STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

**DATE:** June 1, 2019

**TO:** Governor Gretchen Whitmer

**FROM:** Rachael Eubanks, State Treasurer
Chelan Burks-Andrews, Financial Specialist
Financial Review Commission

**SUBJECT:** **Detroit Financial Review Commission (FRC) - Biannual Report for the Detroit Public Schools Community District (DPSCD) No. 6**

Pursuant to the requirements of Section 6(8) of Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), this report is being filed on behalf of the Detroit Financial Review Commission. A copy of this report will be delivered to the Senate Majority Leader, the Speaker of the House of Representatives, the Superintendent of the Detroit Public Schools Community District ("DPSCD") and will be posted on the FRC's Michigan Department of Treasury website located at http://www.michigan.gov/treasury/.

Pursuant to Section 6(1) of the Act, the FRC's oversight of the DPSCD began June 21, 2016, the date the District became qualified as a District. The FRC has the legislative, fiscal, administrative authorities, and duties as prescribed by the Act.

## Statutory Oversight Activities

Sections 6 and 7 of the Act describe various duties and responsibilities for which the FRC are statutorily required to perform. Below is a summary of the status of these requirements.

| Requirement | FRC Act Sec. No. | Compliance |
|---|---|---|
| FRC review and approval of all applicable contracts. | 6(6) | DPSCD submitted 129 applicable contracts. The FRC approved 129 applicable contracts. |
| DPSCD and its CFO provides needed information and documents to the FRC and attend FRC meetings as needed. | 6(7), 7(d), and 7(o) | DPSCD representatives have been responsive to requests for information, documents and have attended meetings when requested to attend. |
| FRC review and approval of collective bargaining agreements (CBAs). | 6(9) | DPSCD have a total of 15 CBAs that have been ratified, and 3 that required a letter of agreement to amend. The FRC approved 15 CBAs and 3 LOA. |
| Quarterly debt service certifications. | 6(11) | Detroit Public Schools (DPS) provided all required quarterly certifications. The new District, DPSCD has not issued any debt. |

| | | |
|---|---|---|
| FRC review of DPSCD revenue estimates. | 7(a) | DPSCD provided its revenue estimates to the FRC in connection with its budget submissions per subsection 7(c) of the Act. |
| FRC review and approval of the annual budget and accompanying budget amendments. | 7(c) | DPSCD submitted one amendment to the FY 2019 general fund budget and it was approved by the FRC on February 11, 2019.<br>DPSCD submitted one amendment to the FY 2019 capital projects budget and it was approved by the FRC on March 25, 2019. |
| FRC review and approval of requests to issue debt. | 7(e) | DPSCD has not submitted any requests to issue debt. |
| FRC review compliance by a qualified school district with a deficit elimination plan under article I of the State School Aid Act of 1979. | 7(f) | DPSCD has not been required to submit a deficit elimination plan. |
| FRC approval of the Chief Financial Officer's appointment | 7(h) | 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. | 7(i) | FRC approved the proposed DPSCD Superintendent's contract on May 22, 2017. |
| FRC review and approval of reimbursements for out-of-state travel. | 7(q) | DPSCD submitted 124 reimbursement requests for out-of-state travel to the FRC. FRC approved 124 reimbursement requests. |

## Financial Update – DPSCD

Based on budget projections as of March 31, 2019, the District's FY 2019 ending general fund cash balance was $154.4 million. The District has enough cash flow to support all operational expenses for the remainder of the fiscal year. The District has no need to participate in the State Aid Note Program or otherwise cashflow borrow.

## Financial Update – DPS

As statutorily required, the District provided its quarterly debt obligation summary for DPS. According to the 4th quarter report for FY 2019, DPS's principal balance for the reporting period was $2.119 billion. This consists of $1.537 billion capital debt, $429.3 million operating debt and $152.6 million School Loan Revolving Fund (SLRF) debt.

