

COURT OF APPEALS REMEDIAL ORDER

Defining a Sound Basic Education

In their June 26, 2003 decision, the Court of Appeals held that a "sound basic education," as guaranteed by the New York State constitution, requires that all students have the "opportunity for a meaningful high school education, one which prepares them to function productively as civic participants."

The Court also found the following of central importance in providing students with the opportunity for a sound basic education:

1. High-quality teaching,
2. Small class sizes, and
3. Adequate instrumentalities of learning, such as classroom supplies, textbooks, libraries and computers.

A New Funding System

The Court issued the following three-part remedy:

1. The State must determine the actual costs of providing a sound basic education in New York City;
2. The State must reform the funding system to ensure that every school in New York City has the resources necessary for providing the opportunity for a sound basic education;
3. The State must establish a comprehensive accountability system that will ensure that the reforms implemented actually provide this opportunity.

In 1993, CFE filed a constitutional challenge to the state school funding system. The lawsuit, *Campaign for Fiscal Equity, Inc. v. State of New York* claims that the state's school finance system under-funds New York City public schools and denies its students their constitutional right to the opportunity to a sound basic education.

In 1995, CFE won a major victory when the Court of Appeals, New York's highest court, decided that the New York State constitution requires that the state offer all children the opportunity for a "sound basic education." The Court stated that the exact meaning of this standard could only be evaluated and resolved after the case went to trial. In 1999, the case went before State Supreme Court Justice Leland DeGrasse, who on January 10, 2001, issued a detailed decision carefully analyzing the evidence gathered during the 7-month trial and found that the current state school funding system was unconstitutional. Governor Pataki appealed the decision and on June 25, 2002, the Appellate Division, First Department of the State Supreme Court, reversed the DeGrasse order. The Appellate Court held that the state constitution only guarantees that schools provide the opportunity to learn at an 8th or 9th grade skill level and found that the current funding system sufficiently allowed for this.

On June 26, 2003, in a 4-1 decision, the Court of Appeals overturned the Appellate Division ruling and found in favor of CFE. The Court rejected the 8th grade standard, noting that a "high school education is now all but indispensable" to prepare students for employment and civic engagement. The box on the right details the Court of Appeals order, which the State had until July 30, 2004 to implement. On August 3, the court appointed three special referees to handle the state's non-compliance in the case and develop a plan that will resolve the funding inadequacies created by the current school funding formulas. On February 14, 2005, Justice Leland DeGrasse affirmed their recommendations, concluding that New York City schools need an additional \$5.63 billion in operating aid and \$9.2 billion for facilities to provide their students their constitutional right to the opportunity for a sound basic education. The Appellate Division of the Supreme Court affirmed the Supreme Court ruling on appeal, ordering the State to provide New York City's schools \$4.7 to \$5.63 billion in operating aid and \$9.2 billion in capital funding by April 1, 2006.

A Statewide Remedy

Over the years, CFE has worked with its statewide partners to bring about statewide funding reform. Though the

Court of Appeals decision focused on reforms affecting only New York City, CFE maintains that the order must apply statewide and affirms its commitment to ensuring the opportunity for a sound basic education to all children in New York State. CFE will continue to push for statewide reform it as it works to implement the Court of Appeals remedial order.

The public continues to play a critical role in convincing state representatives to do the right thing for New York's schools. We urge you to get involved in CFE's efforts to ensure all schools have the resources they need to help all children succeed in school.

ACHEM v NYC

Total of NYC Students 1,023,6474 x NYC's 2004 per student expense \$12,644 = \$12,943,334,056
1,023,6474 Students x \$13,443, = \$13,761,249,582
1,023,6474 Students x \$12,644 = \$12,943,334,056
= \$817,915,526

Some of the most dramatic examples of IT -related waste can be seen in public sector projects.

To get a handle on why government projects are so problematic, I spoke with Lydia Segal, one of the nation's [foremost experts on waste and corruption in public schools](#). I asked Lydia to explain why government projects are so susceptible to waste, failure, and corruption.

The organizations Lydia has studied are very large. For example, she says, "*New York City 's operating budget would rank it 7th in the nation if it were a state. It runs on \$16 billion a year for 1.1 million students. That's not including its capital budget. Los Angeles's school system, colloquially known as the LAUSD, costs over \$13 billion year for 727,000 students. The New York City school system serves over 850,000 meals a day, making it the second largest food provider in the country after the U.S. Army.*"

These organizations are enormous. What makes their projects so prone to waste?

