STATE OF MICHIGAN
DEPARTMENT OF TREASURY

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: March 1, 2026

TO: House School Aid and Education Appropriations Subcommittee
Senate PreK-12 Appropriations Subcommittee
House Education Committee
Senate Education Committee
Kathryn Summers, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency
Jen Flood, Director, State Budget Office

CC: Peter Morman, Director, Legislative Affairs
Kevin Smith, Deputy State Treasurer, State and Local Finance

FROM: Rachael Eubanks, State Treasurer

SUBJECT: Quarterly Interim Report - Deficit School Districts Pursuant to MCL 380.1220 (2)

Attached is a copy of the Quarterly Interim Report of Deficit School Districts for the first quarter of FY2025-26. The report is submitted pursuant to Public Act 111 of 2015, the Revised School Code, Section 1220(2), that provides the State Treasurer shall submit quarterly interim reports to the legislature concerning Local Education Agency (LEAs) school districts, Intermediate School Districts (ISDs), and Public School Academies (PSAs) that are (1) subject to periodic financial status reporting requirements under MCL 380.1219 (Early Warning Legislation) or (2) obligated to implement and comply with the requirements of an Enhanced Deficit Elimination Plan (EDEP) approved by Treasury.

Since the December 2025 Quarterly Interim Report four (4) Districts (3 LEAs and 1 PSA) were removed from active Early Warning Oversight based on improved or stable financial trends. Two (2) LEA Districts were added to Early Warning Oversight for showing signs of potential fiscal stress.

If you have additional questions about this report or other related questions concerning the information in this report, please contact the School Review and Fiscal Accountability Division at OSRFA@Michigan.gov.

Attachment: Quarterly Interim Report - Deficit School Districts Pursuant to MCL 380.1220(2)

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Quarterly Interim Report – Deficit School Districts
As of March 1, 2026

Pursuant to MCL 380.1220 within the Revised School Code, the State Treasurer shall submit quarterly interim reports to the Michigan Legislature concerning K-12 Local Education Agency (LEAs) school districts, Intermediate School Districts (ISDs), and Public School Academies (PSAs) that are subject to periodic financial status reporting requirements under MCL 380.1219 ("Early Warning legislation") or are under an Enhanced Deficit Elimination Plan (EDEP). This is the Michigan Department of Treasury's ("Treasury") second quarterly interim report for FY2025-26 based on our analysis of the FY2024-25 audited financial statements and other projection information received to date for all school districts.

On July 7, 2015, then-Gov. Rick Snyder signed into law the Early Warning legislation, Public Acts 109-114, giving Treasury additional financial authority and responsibilities over K-12 LEA school districts, ISDs, and PSAs facing fiscal distress. Pursuant to MCL 380.1219(3), the State Treasurer is required to determine whether potential fiscal stress exists within a LEA school district, ISD, or PSA. Per statute, conditions of fiscal stress for purposes of making the Early Warning list may include, but are not limited to: (1) A projected operating deficit within a LEA school district, ISD, or PSA during the current school fiscal year or the following two school fiscal years, or (2) A district's inability to meet its financial obligations while also satisfying the district's, ISD's, or PSA's obligations to provide public education services in a manner that complies with state law.

The School Review and Fiscal Accountability Division (SRFA) within Treasury analyzes the financial health of Michigan's 881 active school districts, working closely with the Michigan Department of Education (MDE) and the Center for Educational Performance and Information (CEPI). Treasury developed a process to identify fiscal stress using information collected from the districts' audited financial statements, adopted budgets, State Aid Status Reports, Financial Information Database (FID), and Michigan Student Data System (MSDS). The following is a summary of school districts under Early Warning oversight as of this report date.

SECTION 1: EARLY WARNING DISTRICTS

Table 1 below is a complete list of districts showing signs of potential fiscal stress pursuant to Early Warning legislation, including when they were identified. Table 1 is comprised of eighteen (18) total districts: six (6) PSAs and twelve (12) LEAs. Since the December 2025 Quarterly Interim Report, two (2) LEA Districts were added to the Early Warning category for showing signs of potential fiscal stress. Four (4) Districts (3 LEAs and 1 PSA) were removed from the early warning list based on improved or stable financial trends. Table 2 outlines the history of districts with statutory reporting requirements to Treasury since the enactment of Public Acts 109-113 of 2015.

