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

Sent on September 1, 2026, from Lance R. Wilkinson, Chief Deputy Treasurer, to:

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

Attached is a copy of the Quarterly Interim Report of Deficit School Districts for the fourth 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 June 2026 Quarterly Interim Report One (1) LEA District was added to Early Warning Oversight for showing signs of potential fiscal stress. One (1) LEA District was transferred to MDE oversight from Treasury oversight for a deficit elimination plan due to the board passing a deficit budget.

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)

Deficit School Districts

As of September 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") third 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 twenty-eight (28) total districts: ten (10) PSAs and seventeen (18) LEAs. Since the June 2026 Quarterly Interim Report, one (1) LEA district was added to the Early Warning category for showing signs of potential fiscal stress. One (1) LEA district was transferred from Treasury oversight to MDE due to the passing of a deficit budget. 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: FY2026 Early Warning Districts

District Name	District Type	Intermediate School District or Authorizer (Management Company)	Identified Date
Waldron Area Schools	LEA District	Hillsdale ISD	December 2022

District Name	District Type	Intermediate School District or Authorizer (Management Company)	Identified Date
Bradford Academy	PSA District	Bay Mills Community College (Choice Schools Associates, LLC)	March 2023
Muskegon Heights Public School Academy System	PSA District	Muskegon Heights School District (New Paradigm for Education Inc.)	June 2023
South Lake Schools	LEA District	Macomb ISD	January 2024
Tahquamenon Area Schools	LEA District	Eastern Upper Peninsula ISD	January 2024
Crescent Academy	PSA District	Bay Mills Community College (CS Partners)	February 2024
Insight School of Michigan	PSA District	Central Michigan University (K12 INC)	February 2025
Global Tech Academy	PSA District	Eastern Michigan University (Global Education Excellence LLC)	February 2025
Ecorse Public Schools	LEA District	Wayne RESA	March 2025
Farwell Public Schools	LEA District	Clare-Gladwin RESD	March 2025
State Street Academy	PSA District	Bay-Arenac ISD	March 2025
Monroe Public Schools	LEA District	Monroe ISD	August 2025
Vandercook Lake Public Schools	LEA District	Jackson ISD	August 2025
Hazel Park, School District of the City of	LEA District	Oakland Schools	November 2025
Madison District Public Schools	LEA District	Oakland Schools	November 2025
Armada Area Schools	LEA District	Macomb ISD	December 2025
Athens Area Schools	LEA District	Calhoun ISD	December 2025
Akron-Fairgrove Schools	LEA District	Tuscola ISD	March 2026
Alba Public Schools	LEA District	Northwest Education Services	March 2026
Chassell Township School District	LEA District	Copper Country ISD	March 2026

District Name	District Type	Intermediate School District or Authorizer (Management Company)	Identified Date
Cornerstone Jefferson-Douglas Academy	PSA District	Grand Valley State University (Cornerstone Charter Schools Management Company)	March 2026
Dearborn Heights School District #7	LEA District	Wayne RESA	March 2026
Grand Blanc Academy	PSA District	Eastern Michigan University (CS Partners)	March 2026
Hope Academy	PSA District	Eastern Michigan University (BFDI Educational Service INC)	March 2026
Horizon Science Academy New Bedford	PSA District	Ferris State University (Concept Schools)	March 2026
Vanderbilt Area Schools	LEA District	Cheb-Otsego-Presque Isle ESD	March 2026
Wakefield-Marenisco School District	LEA District	Gogebic-Ontonagon ISD	July 2026

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	17	116
Districts Remaining in Oversight	0	0	0	0	0	0	0	3	3	5	16	27
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	1	18

Section 2: Enhanced Deficit 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. Since the June 2026 Quarterly Interim Report, there were no changes. There are four (4) total districts listed in Table 3 with EDEPs as of this report date: two (2) PSAs and two (2) LEAs.

Table 3: FY2026 EDEP Districts

District Name	District Type	Intermediate School District or Authorizer (Management Company)	July 2026 Enrollment	FY 2024 Audited GF Balance	FY 2025 Audited GF Balance	Percent Change
The School District of the City of Highland Park	LEA District	Wayne RESA	02	$ (1,721,752)	$ (476,808)	72.3%
Macomb Academy	PSA District	Central Michigan University (Self-Managed)	78.5	$ (617,035)	$ (414,702)	32.8%
Lincoln-King Adams-Young Academy	PSA District	Wayne RESA (Cornerstone)	1391.91	$ (5,818,769)	$ (945,389)	83.8%
Van Dyke Public Schools	LEA District	Macomb ISD	2108.95	$1,932,473	$ (4,899,389)	153.5%

Note 1: Enrollment is compiled from the state aid financial status report from July 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 September 1, 2026, report, there are zero (0) districts subject to Public Act 436 of 2012, or a RTAB, as defined in statute.