

Statement from DPS Transition Manager Judge Steven Rhodes on House Passage of Education Reform bills:

This is an important step in the right direction for Detroit and Detroit's children, whose futures rest in the creation of a new, locally controlled school district. We fully support continued discussions between the House and the Senate as they move forward to resolve their differences, and develop a final education reform package that will set Detroit schools on a path to success and stability.

In order for the new District to be set up for success, it will need the \$200 million that was originally advanced in the Michigan Senate's bill package. This \$200 million covers the following:

Facilities-related costs	\$75M	Deferred maintenance, space consolidation, school rationalization, school security, and school building closure-related costs
Transition and working capital	\$50M	Academic and instructional support, portfolio Planning, professional transition costs (IT, Legal, HR, Financial), vendor continuity payments, timing lag for grant reimbursements
Minimum cash requirements (Represents est. cash shortfall as of 9-30-16; start-up capital required to get District to first state aid payment of the 2016-17 school year in October)	\$25M	Cash needed at inception for NewCo to operate based on timing of revenue receipts
Program retention/Improvement	\$25M	Investment in key academic programs that have been neglected due to financial constraints and austerity measures
Other operating liabilities	\$25M	Expenditures related to other pending Contingencies and claims that may need to be Funded by NewCo
Total	\$200M	