

Michigan governor outlines plan to dissolve Detroit public school system

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Michigan's Republican governor Rick Snyder has called for breaking up the Detroit Public School system. The plan is modeled on the Obama administration's forced bankruptcy and restructuring of General Motors, which created a "bad GM" and a "good GM" to free the auto giant from unprofitable assets and liabilities.

Under Snyder's plan, an "old district" would be established whose sole purpose would be to liquidate the long-term debt obligations of the Detroit Public Schools. These debts would be paid from property taxes in Detroit and the diversion of \$70 million a year from Michigan's already depleted School Aid Fund. It is estimated the latter will result in a statewide reduction in the foundation grant of \$50 per-pupil. The current elected school board would move to the old company, which would remain under emergency management, according to media accounts.

A "new district," called the "City of Detroit Education District," would also be created. An unelected board whose members would likely be appointed by the governor and Detroit's Democratic mayor, Mike Duggan, would oversee the operations of this district. The governor is also contemplating the establishment of another oversight board, the Detroit Education Commission, whose members would also be appointed by Duggan and Snyder.

According to the *Detroit News*, "That commission would oversee all schools in the city, including charters, and be responsible for monitoring school quality, common enrollment and the opening and closing of schools." In other words, commissioners would be charged with cost-containment and the acceleration of corporate-backed "school reform," including the closing of more public schools and the expansion of for-profit charter schools.

This commission is modeled on Snyder's Detroit Financial Review Commission, another unelected body armed with dictatorial powers to cancel contracts and labor agreements and carry out the dictates of the bankruptcy restructuring of Detroit for the next decade. Duggan and fellow Democrat City Council President Brenda Jones sit on that board.

Up to this point, Snyder has run into problems, because Detroit Public Schools owe about \$80 million per year to the Michigan Public School Employees Retirement System (MPERS). The banks and bondholders who own the debt consider any shift in structuring as a default, and the repercussions on the credit rating of the state would be significant.

Snyder told the *Detroit News* the pensions were not going to be included in his plan because he wanted to deal with them statewide. This statement comes on the heels of the Detroit bankruptcy, through which a federal judge overturned constitutional protections for state workers' pensions, setting a national precedent for the "impairment" of these benefits.

All Michigan teachers pay into MPERS. The claims of a crisis of "unfunded pension liabilities" is the product both of financial manipulation, i.e., presenting long-term debt as an immediate financial obligation, as well as the very real impact of the deliberate downsizing of the Detroit public schools.

In 2009, Obama's education secretary, Arne Duncan, proclaimed Detroit to be "ground zero" for so-called school reform and said he hoped the city would "leapfrog" New Orleans for the number of students enrolled in charter schools. Since then, over 100 DPS schools have been closed or demolished, while 85 charter schools operate inside city limits. After successive emergency managers—appointed by Democratic and Republican governors alike—more

students are now enrolled in charters than traditional public schools.

Teachers in charter schools do not pay into any pension system, further undermining the stability of pensions.

While falling enrollment is often cited as a reason for “right-sizing” the district, the loss of students is the inevitable outcome of starving the schools of funding and relentless attacks on teachers’ jobs and conditions by the Democratic-run city. In the past three years alone, the district cut over a half billion dollars in operating costs, including increasing health care premiums, cutting per-student funding, freezing pay steps for teachers and closing schools. This is not enough, however, and Snyder and his Democratic Party accomplices aim to fully convert the new district into a system of charter schools, which remain outside of public oversight and are a lucrative source of income for politically connected business hucksters.

In 2012, Snyder employed the same “good company, bad company,” strategy in Highland Park and Muskegon Heights, converting all public schools into charter schools. The old districts carried debts of \$12 million each. Today Muskegon Heights retains \$1.09 million in remaining operating debt. Highland Park still owes \$7.6 million, while the “new district” recently saw its last high school closed by the Leona Group, a for-profit education group.

In 2010, Governor Snyder created a new district called the Education Achievement Authority to absorb the so-called “lowest performing schools” in the state. This new district was another means to destroy long-standing rights and conditions of teachers. When the DPS schools were transferred to the EAA in 2012, all teachers were fired and forced to reapply for their jobs at lower salaries and fewer benefits. The schools were restructured without consent of the students, parents or teachers. Far from improving educational achievement, the district has been plagued by corruption scandals and indifference toward schoolchildren.

The Michigan affiliate of the American Federation of Teachers has already approved of Snyder’s plan to create a new DPS district, with union officials telling the *Detroit News* that all union contracts and membership will transfer into the new district. The only concern of the union apparatus is defending its own income and institutional interests. As for teachers, the

shift into charter schools threatens an enormous regression in their conditions.

The crisis in Detroit schools, like those in districts across the country, stems from decades of corporate tax cuts, economic decay and the growth of social inequality. The 2008 financial crash was deliberately exploited by the Obama administration to force cash-starved districts to adopt anti-teacher measures and expand charter schools, which, in turn, divert more public resources to profit-making companies.

Snyder and the Republican House have rejected every plan to relieve DPS of its debt burden. The Coalition for the Future of Detroit Schoolchildren, a supposed “grassroots organization,” is asking for \$153 million in debt forgiveness. The coalition includes General Motors executives, a former DPS emergency manager, business groups, including the Skillman Foundation, which is deeply involved in the EAA scheme, and executives from the United Auto Workers and other unions. These forces are no less committed to dismantling public education as long as they can share in the spoils.

The planned attack on teachers’ pensions follows a series of such assaults. Last month, Wayne County asked the State of Michigan to declare a State of Emergency concerning supposedly overgenerous and unsustainable health care benefits and pension obligations. Meanwhile, the Michigan-based auto companies have made \$73 billion in profits over the last four years, and have channeled billions to their wealthy investors.



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