



DETROIT PUBLIC SCHOOLS
Darnell Earley, ICMA-CM, MPA
Emergency Manager



Fisher Building – 14th Floor
3011 W. Grand Boulevard
Detroit, MI 48202-2710

Phone: (313) 870-3772
Fax: (313) 870-3726
www.detroitk12.org

February 2, 2016

The Honorable Rick Snyder
Governor, State of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Snyder:

Section 141.1562 Sec. 22. (1) Of Public Act 436 of 2012 reads in part: *“If an emergency manager determines that the financial emergency that he or she was appointed to manage has been rectified, the emergency manager shall inform the governor and the state treasurer.”*

Since you appointed me as Emergency Manager of Detroit Public Schools in January 2015, I have worked diligently with the help of your office, the State Treasurer’s office, financial and educational industry experts, and others to eliminate the District’s structural budget deficit. Also, working with the District’s executive leadership team, I have implemented a comprehensive restructuring and downsizing of the system’s Central Office operations, including a decentralization of some of its administrative responsibilities in favor of an empowered system of school support networks allowing for school building leadership to operate with guided autonomy. Cost containment measures involving the District’s healthcare benefits have also been implemented, which should keep that ongoing expense at a manageable level. Finally, enrollment, which has begun to level in recent years, is projected to stabilize over the next two years, which should also have a positive impact on District revenues.

These initiatives, while not all inclusive, have strengthened the District’s financial capacity to manage its operations. This was evidenced in the District’s annual audit for fiscal year 2014/2015 which shows that current year revenues and expenditures would have yielded a budgeted fund balance of approximately \$13 million, but for the long-term debt estimated to be approximately \$515 million by June 30, 2016.

Your legislative package now before the Michigan Senate proposes to eliminate that debt, and to restructure the District so that it can function without having to designate approximately \$57 million each fiscal year to service the debt; without resolution of this issue, the District will be rendered insolvent. In anticipation of your plan to eliminate the debt, my efforts -- in addition to many others who have been engaged in this project with me -- have positioned the District to move beyond the restructuring and financial imbalances of its operations, and to now focus on improving the academic achievement of students in a new Detroit Community Schools.

It is from these premises, and pursuant to that portion of PA 436 cited herein, that I am informing you of my intent to leave my position as Emergency Manager of Detroit Public Schools, effective February 29, 2016. While there is still much work yet to be done, my role as an emergency manager has facilitated the expedited accomplishment of those tasks critical to long-term financial sustainability, and therefore should not be the focus as deliberations take place on the education reform legislation.

I have established a 3-Point Transition Plan, which over the next five months should guide the District toward solidifying its financial and organizational position with the passage of the legislation, and an eventual return to some form of local control.

Thank you for giving me an opportunity to assist you in your efforts to improve local government and public education in Michigan.

Sincerely,

A handwritten signature in black ink, appearing to read "Darnell Earley". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping underline.

Darnell Earley
ICMA-CM, MPA

Cc: Nick Khouri, State Treasurer