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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 6, 2026

RE: Request for Report on DPS Debt

The Legislative Policy Division (LPD) has been requested by Council Member Angela Whitfield Calloway to provide a report regarding the Detroit Public Schools (DPS)¹ debt. The requesting memorandum provides several questions the report is to address. LPD notes that much of the information requested is retained by the Detroit Public School Community District (DPSCD). LPD has received and is grateful for the assistance of Mr. Jeremy Vidito, Chief Financial Officer of DPSCD. In answering the questions provided, LPD provides the following response:

1. What is the status of the DPS debt?

The information provided by DSCPD indicates:

There are three different debts that are being paid by DPS. DPS has Capital Bonds and School Loan Revolving Fund (SLRF) debt secured through the 13 Mill capital debt millage. This original debt was issued before property tax reductions in early 2010's when the city of Detroit's taxable value

¹ LPD notes that in 2016 the Michigan Legislature provided a mechanism to separate the Detroit Public School system into two separate legal entities. One entity is the School District of the City of Detroit which is the old Detroit Public Schools (DPS), and the other entity is the Detroit Public Schools Community District (DPSCD). The School District of the City of Detroit is the entity that remained with the ability to collect property taxes to pay back the debt accumulated during the years of emergency management. The Detroit Public Schools Community District is the legal entity that operates as the educational institute that services approximately 50,000 students without the legacy debt of the old DPS.

dropped from \$10B to \$5B. This will be repaid in 2040. The debt should have been fully repaid in 2031 when bonds are repaid, but the District has had to borrow from the state, thus extending debt repayment for SLRF.

A separate State Emergency Loan issued to DPS in 2016 will be repaid in September 2026. That is about a year and a half ahead of schedule.

2. When is the DPS debt scheduled to be paid off?

The information provided by DSCPD indicates:

The State Emergency Loan obtained in 2016 will be paid off in September 2026; The outstanding DPS Capital Bonds and SLRF are scheduled to be paid off in 2040.

3. Are the DPS debt payments ahead of schedule?

The information provided by DSCPD indicates:

The original Capital Bonds and SLRF debt was scheduled to be repaid in 2031, however, the State Emergency Loan that was needed in 2016 extended the repayment time. The State Emergency Loan will be paid off in September 2026 approximately a year and a half ahead of schedule. The outstanding DPS Capital Bonds and SLRF are scheduled to be paid off in 2040.

4. When will the DPS debt be paid off if the payments are ahead of schedule?

The information provided by DSCPD indicates:

Currently, only the State Emergency Loan is in line to be paid off ahead of schedule, in September 2026. The remaining DPS Capital Bonds and SLRF are scheduled to be paid off in 2040.

5. When is the 18-mill tax scheduled to expire?

The information provided by DSCPD indicates:

DPS Operating Millage will stop once Emergency Loan is repaid - September 2026.

6. When can the 18-mill tax expire if the payment is ahead of schedule?

The information provided by DSCPD indicates:

The DPS operating mill (18 mill tax) is paying back the State Emergency Loan, which is expected to be repaid in September 2026. This will terminate the DPS operating mill tax (18 mill tax).

7. What steps are needed by City Council to eliminate or reduce the 18-mill tax if the payments are ahead of schedule and the revenue is no longer needed to satisfy the debt?

The City Council does not have any authorized mechanism to reduce or eliminate the 18-mill tax. As indicated, once the DPS State Emergency Loan is repaid, that portion of the DPS operating mill will stop. However, DPSCD will be required to levy the 18-mill operating tax for its operating

expenses. LPD notes, DPS is a separate legal entity governed by the provisions of the General Property Tax Act and the Revised School Code.

8. Does DPS report to City Council during the Detroit Budget process, and if so, how does DPS report this debt service process?

DPS does not report to the City of Detroit and City Council during the Detroit budget deliberations. As indicated, DPS (and DPSCD) is a separate legal entity DPS is a separate legal entity governed by the provisions of the General Property Tax Act and the Revised School Code.

9. Does DPS or DPSCD have plans to extend the 18-mill tax beyond the time needed to retire the DPS debt? If so, what is the plan of action and the procedure for extending the 18-mill tax?

The information provided by DSCPD indicates:

Yes, DPSCD is preparing to put it on the August 2026 ballot. All school districts in Michigan are legally required to levy an 18 Mill operating millage. So, DPSCD is preparing to go to voters for approval of an Operating Millage that will come to DPSCD once the DPS millage ends.

If DPSCD does not get voter approval on an Operating Millage, then DPSCD will lose out on \$120M in local funding. From 2017 until now the state has made DPSCD whole (local funding was going to repay debt). Once the debt is repaid, the State will not make DPSCD whole, therefore the requirement to have a DPSCD Operating millage.

LPD notes that the Revised School Code MCL 380.1211 provides in pertinent part:

(1) Except as otherwise provided in this section and section 1211c, the board of a school district shall levy not more than 18 mills for school operating purposes or the number of mills levied in 1993 for school operating purposes, whichever is less.

This provision requires all school districts to levy an 18-mill operating millage or the number of mills that were levied in 1983 whichever is less. According to DPSCD, the 18-mill tax is the lesser of the two.

If we can be of further assistance, please call upon us.