” titled the “City of Detroit Education District,” and a “bad DPS.” In the case of GM, this shell game was employed to shed tens of thousands of jobs and slash auto workers’ wages in half.

For the DPS, the device would allocate existing operating debt to the “bad DPS,” which will serve merely as a conduit for an 18-mill business property tax assessment. The purpose of this is to circumvent laws preventing the use of such tax money for anything other than education. The funds, approximately \$72 million annually, will be used to pay down the operating debts.

The elected school board is relegated to “presiding” over this entity, a mere debt-collection vehicle, following the end of the term of the Emergency Manager in mid-2016. Snyder justified this by saying that the state was committed to replacing these funds for 8-10 years with money from the School Aid Fund.

As in the Detroit bankruptcy, the publicity around the DPS reorganization highlights the various pots of money, which will be made available from the state to purportedly resolve the debt. However, these measures are entirely politically driven. For example, instead of being used to fund Detroit schools, \$250 million from Michigan's School Aid Fund is currently being raided by the state legislature to fund a general fund deficit caused by lavish business tax cuts.

The "good DPS" will take over all educational duties and the remaining bond debt. All of its decisions will be overseen entirely by the Financial Review Commission, wielding dictatorial power. As the overall debt of the district—including pension liabilities—is reportedly \$2.1 billion, this will inevitably develop into proposals devastating the district, ending pensions, hiving off schools to charter operations, and bringing in even more outsourced "education industry" businesses.

This "good DPS" will be run by an unelected seven-member board. Four of the seven members will be selected by the governor, with three appointed by Democratic Mayor of Detroit Mike Duggan. Asked why the state appoints the majority of board members, the governor cited the "huge investment to get this set up and operating." Snyder suggested that democratic control of the school district might be restored piecemeal, resulting in an elected school board by 2021.

Under Snyder, the state has taken over outstanding bond debt for four Michigan schools districts: Highland Park City Schools, Muskegon Heights School District, Buena Vista School District and Inkster Public Schools. In every case, the public schools were entirely shut down. In Highland Park and Muskegon Heights, the traditional public schools were closed and charters brought in; in Buena Vista and Inkster, the schools were just shuttered, with students forced to commute to other districts. The old school districts were left simply to collect taxes and pay off the debts in all cases.

The other major piece of the governor's proposal is aimed at opening up the DPS for new business opportunities, particularly charter schools, but also including online and technical contracts. The plan places all schools in Detroit, DPS, charters and Educational Achievement Authority (EAA) schools, under the control of one entity, the Detroit Education Commission, which will hire an Education Manager.

Of critical importance to the charter industry, the plan calls for a universal application for all Detroit-area schools, with the possibility of extending bus

transportation to charters as well. These measures embody the long aimed-for goals of the charter industry—placing charters on an equal footing with traditional public schools.

Charter schools nationally have been pushing for this "OneApp" proposal, a measure adopted in the fully chartered district of New Orleans. Paul Pastorek, the former Louisiana state school superintendent, responsible for the transformation of the New Orleans district, has been working with Snyder for months to craft his plan. Pastorek's stint in the state was reportedly paid for by the Broad Foundation, a national economic and political powerhouse for the for-profit education industry.

The "OneApp" was endorsed by the Coalition for the Future of Detroit Schoolchildren, the group of unions and politicians whose recommendations paved the way for Snyder's plan. The Coalition prominently included representatives from the American Federation of Teachers and was largely staffed by local Democrats. The consultative panel was utilized partially as window dressing and partially to test the political waters for the assault on local boards. The Democratic Party has provided most of the state's emergency managers and has been in charge of implementing the attacks on public education in the state to date.

A final and critical piece of the new plan, the Detroit Education Manager would be empowered to close schools, particularly those deemed "failing." In this way, he or she could effect the transition from traditional public schools to charter operations. Walsh explained that the education manager would serve as an "air traffic controller" and could determine whether a closed school could be "bid out" to be run by a charter.

Snyder is seeking immediate changes in Michigan law to enable the plan to go forward, with full implementation by July 2016. As with the Detroit city bankruptcy, these attacks on democratic rights are an essential corollary to the destruction of basic social rights.

With child poverty in Detroit at 59 percent, the highest in the United States, the ruling elite—both Democrats and Republicans—are seeking to utilize the terrible crisis of the city and its youth to cruelly set new precedents in the destruction of the right to public education.



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