A total of $223.5 million of debt service payments are due in FY 2019 and DPS paid $82.4 million to-date against this obligation. DPS borrowed $91.5 million from the SLRF on April 23, 2019 in order to meet the 4th quarter 13 mills capital debt obligation of $141.1 million. For discussion on the renewal schedule of the 18 mills operating debt see footnote below.[1]

[1] According to section 2(h) of the *Funding Conditions Memorandum*, pursuant to the Transitional Operating Cost Agreement, Detroit Public Schools Community District, on behalf of the Issuer, shall submit to the school electors of the School District of the City of Detroit, in accordance with the requirements of applicable State law, a ballot question to authorize the renewal or restoration for at least 11 years of the authority of the Issuer to levy 18 operating mills under Section 1211 of the Revised School Code on each of the following regular election dates until the renewal or restoration is approved: the November regular election date of Tuesday, November 3, 2020; the August regular election date of Tuesday, August 3, 2021; the November regular election date of Tuesday, November 2, 2021; the August regular election date of Tuesday, August 2, 2022; the November regular election date of Tuesday November 8, 2022; and/or at such other election date as shall be required by the State Treasurer, until approved, but in no event later than December 31, 2022.

DPS capital debt is projected to be paid off by calendar year 2052, the operating debt is projected to be paid off by calendar year 2027 and the SLRF debt final mandatory repayment date is May 1, 2046. Current projections estimate the SLRF debt will not be paid off until calendar year 2065. The FRC will continue to monitor DPS's management of debt to ensure payments continue to be made timely.

**FY 2019 and 2020 Budget and Budget Amendment Review**

Pursuant to Section 7(c) of the Act, the FRC is required to review, modify, and approve proposed and amended operational budgets of a qualified city or qualified school district. A proposed budget or budget amendment does not take effect unless approved by the FRC.

**DPSCD FY 2019 Proposed Budget Amendment No. 1 – General Fund**

The District's Chief Financial Officer (CFO) presented an overview of the proposed changes to the FY 2019 adopted budget (amendment No. 1) which was approved by the FRC at the February 11, 2019 meeting. The updated assumptions are as follows:

1. **Revenues:** An increase in total revenue and sources of $12.9 million, primarily due to a decrease of $5.1 million in local sources to prevent an overpayment of Act 18 revenue, an increase in state sources of $9.5 million due to an increase in 31a revenue and MPSERS funding, offset by a decrease in Great Start and Adult Education revenue and an increase in federal sources of $8.5 million due to an increase in Title IV, Part A and SIG funding.

2. **Expenditures:** Expenditures have increased based on strategic investments in curriculum and personnel related to custodial and security pilots. Expenditures have increased by $45.6 million in the following areas:
   - $24.7 million, Purchased services
   - $18.7 million, Supplies
   - $2.2 million, Utilities

3. **Contingency:** The FY 2019 budget amendment No. 1 eliminated $17.8 million in contingency.

4. **Operating Surplus and Fund Balance:** DPSCD's FY 2019 adopted budget projected an operating surplus of $8.1 million and ending fund balance of $104.5 million. The FY 2019 budget amendment No. 1 projects an operating surplus of $12.7 million and ending fund balance of $153.7 million.

5. **Transitional Fund Summary:** Of the $25.0 million transitional funds allocated to DPSCD; $4.8 million was expensed in FY 2017, $3.7 million was expensed in FY 2018, $10.0 million was transferred to the capital projects budget in June 2018 and the remaining $6.5 million is projected to be spent before June 30, 2019.

6. **Equipment and Capital:** The amended capital and equipment budget of $3.0 million was decreased by $0.9 million from $4.0 million in FY 2019 budget amendment No. 1.

## DPSCD FY 2019 Proposed Budget Amendment No. 2 - Capital Projects Fund

The District's CFO presented an overview of the proposed changes to the FY 2019 adopted budget (amendment No. 2) which was approved by the FRC at the March 25, 2019 meeting. Budget amendment No. 2 transfers $11.2 million from the general fund's surplus and $6.5 million from the state transition funds to the capital projects fund. Of the $17.6 million transfer to the capital projects fund, $4.3 million will be used to address overcrowding and enrollment opportunities. The District will operate schools in four current facilities for the FY 2020 school year. The Academy of America's High School will move from its St. Anne Catholic School leased location to Logan Elementary. The District will open three new schools on the sites of Barton Elementary, Edmonson Academy and Hamilton Academy. The District will allocate $9.7 million to address critical repair needs such as HVAC and roofing across 42 facilities and support high capacity schools with multiple repair needs. $3.5 million will be allocated as a contingency to cover unanticipated expenses.