TABLE 1: FY2026EARLY WARNING DISTRICTS				
	District Name	District Type	Intermediate School District or Authorizer (Management Company)	Identified Date
1	Waldron Area Schools	LEA District	Hillsdale ISD	December 2022
2	Bradford Academy	PSA District	Bay Mills Community College (Choice Schools Associates, LLC)	March 2023
3	Muskegon Heights Public School Academy System	PSA District	Muskegon Heights School District (New Paradigm for Education Inc.)	June 2023
4	South Lake Schools	LEA District	Macomb ISD	January 2024
5	Tahquamenon Area Schools	LEA District	Eastern Upper Peninsula ISD	January 2024
6	Crescent Academy	PSA District	Bay Mills Community College (CS Partners)	February 2024
7	Insight School of Michigan	PSA District	Central Michigan University (K12 INC)	February 2025
8	Global Tech Academy	PSA District	Eastern Michigan University (Global Education Excellence LLC)	February 2025
9	Ecorse Public Schools	LEA District	Wayne RESA	March 2025
10	Farwell Public Schools	LEA District	Clare-Gladwin RESD	March 2025
11	State Street Academy	PSA District	Bay-Arenac ISD	March 2025
12	Monroe Public Schools	LEA District	Monroe ISD	August 2025
13	Vandercook Lake Public Schools	LEA District	Jackson ISD	August 2025
14	Hazel Park, School District of the City of	LEA District	Oakland Schools	November 2025
15	Madison District Public Schools	LEA District	Oakland Schools	November 2025
16	Concord Community Schools	LEA District	Jackson ISD	November 2025
17	Armada Area Schools	LEA District	Macomb ISD	December 2025
18	Athens Area Schools	LEA District	Calhoun ISD	December 2025

TABLE 2: EARLY WARNING DISTRICT STATISTICS BY SCHOOL FISCAL YEAR												
District Status	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
Total Declarations of Potential Fiscal Stress	19	8	7	16	10	8	6	7	10	8	7	98
Districts Remaining in Oversight	0	0	0	0	0	0	0	3	3	5	7	18
Districts Released from Oversight	15	5	3	6	0	6	12	0	5	8	4	64
Deficit Districts Identified	2	2	2	3	2	0	1	0	3	2	0	17

SECTION 2: ENHANCED DEFICT ELIMINATION PLAN (EDEP) DISTRICTS

Pursuant to MCL 380.1220(5), a K-12 LEA school district, ISD, or PSA that has not eliminated its deficit within 5 years after the initial Deficit Elimination Plan (DEP) was approved, must submit an Enhanced Deficit Elimination Plan (EDEP) to Treasury for approval. A district may also be required to submit an EDEP if subjected to "rapidly deteriorating" financial circumstances.

Table 3 represents a complete list of EDEP districts that meet the requirements of MCL 380.1220. There were no changes to the EDEP list this quarter. As a result, there are three (3) total districts listed in Table 3 with EDEPs as of this report date: two (2) PSAs and one (1) LEA.

TABLE 3: FY2026 EDEP DISTRICTS							
	District Name	District Type	Intermediate School District or Authorizer (Management Company)	January 2026 Enrollment[1]	FY 2024 Audited GF Balance	FY 2025 Audited GF Balance	% Change
1	The School District of the City of Highland Park	LEA District	Wayne RESA	0[2]	$ (1,721,752)	$ (476,808)	72.3%
2	Macomb Academy	PSA District	Central Michigan University (Self-Managed)	79.40	$ (617,035)	$ (414,702)	32.8%
3	Lincoln-King Adams-Young Academy	PSA District	Wayne RESA (Cornerstone)	1403.45	$ (5,818,769)	$ (945,389)	83.8%

Note 1: Enrollment is compiled from the state aid financial status report from January 2026.

Note 2: The School District of the City of Highland Park does not educate students as students are now educated by the Highland Park Public School Academy System.

SECTION 3: PUBLIC ACT 436 OF 2012

Public Act 436 of 2012 provides criteria in determining the financial condition, specifically, the existence of a financial emergency, within a local unit of government or school district. MCL 141.1563 of the statute states that the Governor may appoint a Receivership Transition Advisory Board (RTAB) to monitor the affairs until the receivership is terminated.

As of the March 1, 2026, report, there are zero (0) districts subject to Public Act 436 of 2012, or a RTAB, as defined in statute.