Waste can be sporadic or it can be systemic and built-in. The biggest drain is obviously the latter. Built-in waste hemorrhages money day-in, day-out. In schools, as in most government agencies, the major cause of built-in waste is structure and orientation: a command-and-control organizational structure concerned with inputs at the expense of outputs.

In schools, the root of waste (as well as corruption) lies in the layers of bureaucratic oversight, detailed standard operating procedures, and regulations built up over the years to control waste and fraud. Every time anyone wasted or, heaven forbid, stole, money, school districts would respond by establishing a new layer of supervisors and a new set of rules and tightening control at the top. Rules prescribe virtually every little thing: how it must be done, by whom, and by when. As I describe in my book, as urban public schools grew, the focus on saving every penny eventually displaced the focus on productivity. The entire oversight machinery became the source of the very waste, abuse, and mismanagement that it was intended to curb.

I have a chapter in my book called "Watching the Pennies, but Missing the Millions," that offers many examples of how red tape sucks away millions of dollars in large districts. Consider the case of the \$4 battery pack. To prevent waste and abuse, the New York City school system passed a rule saying that, to get reimbursed for small expenditures, employees must submit a detailed explanation for why they needed the item along with the receipt.

Well, one high level official requested reimbursement for a \$4 battery pack. Unfortunately, he didn't include a detailed enough explanation for why he needed it, so the clerk in the central office rejected it. The clerk's supervisor also dinged it. He explained that the clerk was following rules to protect taxpayers against waste. The supervisor's supervisor, however, panicked because a high level official was involved. A flurry of meetings ensued with managers at successively higher levels until they got the Director of the Division of Financial Operations — the top guy of the division responsible running the finances for a \$16 billion-a-year school system! So with the all man-hours involved and with managers averaging between \$80 to \$100 an hour, they spent thousands of dollars to process a \$4 claim.

So you have rules designed to stop waste that now cause it. The waste is built into the rules and reinforced by the myopic organizational culture that those rules fostered.

Exposes decades of rampant fraud, waste, and abuse in America's largest public school districts, analyzes how the widespread corruption has crippled schools and impeded learning, and offers a bold blueprint for reform.

Introducing a brand new perspective on why our public schools are failing and what to do about it, Lydia Segal reveals how systemic waste and corruption cripple education and offers a feasible prescription for how to tackle their root causes and reclaim our schools.

This eye-opening book exposes how embedded waste and fraud deplete classroom resources, block initiative, and distort educational priorities and explains how to remedy the problem. Drawing on extensive interviews and investigative research in America's three largest districts, New York City, Los Angeles, and Chicago, Segal argues that the problem is not usually bad people, but a bad system that focuses on process at the expense of results. She shows how regulations that were established to curb waste and fraud provide perverse incentives. Districts following rules designed to save every penny spend thousands of dollars to hunt down checks for amounts as small as \$25. To fix leaky toilets, caring principals may have to pay workers under the table because submitting a work order through the central office, with its many fraud checks, could take years. Meanwhile, those who pilfer from classrooms may get away because the pyramidal structure of large districts makes schools inherently difficult to oversee.

Drawing on initiatives in successful districts, Segal offers pragmatic solutions and a detailed blueprint for reform. She calls for radically restructuring districts, empowering principals, and establishing new, less stifling forms of accountability that put a premium on performance.

As reformers grapple with the dismal state of education in America, this timely work offers a bold, far-reaching plan for improving public schools.

You describe how a system designed to avoid waste actually creates failure. Can you elaborate on that?

Another example of how rules designed to stop waste cause it, is the way schools deal with outside contractors. For most school systems, the name of the game – the way they try to prevent waste and save money – is to disallow as many contractor invoices as possible. They require contractors to follow a maze of rules and submit volumes of paperwork that must be approved by dozens of supervisors to get paid. Schools use these procedures to play “gotcha” with contractors. So if a contractor, say, fails to sign, date, attach a proper receipt, or properly complete his paperwork in any way, school officials will reject the invoice, no matter how minor the transgression.

From the contractors' perspective, it becomes extremely expensive and unpleasant to do business with schools. It can take years to get paid for legitimate work. One contractor did \$800,000 worth of work for the LAUSD without receiving a nickel. Many contractors told me that they had to hire about 30% more personnel just to deal with the steady flow of rejected invoices.

