



News Release

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Michigan Department of Education Removes High Risk Designation from Detroit Schools

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LANSING – After five years of systemic improvements in its administrative and financial procedures, Detroit Public Schools has been taken off federal High Risk status by the Michigan Department of Education (MDE).

With this action, the district will gain an incremental level of independence in its financial and administrative functions. For example, under High Risk status, the district had to put out for bid any purchase or service exceeding \$25,000. After the High Risk designation is lifted, the bidding threshold will become the lesser of what is required in the district policy, state or federal law.

The district also will no longer need to have its School Improvement plans approved by MDE. That now becomes the district's responsibility.

"This recognizes the sustained actions taken by Emergency Managers Robert Bobb, Roy Roberts, and now Jack Martin, with the cooperation of labor, for the systemic changes instituted over the past five years to help get the district on firmer ground financially and with their academic programs," said State Superintendent Mike Flanagan.

Over the past several years, Detroit Public Schools has shown academic improvements; lower rates of student enrollment loss; and financial, operational, and organizational progress.

"Removal from federal high risk status is further evidence of DPS' growing stabilization as a district, and will offer us greater access to both private and public funds to assist us as we continue to implement our five year strategic plan," said DPS Emergency Manager Jack Martin. "Improvements in academic performance, enrollment and now financial reporting signal a new day at DPS. We are committed to adhering to the new policies and procedures put into place and to continuing to strengthen our relationship with MDE."

In 2008, the U.S. Department of Education's Office of Inspector General (OIG) audited Detroit's federal Title I records for 2004-2006 and issued an audit report that included \$53,618,859 in findings. That led to MDE placing Detroit Public Schools in High Risk status.

Flanagan also credited the intense work done by staff at MDE, which has closely monitored Detroit Public Schools, working cooperatively with the U.S. Department of Education and the district to address and resolve the findings and underlying issues.

The U.S. Department of Education recently issued a final Program Determination Letter saying all of the findings from the original OIG report are resolved.

Flanagan pointed out, however, that this action does not mean the district no longer needs an Emergency Manager. These are positive indications of forward progress by the district.

Before making this decision, Flanagan approved an updated Deficit Elimination Plan submitted by the district. As a condition of Detroit Public Schools coming off High Risk status, it signed a Memorandum of Agreement with MDE that will continue to monitor the actions and practices of the district's administrative and financial situation.

Over the past five years, Detroit Public Schools has made substantial improvements, including:

- establishing key fiscal policies and procedures, e.g. procurement, personnel timekeeping, allowable use cost principles, conflict of interest;
- demonstrated improvements in single audit findings and special testing procedures monitored by its CPA firm;
- developing stronger human resource systems for teacher assignment, evaluation and training;
- improving the district's curriculum, instruction and evaluation systems;
- effectively conducting district summer school, and implementing technology related to instruction;
- improving the quality and timeliness of financial drawdowns on federal funds; and
- showing early signs of improvements in academic performance.

Detroit Public Schools reports that, as of October 23, it has an enrollment of 48,962, which represents a 1.7 percent decrease from the previous year, in contrast to previous annual enrollment losses of 10 percent or more.

The number of newly-enrolled high school students is at a three-year high, and increased by more than 50%, from 2012-2013, according to the district..

The district also reports that its new Universal Pre-Kindergarten strategic initiative has demonstrated significant progress, with overall enrollment for 4-year-olds increasing five percent from 2012-13, from 3,184 to 3,339.

Through a Memorandum of Agreement between MDE and Detroit Public Schools, MDE will continue with ongoing monitoring of Detroit Public Schools, including:

- Monitoring continued improvements in student achievement for all students and all student groups represented in the district.
- Monitoring continued implementation of established policies and procedures, and update and provide transparency on other district policies and procedures.
- Monitoring improvements on single audits and fiscal special testing procedures
- Monitoring submission of grant applications timely, implementation of supplementary academic services to students early in the year and drawdowns of federal funds timely and appropriately.
- Monitoring the calculation and use district required grant set asides timely and appropriately
- Monitoring each grant program for specifics
- Monitoring continued implementation of systems

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