As of March 25, 2019, there is $74.2 million in unrestricted general fund surplus, $35.7 million in restricted rainy-day fund and $23.0 million in the capital projects fund.

## DPSCD FY 2020 Proposed Budget – General Fund

### Key Assumptions

The table below describes the District's key assumptions used to develop the FY 2020 budget.

| Assumption | Projection methodology |
|---|---|
| **Revenues:** | |
| Enrollment (FTE) | • Proposed FY 2020 budget assumes a modest 1 percent increase in enrollment (50,094 student FTEs). |
| Foundation allowance (State Aid) | • Foundation allowance grows at a rate of $100 / pupil in FY 2020 (1.2%). |
| Other Revenue | • Enhancement millage rate per pupil was held constant in FY 2020.<br>• Act 18 revenue and special education transportation revenues were reduced to align with anticipated expenditures.<br>• Title IIA includes $10.0M of anticipated carryover dollars.<br>• Title IV includes $5.6M of anticipated carryover dollars.<br>• $6.9M transfer from DPS related to establishment of DPSCD. |
| **Expenditures:** | |
| Personnel | • Projection assumes CBA wage increases, increased Professional Development time, one-time bonuses and retirements.<br>• Maintains and fully funds a standard school staffing model, which will increase school personnel to support instruction, climate and culture.<br>• Expands Academic Interventionist positions to reinforce academic achievement. |
| Non-personnel | • Includes $43.2M for contracted custodial and maintenance services.<br>• Includes $27.1M for Curriculum and Instruction (textbooks, replacement workbooks, online blended learning, etc.)<br>• Includes $26.1M for Yellow Bus Transportation<br>• Includes $17.4M for utilities<br>• The FY 2020 Budget does not include any contingency reserves. |
| **Fund Balance:** | |
| Reserve | • Maintains a $35.3M restricted reserve fund based on 10% of audited unrestricted state aid. |

The District's CFO presented an overview of the proposed FY 2020 budget to the FRC. The proposed budget projects an operating surplus of $10.0 million for the fiscal year ending June 30, 2020. The proposed budget will be up for consideration at the June 10, 2019 meeting. The proposed budget included the following assumptions:

1. **Revenues:** The District is projecting $534.4 million in state revenues. This projection is based on 50,094 students, an increase of 500 students from FY 2019 fall student enrollment.

2. **Expenditures:** The District is projecting an increase in personnel costs due to projected salary increases, additional professional development stipends, conversion of contracted IT staff to full time employees and an increase in supplies cost due to investments in curriculum.

3. **Contingency:** The FY 2020 proposed budget allocates $10.0 million in contingency.

4. **Operating Surplus and Fund Balance:** DPSCD's FY 2020 proposed budget includes a projected operating surplus of $10.0 million and ending fund balance of $163.7 million.

5. **Equipment and Capital:** The FY 2020 budget allocates $1.2 million for capital and equipment.

**DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT**
**GENERAL FUND**
**FY 2020 DRAFT BUDGET YEAR ENDING JUNE 30, 2020**