One contractor told investigators that the LAUSD refused to pay him for work he had done on a school vacation day. Since that day was not a day-off for his company, he showed up with his laborers, did the work, and submitted an invoice with documents certified and signed by each employee. To no avail. Another contractor described how school officials rejected his expenses because he filed them late - even though his reason was that the Facilities Division had not approved his work authorization in time, a common complaint.

Are there specific conclusions we should draw from all this?

The upshot is that, while these gotcha procedures might save schools a couple of dollars in the short-term, they waste millions of dollars in the long-term. Small companies without enough cash reserves or borrowing ability simply can't do business with schools, while the best contractors refuse to do business with them. So schools lose out on the benefits of free market choice and are left with a tiny pool of large companies to select from. Also, contractors do what any contractor would do to a difficult client. They stick it to him. So contractors overcharge. They cut corners. They put in phony orders. They drag their feet on projects. All this to get even and make up for the exorbitant costs and hassles of doing business with an intransigent bureaucracy.

Another example of how the centralized structure causes waste concerns computers. Central school bureaucracies control all the money and sign all the contracts. But since they remote and are out of touch with what is happening in the field, their rules and contracts often end up being a waste.

To illustrate with another example from the New York City schools, they recently has spent \$85 million on computer technical support. Yet many computers are sitting around unused. Why? Because when central headquarters signed a contract for technical support with its primary computer contractor, they stipulated that the company offer technical support primarily via telephone. Sounds like a good idea, right? Well, the problem is that most classrooms have no telephones. So when a computer goes down, the teacher has to take a note to the principal's office and have the secretary call tech support. When the technician asks what the problem is, the secretary, needless to say, does not know. So a technician must be dispatched to the school, which can take days. And the problem is sometimes as simple as a cable that isn't plugged in. how much better would it have been to let school principals buy their own computers and arrange for tech support themselves, as they are closer to the problem and know what their teachers need?

Are government projects doomed to fail or is this problem solvable?

My whole purpose in writing the book was to offer solutions. A number of school districts that have curbed waste and abuse and describe what they did and how other districts can replicate their efforts.

Since the root of the pathology is the effort by school headquarters to control virtually every detail of what happens below, the solution is to loosen top-down controls, push decision-making authority down the chain of command, and find other ways to check employee behavior, such as through software that can track how people spend money.

I advocate radically reshaping school districts to put real decision-making authority in the hands of principals and local school managers. I recommend a new balance between accountability for job performance and fiscal compliance.

Can you offer a real-life example of IT success?

One of the many success stories that I describe in my book is the example of the school system in Edmonton, Canada. It used to be a bloated bureaucracy rife with waste that transformed itself through a series of radical structural changes into a highly effective, lean district where children are learning and employees at all levels display great pride and creativity in their work.

Let me illustrate with the story about Edmonton's Information Technology Unit (IT). During the 1980s and most of the 1990s, Edmonton's central IT Unit was a tiny, moribund unit that hardly interacted with schools. They received their funding from the top and had a lot of cumbersome red tape designed to prevent waste, which made it hard for schools to get assistance from them.

Then, in 1998, when the government allotted a huge infusion of money for school technology, Edmonton tried something new. In Edmonton, as in most school districts, the top controls all the money – it tells schools what services they are eligible for and they control those services. Edmonton, however, decided to send the IT funds directly to its schools, bypassing the entire central bureaucracy. It allowed principals to decide whether to buy IT services from the central IT Unit or hire private sector IT contractors.

Well, the central IT Unit realized that, if it didn't act quickly to attract that money, it would die as business flowed to outside competitors. Within days, IT Unit officers were visiting schools and handing out questionnaires to find out what they needed. The Unit set up a help desk. Most important, it did away with all the superfluous anti-waste, anti-corruption rules and regulations that had stood in the way of its helping principals. And instead of losing money to waste, business started booming. So many principals clamored for central IT services that it grew from 20 technicians to 65 in just three years. Today it has contracts with virtually every school and receives glowing evaluations all around.

Government IT leaders read this blog. Can you offer these folks advice on how to make their projects more successful?

The most important thing is to give people in the field – or the people for whom the project is intended — a major role in shaping it. In government agencies, projects usually fail because central headquarters thinks it knows best what everyone else needs and wants. But the larger the agency, the more out of touch the top generally is with what people actually need and want and how they do business. So it is absolutely critical for executives to have feedback loops with people in the field.

