



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** March 13, 2020

**TO:** State Senator Jim Stamas, Chair, Senate Subcommittee on General Government  
State Representative Mark Huizinga, Chair, House Subcommittee on General Government  
Christopher Harkins, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency  
Chris Kolb, Director, State Budget Office

**FROM:** Jessica Thomas, Division Administrator, School Review and Fiscal Accountability  
Chelan Burks-Andrews, Financial Specialist, Financial Review Commission  
Patrick Dostine, Departmental Specialist, Financial Review Commission-City

**SUBJECT:** Financial Review Commission March 15, 2020 – Boilerplate Report

The Financial Review Commission (FRC) is responsible for oversight of the city of Detroit, Detroit Public Schools Community District (DPSCD) and the School District for the City of Detroit (DPS) pursuant to the Michigan Financial Review Commission Act (Public Act 181 of 2014). The FRC's powers and duties relative to the city of Detroit were waived April 2018. That said, data for the months of December 2017, and January 2018 through April 2018, pre-waiver, are reported for historical purposes. For DPSCD and DPS, the FRC is in full active oversight as the data in the report reflect.

This report is required by Section 949d (1) of Public Act 207 of 2018 and Public Act 56 of 2019, the General Omnibus Appropriation Acts which provide the following:

Sec. 949d. (1) From the funds appropriated in part 1 for financial review commission, the department of treasury shall continue financial review commission efforts in the current fiscal year. The purpose of the funding is to cover ongoing costs associated with the operation of the commission.

(2) The department of treasury shall identify specific outcomes and performance measures for this initiative, including, but not limited to, the department of treasury's ability to perform a critical fiscal review to ensure the city of Detroit does not reenter distress following its exit from bankruptcy and to ensure that the community district does not enter distress and maintains a balanced budget.

(3) The department of treasury must submit a report to the house and senate appropriations subcommittees on general government, the senate and house fiscal agencies, and the state budget office by March 15. The report must describe the specific outcomes and measures required in subsection (1) and provide the results and data related to these outcomes and measures.

Please see the table below which highlights these specific outcomes and measures regarding the operation of the commission from December 1, 2018 through December 31, 2019.

<b>FRC Measures</b>	<b>City of Detroit Outcomes</b>	<b>Detroit Public Schools Community District and the School District for the City of Detroit Outcomes</b>
The City, DPSCD and DPS must adopt a deficit free budget	<p>The City submitted 3 deficit free four-year financial plans through November 2017. FRC reviewed and approved all of them.</p> <p>In waiver: The FY 2021 four-year financial plan will be reviewed by the FRC in April 2020 upon submission. No approval required.</p>	<p>DPSCD submitted 2 deficit free budgets to date, the FY 2020 general fund budget and FY 2020 food service fund budget. FRC reviewed and approved all of them.</p> <p>DPS submitted 1 deficit free budget to date, the FY 2020 general fund budget.</p>
The City, DPSCD and DPS have adhered to a deficit free budget	The City adhered to four consecutive deficit-free budgets.	<p>DPSCD adhered to three consecutive deficit free budgets.</p> <p>DPS adhered to two consecutive deficit free budgets.</p>
The City, DPSCD, and DPS have paid all principal and interest on outstanding debts when due.	The City certified that all principal and interest payments on outstanding debts have been paid when due.	<p>DPSCD has not issued any debt.</p> <p>DPS certified that all principal and interest payments on outstanding debts have been paid when due.</p>
FRC review and approval of all applicable contracts	<p>The City submitted 688 applicable contracts and amendments through April 2018. FRC reviewed 688 applicable contracts and approved 687 of them.</p> <p>In waiver: FRC no longer reviews/approves contracts/amendments.</p>	DPSCD submitted 59 applicable contracts. FRC reviewed and approved all 59 contracts submitted by DPSCD.
FRC review and approval of collective bargaining agreements	<p>The City submitted 8 collective bargaining agreements and amendments through April 2018. FRC reviewed and approved all 8 collective bargaining agreements submitted through April 2018.</p> <p>In waiver: FRC no longer reviews/approves collective bargaining agreements.</p>	<p>DPSCD has not submitted any collective bargaining agreements.</p> <p>DPSCD submitted 9 letters of agreement to date. FRC reviewed and approved all 9 letters of agreement submitted.</p>
FRC review and approval of budget amendments	<p>The City submitted a total of 269 budget amendments through April 2018. FRC reviewed and approved all budget amendments submitted through April 2018.</p> <p>In waiver: FRC no longer reviews/approves budget amendments.</p>	<p>DPSCD submitted a total of 2 budget amendments to date. FRC reviewed and approved all budget amendments submitted.</p> <p>DPS has not submitted any budget amendments.</p>
FRC review and approval of requests to issue debt	The City submitted 5 debt issuance requests through April 2018. FRC reviewed and approved all of them.	DPSCD has not submitted any requests to issue debt.

	In waiver: FRC no longer reviews/approves requests to issue debt.	
FRC approval of Chief Financial Officer's appointment	In waiver: Mayor appointed & city council approved, April 2019, a permanent CFO as required by statute.	DPSCD submitted its appointment of its Chief Financial Officer. FRC approved the appointment on November 20, 2017.
FRC approval to alter the DPSCD Superintendent's contract or to terminate the DPSCD Superintendent	N/A	FRC did not approve to alter the DPSCD Superintendent's contract or to terminate the DPSCD Superintendent.