| | FY 2018 Actuals | FY 2019 Adopted | FY 2019 BA # 1 | FY 2020 Draft Budget | FY 2020 - Increase (Decrease) Over FY 2019 BA # 1 |
|---|---|---|---|---|---|
| **Revenue:** | | | | | |
| Local sources | | | | | |
| Local sources | 66,222,793 | 71,531,138 | 66,455,987 | 61,438,220 | (5,017,767) |
| State sources | 484,209,873 | 503,289,568 | 512,763,670 | 534,394,178 | 21,630,508 |
| Federal sources | 131,731,039 | 174,565,369 | 183,058,492 | 171,902,060 | (11,156,432) |
| **Total Revenue** | **682,163,705** | **749,386,075** | **762,278,149** | **767,734,458** | **5,456,309** |
| **Expenditures:** | | | | | |
| Instruction | 324,511,382 | 390,136,373 | 378,051,491 | 373,572,765 | (4,478,726) |
| Support services | | | | | |
| Pupil services | 52,567,856 | 78,354,488 | 91,306,167 | 81,055,677 | (10,250,490) |
| Instructional staff support | 31,296,933 | 32,899,337 | 45,723,042 | 51,888,343 | 6,165,301 |
| General administration | 4,549,474 | 6,078,685 | 5,688,261 | 6,169,694 | 481,433 |
| School administration | 39,221,706 | 52,476,876 | 48,188,781 | 49,331,306 | 1,142,525 |
| Business office | 10,206,870 | 11,073,394 | 10,218,789 | 11,557,020 | 1,338,231 |
| Operations & maintenance | 93,223,006 | 81,961,782 | 92,615,755 | 93,592,373 | 976,618 |
| Transportation | 34,896,150 | 36,749,795 | 36,975,486 | 41,721,229 | 4,745,743 |
| Central support service | 34,934,693 | 38,949,349 | 41,881,594 | 48,719,542 | 6,837,948 |
| Other support service | 3,660,090 | 2,413,014 | 2,729,881 | 1,630,804 | (1,099,077) |
| Total support services | 304,556,778 | 340,956,720 | 375,327,756 | 385,665,988 | 10,338,232 |
| Community service | 4,047,594 | 1,271,230 | 5,463,516 | 7,428,069 | 1,964,553 |
| Facilities acquisitions and improvement | - | - | 28,171 | - | (28,171) |
| **Total Expenditures** | **633,115,754** | **732,364,323** | **758,870,934** | **766,666,822** | **7,795,888** |

| | | | | | |
|---|---|---|---|---|---|
| **Other Financial Sources (Uses)** | | | | | |
| **Sources** | | | | | |
| Proceeds from sale of capital assets | - | - | 368,575 | - | (368,575) |
| Payments From Detroit Public Schools | - | 6,900,000 | 6,900,000 | 6,900,000 | - |
| Transfer from Food Service Fund | 1,779,586 | 2,000,000 | 2,000,000 | 2,000,000 | - |
| **Total Sources** | **1,779,586** | **8,900,000** | **9,268,575** | **8,900,000** | **(368,575)** |
| **Uses** | | | | | |
| Contingency | - | (17,831,299) | - | - | - |
| **Total Uses** | - | **(17,831,299)** | - | - | - |
| **Total Other Financial Sources (Uses)** | **(8,931,299)** | **(8,931,299)** | **9,268,575** | **8,900,000** | **(368,575)** |
| **Special Item** | **11,244,572** | - | - | - | - |
| **Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses** | **62,072,109** | **8,090,453** | **12,675,790** | **9,967,636** | **(2,708,154)** |
| **Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses** | **62,072,109** | **8,090,453** | **12,675,790** | **9,967,636** | **(2,708,154)** |
| **Fund Balance - Beginning** | **78,963,120** | **141,035,229** | **141,035,229** | **153,711,019** | |
| **Fund Balance - Ending** | **$ 141,035,229** | **$ 149,125,682** | **$ 153,711,019** | **$ 163,678,655** | |