Also important is achieving balance in oversight and controls against waste and fraud. Bad controls will wind up creating incentives for more waste, abuse, and corruption than they prevent. As I describe in my book, there are many ways using modern technology to control waste and fraud while simultaneously allowing for flexibility and creativity.

Lydia Segal is a professor of Law and Public Management at John Jay College, City University of New York. She has a J.D. from Harvard Law School and a Masters degree from Oxford University. Her most recent book, [*Battling Corruption in America's Public Schools*](#), (Harvard University Press), chronicles waste and corruption in large school systems and is the standard-bearer on the subject. Lydia is a consultant to government agencies on reducing costs and improving accountability in the public sector, and can be reached by email at lsegal@jjay.cuny.edu.

In "Battling Corruption in America's Public Schools," Lydia Segal draws on 10 years of undercover investigation and research in over five urban school districts, including the three most centralized, New York City, Los Angeles, and Chicago, and two most decentralized, Houston and Edmonton, Canada, to offer *the* guidebook to corruption, waste, and abuse in public school systems. Anyone interested in curbing waste, pushing more money into classrooms, and establishing transparent, accountable schools, should read this book.

Billions of dollars are poured into urban schools every year -- \$13.3 billion into the New York City school system; \$7 billion into Los Angeles' schools; and \$3.6 billion into Chicago's schools. Yet many wonder where the money goes as pupils sit on broken chairs in dilapidated classrooms struggling to learn without library books, working computers, and toilet paper.

Segal, an undercover school investigator turned law professor, has written the first book that shows in vivid detail how waste, fraud, and "legalized graft" embedded in the operation of school bureaucracies siphon hundreds of millions of dollars away from services for children, distort educational priorities, and block initiatives. Corroborated by 52 pages of notes and references, her descriptions of gross abuse fill readers with outrage and incite a demand for change. The need for action could not be more urgent, as school systems that score lowest on standardized tests tend to have the biggest criminal records and the most payroll padding.

The problem, Segal argues, is not usually bad people, but a bad system that focuses on process at the expense of results. School systems that accumulate layers of bureaucracy and rules become so clogged and opaque that they create the worst of two worlds: crooks can bilk the system because the top cannot see what they are up to; while those who care about children must break the rules to get their jobs done. In fact, school systems often punish those with good motivations and then allow criminals to get away.

Top-down rules intended to stop fraud and waste invite these very problems. To fix leaky toilets, principals have to pay workers under the table because submitting work orders through headquarters, with all its checks, could take years. It takes so long to pay vendors that some must pay bribes just to get paid on time. Meanwhile, administrators following rules to curb waste spend thousands of dollars hunting down checks as small as \$25.

What makes *Battling Corruption in America's Public Schools* a must-read is not only its fascinating details of systemic wrong-doing, but also its reform proposals that are based on the proven track records of school systems across North America that have reduced waste and pushed more resources into schools. Distilling what school systems like Houston and Edmonton, Canada, have done, Segal advocates new forms of oversight that do not clog up schools, and empowering principals by giving them "autonomy in exchange for performance accountability" as part of a bold, far-reaching plan to reclaim our schools.

become a rite of passage for New York City schools chancellors: Rudy Crew has become the fourth chancellor to suspend the school board in the Bronx's Community School District 9 over allegations of corruption; he also suspended the board in nearby District 7, where a former assistant principal, to take just one example, said a board member asked her to pay him \$18,000 for a principalship. Too many of the city's 32 local school boards—which each control as many as 500 jobs ranging from principals to crossing guards and budgets up to \$140 million—have become fiefdoms for patronage and corruption, where learning is at best an afterthought. (See “Who Really Runs the Schools?” *City Journal*, Winter 1995.)

But the system's efforts to combat corruption haven't been very effective. Board members don't take the threat of investigation or suspension seriously. Little wonder: District 9, for instance, has been under investigation by one agency or another almost continuously since 1974, and suspended officials have routinely returned. “Even if the chancellor rules, you can go right to the court and get a restraining order,” observed a District 27 board member when he learned that he was a target of an anti-corruption probe.

Criminal prosecution isn't much of a deterrent, either. Veterans know that even if they're guilty, punishment will be light. The same District 27 board member, who eventually pled guilty to extortion, didn't spend a day behind bars. Even more appalling, convicted board members can run for reelection after three years—even if their crimes involved their board duties.

