Legislative attack on Detroit Public Schools taking shape

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On March 22, the Michigan Senate passed the Detroit Public Schools (DPS) reorganization legislation promoted by Governor Rick Snyder with bipartisan support. The effort by state and federal officials to use the school district's financial crisis to accelerate the attack on teachers and further undermine public education is reaching a climax.

Last week the State House passed a bill to provide an emergency $47.8 million to keep the district from running out of cash by April 8. The measure is tied to a bill that would place the school district under the control of the Financial Review Commission (FRC), the unelected body set up to oversee Detroit's finances after the city's 2013-14 bankruptcy. The Senate is expected to take similar action this week.

The moves to end the legislative logjam points to the possibility that both parties will reach an agreement on the parameters of a reorganization plan after the Easter legislative break. Snyder has pushed for a plan to dissolve DPS and create a new Detroit Community Schools (DCS) district for a year. Democrats, pro-privatization foundations, unions and local businessmen supported the Republican governor's plan. However, Snyder has faced determined pushback from politicians associated with the right-wing Mackinac Center who want even more draconian measures leading to the outright privatization of education in the state's largest city.

The general framework of the proposed legislative package represents a win-win for Wall Street. First, the "old DPS" would be downgraded from an educational institution to a tax-collecting entity. It would function over the next 10 years as a conduit, collecting tax millage and paying off a $515 million debt to the state. Such a mechanism would ensure that hedge funds and other major holders of Michigan state bonds are made whole. Second, the so-called new school district—the financial crisis of which will not be remedied by the deal—will be subject to the dictates of Detroit's big business FRC.

The FRC was set up as part of the "Grand Bargain" negotiated by Judge Steven Rhodes, who oversaw the Detroit bankruptcy and is now the "transitional manager" for DPS. At the time, *Forbes* noted the formidable reach of the FRC, stating that it had "the type of power that could cause some chaffing with the elected officials," specifically the ability to approve budgets and review major contracts and collective bargaining agreements.

In other words, the new school district will essentially be under emergency management without a formal emergency manager. The aim of the commission will be to reshape Detroit education according to the same corporate model being imposed on the city as a whole. It will increase the grip of private corporations over the schools and will accelerate the attack on the wages, pensions and working conditions of educators. The FRC will have the authority to appoint and terminate the district's chief financial officer, giving it even greater on-the-ground influence.

The commission members have no experience in public education and all are committed to serving the interests of the banks and big business. They include: Mayor Mike Duggan, a millionaire and former CEO of the Detroit Medical Center; City Council President Brenda Jones, former local president of the Communication Workers of America; and Michigan State Treasurer Nick A. Khouri, former executive vice president for DTE Energy. In April 2015, Khouri insisted that the city of Flint continue using water from the Flint River, despite safety and health complaints, as the condition for an emergency loan from the state.

The FRC also includes other businesspeople: Stacy Fox (real estate, DuPont, Sunoco, Visteon), Lorron James (automotive logistics), Darrell Burks (PricewaterhouseCoopers) and Bill Martin (real estate).

While the legislation sets aside an income stream to pay

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the debt, it fails to address the chronic problems facing DPS finances. The Snyder proposal replaces the funds, which will be diverted to debt repayment, with some $72 million annually in tobacco settlement revenue. While some right-wing Republican legislators have called this too generous, it actually appears to be a formula for continued insolvency. It presumes, at best, stagnant funding for the Detroit schools even as classrooms are severely overcrowded, under-maintained and notoriously unsafe. Michigan is one of a dozen US states that provide zero funding for school infrastructure.

Moreover, the proposals do not address the district's sizeable underfunding of the Michigan State Public Employees Retirement Fund as well as the costs of prefunding retiree health benefits. Overall, Detroit schools will retain about $2.9 billion in this type of debt.

This points to the likelihood that former Judge Rhodes will insist that teachers accept drastic pension and health care cuts, just as he did during the Detroit bankruptcy. A deal will first be hammered out in Lansing ensuring the repayment of bondholders' investments. When that is out of the way, a predictable "crisis" will emerge over the lack of money for retirement and health care, and the FRC will be in place to enact cuts.

During the Detroit bankruptcy, Rhodes overruled the state's constitutional protection for pensions and later called for the complete elimination of defined-benefit pension plans "across the country." This is why Snyder chose him as "transition manager" of DPS.

Far from opposing these attacks, the Detroit Federation of Teachers (DFT) and its parent union, the American Federation of Teachers (AFT), have done everything to muzzle the independent initiatives of teachers and throw their support behind Snyder and Rhodes. They have not just offered their endorsement, but have organized a campaign to back this reactionary legislation.

"The progress today in getting the $47 million is critical," AFT representative Ann Mitchell told an online DFT group last week. "But the fight needs to continue," she said, making it clear this meant "emailing legislators" and other measures to pressure the legislature. She said these "small actions" would all build up to a "mass march" in Lansing on April 12 if the schools were closed or on April 26 if "local control" was not enacted.

Finally, Mitchell—revealing her class affinity—told the online group that the DFT had issued a letter of intent to bargain with Judge Rhodes and was "excited and hopeful to fairly negotiate a contract for the first time in a long time."

There is absolutely nothing "fair" about this process. After decades of union-backed concessions and the acceptance of school closings and mass layoffs, the DFT and AFT will once against put a gun to teachers' heads and tell them that they have no choice but more givebacks in order to "save the schools."

The demand for "local control," while sounding vaguely democratic, has no real popular content. Although there are still differences in the state legislature over the restoration of an elected school board—with the House wanting to put it off for eight years—such a body will be nothing more than a democratic façade for the district's real decision-makers, the Financial Review Commission. When and if it is elected, the local school board will be allowed to handle the "petty cash" while the FRC will be implementing ruthless cuts to public schools.

Teachers must draw the essential lesson from this painful process. Both political parties—Democratic and Republican—are working in a bipartisan fashion to destroy education and enrich the privateers. The DFT/AFT act as their willing accomplices and are only concerned with protecting the institutional and financial concerns of the union apparatus.

Teachers should organize rank-and-file committees to unify all educators and fight for the broadest mobilization of the working class to defend the social right to a quality public education for all. Above all this means developing an independent political struggle by the working class against both big business parties, the capitalist courts and judges and the profit system they defend. The immense social power of the working class must be mobilized to break the grip of the corporate-financial elite over society and reorganize the economy on the basis of public ownership and democratic control.

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