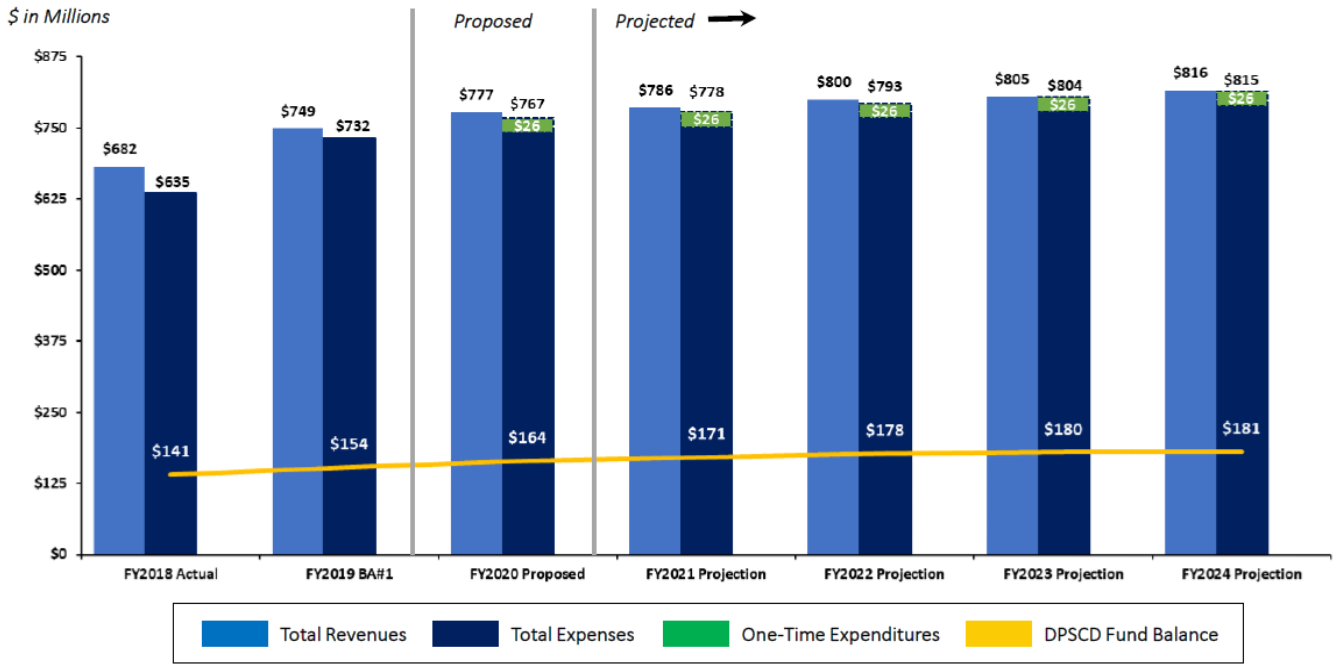
## DPSCD FY 2020 Proposed Budget – School Nutrition Fund

The District's CFO presented an overview of the proposed FY 2020 budget to the FRC. The proposed budget will be up for consideration at the June 10, 2019 meeting. The proposed budget includes $12.1 million in one-time expenditures for the purchase and installation of equipment and capital, which were approved by the Michigan Department of Education. The District is projecting $50.0 million in total revenue sources, an overall increase of $0.5 million, due to the projected 500 student increase in student enrollment. The District is projecting $60.3 million in total expenditures, an overall increase of $12.9 million. This projection is associated with the increase in projected student enrollment and the one-time investment to renovate the kitchens and support improvements to the school lunch program.

## DPSCD Five Year Budget Projections

The District's CFO presented an overview of the proposed five-year budget projections to the FRC. The projection assumes enrollment grows at one percent per year during FY 2020 – FY 2024 and the state's foundation allowance grows at a rate of one percent every year after FY 2020, which is $80 per student. Health, Dental, Life and Vision insurance (HDLV) benefits are projected to increase five percent per year, while all other benefits (pensions, payroll taxes and workers compensation) are maintained at current levels, as a percentage of payroll.

The projection assumes an annual $7.0 million to $8.0 million contingency through FY 2022. The enhancement millage is held constant through FY 2022 and reduce by $90 per student in FY 2023 to account for the revenue that will be shared with charter schools. This reduction will eliminate the contingency funds. The millage is authorized until FY 2022 at which point it will have to be renewed. If the millage is not renewed, revenues will be reduced by $13.0 million requiring cuts to maintain a balanced budget. During the five-year period, fund balances are projected to grow from $164.0 million in FY 2020 to $181.0 million in FY 2024.