Corruption is an ever-present danger in a system that puts politics before learning. With turnout in school board elections averaging 7 percent, it doesn't take many votes to get elected, especially for a patronage boss. One recently suspended District 12 board member was reelected with only 238 votes. The State Assembly's school reform bill proposes abolishing local school boards. It's long past time to take this sensible step.

Description

Introducing a bold, persuasive new argument into the national debate over education, Dr. William Ouchi describes a revolutionary approach to creating successful public schools.

This program has produced significant, lasting improvements in the school districts where it has already been implemented. Drawing on the results of a landmark study of 223 schools in six cities, a project that Ouchi supervised and that was funded in part by the National Science Foundation, *Making Schools Work* shows that a school's educational performance may be most directly affected by how the school is managed.

Ouchi's 2001-2002 study examined innovative school systems in Edmonton (Canada), Seattle, and Houston, and compared them with the three largest traditional school systems: New York, Los Angeles, and Chicago. Researchers discovered that the schools that consistently performed best also had the most decentralized management systems, in which autonomous principals -- not administrators in a central office -- controlled school budgets and personnel hiring policies. They were fully responsible and fully accountable for the performance of their schools. With greater freedom and flexibility to shape their educational programs, hire specialists as needed, and generally determine the direction of their school, the best principals will act as entrepreneurs, says Ouchi. Those who do poorly are placed under the supervision of successful principals, who assume responsibility for the failing schools.

An essential component of this management approach is the Weighted Student Formula, a budgetary tool whereby every student is evaluated and assessed a certain dollar value in educational services (a non-English-speaking or autistic student, or one from a low-income family, for example, would receive a higher dollar value than a middle-class student with no special needs). Families have the freedom to choose among public schools, and when schools must compete for students, good schools flourish while those that do poorly literally go out of business.

Such accountability has long worked for religious and independent schools, where parents pay a premium for educational performance. *Making Schools Work* shows how the same approach can be adapted to public schools. The book also provides guidelines for parents on how to evaluate a school and make sure their child is getting the best education possible.

Revolutionary yet practical, *Making Schools Work* shows that positive educational reform is within reach and, indeed, already happening in schools across the country.

Corruption

March 23, 1993, Virginia Noville sat with Ed Cain, a Community School Board 12 member, in his Cadillac Coupe De Ville on Houston Street and methodically counted out \$2,000. She laughed as she handed him this second installment on an \$8,000 to \$10,000 bribe—depending on what Cain would "need to work with"—to buy her the principalship at Community School 214 in his South Bronx district. "I told my friend back there I was giving you the resume for the job," she quipped.

The joke was on her. Without her knowledge, Cain was recording and videotaping their conversations for Edward Stancik, the Special Commissioner of Investigation for the New York City School District, whose office was established in 1990 in the wake of a series of scandals similar to this bribe.

A principal in Brooklyn's District 19 until she was forced to resign in 1989 for misconduct, Noville first began to think of approaching Cain during the job interview for her next post, as a consultant in District 12's Community School 214. During that interview, she thought she discerned an unspoken message, when Superintendent Alfredo Mathew Jr. (who later committed suicide while under investigation for theft, money laundering, and payoffs to politicians) dialed Cain's office and introduced her to him over the phone. "The way I read that," she reminisced to Cain, as she counted out the hundreds, "was that you...would kind of become my godfather in the district." Asked how she knew to offer him money, Noville sighed: "Look...nobody said it. But you know,...I've been around a long time, and I know a lot of board people...across the city."

That Noville's perception of the system is accurate is dismayingly clear from over a decade's worth of investigations—of which the Special Commissioner's is the most recent—that provide a riveting insider's view of how corruption distorts education in the majority of our local districts, affluent ones as well as poor ones. Kickbacks, bid rigging, theft, fraud, embezzlement, and extortion in almost every school function, from hiring to asbestos removal to leasing—all these figure prominently in the investigative record.

But worse than all this, the investigations disclose a more insidious class of corruption: the conversion of the whole community school board system in many districts into a machine for political patronage and campaigning. As District 27 board member James Sullivan put it in a secretly recorded conversation for another investigation (by the Gill Commission, established in 1988): "I'm a political leader—that's why I'm here...I make sure my people get jobs."