## DPS FY 2020 Proposed Budget

The District's CFO presented an overview of the proposed FY 2020 budget to the FRC. The proposed budget projects an operating surplus of $14.6 million and ending fund balance of $12.1 million for the fiscal year ending June 30, 2020. The proposed budget will be up for consideration at the June 10, 2019 meeting. DPS is projecting $69.5 million in total revenue sources, an increase of $6.3 million. This projection is based on a one percent increase in property tax values based on the current FY 2019 collections. DPS is projecting $55.0 million in total expenditures, a decrease of $1.1 million. This projection is due to a decrease in principal and interest for the stabilization bonds and a decrease in MPSERS interest based on updated debt schedules. As part of the restructuring plan, it was assumed that a portion of the 18 mills property tax collection would be transferred to DPSCD for legacy obligations. DPS anticipates transferring $6.9 million in remaining cash.

## Facility Condition Assessment

The District retained OHM Advisors to do a comprehensive needs assessment of the District's 100 school facilities. There were 19 vacant facilities that the District owns and is responsible for securing and maintaining that were not assessed. OHM Advisors conducted a facility-by-facility assessment and inspection to determine the condition of each facility including the playground. The July 2018 assessment reported that the District's school facilities have approximately $526.7 million in current capital improvements needs and deferred maintenance for 2018. The required investment does not include the cost for fire, safety and playground investments, the investment required is $76.7 million. The total anticipated needs for 2018 including fire, safety and playground will be $603.4 million. The assessment projected that the figure will grow to $1.502 billion by 2023 if no action is taken.

The total required investment to address currently identified issues from years 2024 to 2028 would be an additional $491.2 million, cumulative total of $1.994 billion. The investment needs spread across a ten-year planning horizon that would require $150.0 million investment per year.

DPSCD Current Financial State

As of March 31, 2019, the District transferred $31.0 million into the capital projects fund; $20.0 million to address outstanding critical needs repairs and replacements related to roofs, HVACs and ground repairs and $3.5 million allocated as a contingency to cover unanticipated expenses. The FY 2019 budget projects an operating surplus of $12.7 million and ending fund balance of $153.7 million. The $153.7 million fund balance includes restricted and unrestricted surplus; $80.7 million unrestricted FY 2018 general fund balance, $12.6 million preliminary projected FY 2019 general fund surplus, $16.5 million restricted state transition funds and $43.8 million restricted internal service funds.

The projected fund balances are: FY 2020 ($164.0 million); FY 2021 ($171.0 million); FY 2022 ($178.0 million); FY 2023 ($180.0 million); and FY 2024 ($181.0 million).

Conclusion

The total investment including fire, safety and playground for the year 2028 will be $2.070 billion, this amount does not include regular maintenance, service or custodial needs of the new or replaced assets. The District spends on average $48.0 million annually on maintenance and custodial services and $4.0 million on equipment, parts and supplies. There will be potential savings that could be substantial from reduced service costs long term. The District will potentially receive a payback on the investments that will increase savings on operating expenses from installation of assets such as new windows, energy efficient lighting and boilers.

As stated previously, the District has transferred $23.5 million into the capital projects fund to address outstanding critical needs repairs and replacements. Based upon the facility assessment, in addition to the competing use of the restricted fund balance if full staffing is achieved, the $150.0 million annual investment for the capital plan exceeds the funds set aside for capital improvements. The FY 2019 as well as future budgets and fund balances will not substantiate the need for the minimum annual investment. The District will have to consider other investment strategies as well as closures or merger strategies to fulfill the conditions of the facility assessment.

Detroit Public Schools (Old Co.) has maxed out the 13 mills available to repay the bonds within the mandatory repayment date of 2046. The school bond loan staff are estimating 2065 before full repayment. There is also no capacity within the mandatory repayment date to restructure the bonds, in addition to restructure there would need to be present value savings shown. Under the current market conditions Detroit would not be able to show savings and meet the repayment date.

The District could obtain non-qualified bonds that would capture taxes above and beyond the 13 mills, which may be issued by a school district for a period of one to 30 years. Such issues require an affirmative vote of the electors to authorize the school district to issue the specific amount of bonds. Since these are unlimited tax obligations, the local board of education has the authority and obligation to set the necessary tax rate for annual principal and interest payments. Unlimited non-qualified bonds may not exceed a debt to assessed valuation ratio of 15 percent and do not go through the state qualified bond approval process. See MCL 380.1351(3).

The District could levy a sinking fund. Such a fund must be approved through a school election and a district may levy not more than five mills for a period of not more than 20 years. A sinking fund may only be used for purposes defined in MCL 380.1212 and as limited by the ballot language. A sinking fund may be used for repairs costing more than the amount defined in MCL 380.1267, the repairs must be completed by contracted sources. A sinking fund may not be used for maintenance. A sinking fund may be used for technology but is limited to wiring or materials for installing technology; this does not include equipment or software. A sinking fund can be used for shared savings energy programs where a district may complete energy conservation improvements to school facilities and pay for the improvements from operating funds, bond proceeds, or may enter into contracts in which the cost of improvements are paid from the subsequent savings. See MCL 380.1274a.

The District could use proceeds from the sale of land or buildings, monetary gifts received by the school district, other non-taxable funds (e.g. athletic fund) and federal assistance programs (if available).

## Final Audit Update - DPSCD

The District's FY 2018 audit report was filed by the required November 1 deadline. The District's audited FY 2018 financial statements reflect a surplus of $49.0 million of revenue over expenditures and year end fund balance of $141.0 million.

### Audit Findings

The audit revealed that the District has material weaknesses and a material noncompliance with laws and regulations. The District has developed a corrective action plan to address the audit findings and implemented the necessary changes to ensure corrective action occurs by the end of FY 2019. Per the FY 2018 *Comprehensive Annual Financial Report,* listed below are the details of the significant issues and findings:

1. General ledger balances were inaccurate during the fiscal year, and the District's books were not closed and reconciled in a timely manner, resulting in significant adjustments to the financial statements and schedule of expenditures of federal awards. This condition existed during the predecessor District's prior fiscal year.

2. The District paid invoices, which were charged to the Title I, Part A program, to a service provider that included hours billed for services for which adequate documentation was not provided and at rates inconsistent with those stated in the approved contract.

3. In addition, the contract was extended during the year and the contract extension was written inconsistently with the extension option stated in the originally bid contract, which resulted in additional billing discrepancies and an unintentional increase in the rates being billed by the vendor. The payment terms outlined in the renewed contract are

ambiguous and, thus are open to interpretation.

**Final Audit Update - DPS**

DPS's FY 2018 audit report was filed on February 5, 2019. DPS's audited FY 2018 financial statements reflect a surplus of $28.3 million of revenue over expenditures and year end fund balance of $5.1 million.

Audit Findings

The audit revealed that DPS has material weaknesses and a material noncompliance with laws and regulations. Per the FY 2018 *Financial Report,* listed below are the details of the significant issues and findings:

1. Various account reconciliations were not prepared in a timely, accurate manner during the year. This resulted in management reconciling accounts and calculating and recording significant adjustments after the commencement of the audit process.

2. Several material misstatements were discovered during the audit process. Adjustments to correct account balances and to account for activity related to transfers between DPS and DPSCD were identified by the auditors and adjusted by management.

3. Every public-school district must submit a financial audit completed in accordance with Government Auditing Standards to the Michigan Department of Education Office of Financial Management. For fiscal year 2018 audits of school districts, the audit due date is November 1, 2018. The filing deadline was missed by the District, which is considered a noncompliance finding in addition to a material weakness.

**Collective Bargaining Agreements (CBAs)**

The District began negotiations with the Detroit Federation of Teachers (DFT) in December 2018. The District began negotiations with the remaining unions; Detroit Organization of School Administrators and Supervisors (OSAS), American Federation of State, County and Municipal Employees Council, 25, Local 345 (AFSCME), Detroit Federation of Para-Professionals, Local 2350 (DFP), Detroit Association of Educational Office Employees, Local 4168 (DAEOE), International Union of Operating Engineers, Local 324 (IUOE) and Teamsters Local 214 in March 2019. No agreements have been reached and all negotiations are still ongoing.