While offenses like bid rigging harm pupils by diverting resources away from education, the transformation of school districts into political patronage operations shortchanges children most, because it distorts so many parts of the system rather than just a single corner of it. For instance, community boards that pad schools with patronage employees siphon away precious classroom resources to swell administrative bloat. The waste can be huge: as the Gill Commission estimated, District 27 in Queens squandered over \$1 million on patronage. And it is harmful: school districts ranking lowest in math and reading scores spend least on teachers and most on administrators and bureaucrats.

Patronage debases the quality of the educational effort by making merit irrelevant to hiring and promotion. Not surprisingly, the most politicized districts rank among the lowest in citywide test scores. In this climate, instead of spending time developing creative lesson plans, teachers feel pressured to politick. Many dedicated, well-qualified educators, seeing that political work rather than schoolwork is the key to advancement, become disillusioned and demoralized, and finally leave the system.

When city schools decentralized in 1969, and 31 community school boards (now 32) took charge of 850 elementary and junior high schools, the idea was to turn control over to concerned citizens to encourage grassroots participation in educational policy. Nine-member boards, autonomous from the central Board of Education, were to control district policy, budgets ranging from \$80 million to \$125 million per district, and hundreds of district jobs, ranging from supervisors (principals and assistant principals) to non-pedagogical staff, like \$12,000- to \$15,000-a-year paraprofessionals who assist teachers in class and \$8,000-a-year school aides who monitor halls and lunchrooms.

Teachers, because they are not hired locally, are outside board patronage. But boards do control teachers' promotions and perks, ranging from lucrative overtime and summer jobs to educational conferences.

Though demands for minority jobs and control fueled decentralization, few predicted the degree to which the power it afforded would be used to convert some districts into fiefdoms ripe for plunder, where jobs are sold for cash, awarded as patronage plums to loyal campaign workers, and disbursed to friends and relatives.

Noville's mobster slang in telling Cain she hoped he would become her "godfather" opens a window on the systemic corruption that emerged. In District 12, the terms "godfather" and "godmother" denote board members who obtain jobs for people, referred to as their "pieces." Pieces always earn their positions by objectionable means—nepotism or sexual favors, for example—but the most usual way is by doing political work for board members. "The way you get elected," Cain said about board members, is "you get people jobs and stuff like that. Come election time, you ask people to look out for you."

It may sound like circular reasoning to get elected to get people jobs and then get people jobs to get elected. Why bother to step on what seems a treadmill—and for a stipend of \$125 a month? But in fact, the benefits of community school board membership can be manifold and tangible. Board members travel to educational conferences at taxpayers' expense—sometimes to conferences in Honolulu and St. Thomas. Board members can put their family members in school jobs with a two-thirds majority board vote from which they do not need to abstain. District 12 board members simply agreed to rubberstamp each other's relatives for jobs and not to interfere with their perks once hired. "You know the rule we have," District 12 board member Kenneth Drummond angrily complained to Cain, when an official questioned Mrs. Drummond's failure to get approval before taking a leave of absence. "We don't mess with family."

Legal perks can shade into illegal profiteering, such as receiving bribes and pocketing leftover campaign funds, a reportedly common but infrequently punished offense. Board members have on rare occasions taken kickbacks, too—\$50,000 from textbook publishers, in one example, or cash, meals, and a white cashmere coat from stationery suppliers, in another.

In some districts, especially where jobs are scarce, boards also bestow glamour, status, the seductive scent of power. Cain said he ran for the board for "the power and the women." Indeed, boards are sometimes used to get jobs for lovers.

Added to these reasons for seeking a board seat is one that in many cases is the most important: a community school board seat makes a fine launching pad for higher political office. Board members can mobilize their district's enormous captive school workforce for political campaigns, whether for school board re-election or for higher office. Board members can run for higher office repeatedly because, with the school machinery, it costs them so little. Many succeed.

Some board members seek election because of public-spiritedness and a concern for children, but more self-interested objectives impel many others to build patronage empires to ensure their continuance in power. The following dramatic examples from recent investigations disclose how they do so. The examples also suggest that while the individual school officials involved are of course responsible for their acts, the system itself—with its vast, unsupervised district powers, multiple incentives and opportunities for patronage, and negligible sanctions for wrongdoing—makes corruption not just possible but likely.

What's more, these examples make clear that absorption in the patronage game isn't just a superficial stain on the educational enterprise but penetrates to its heart, harming children. As one District 27 board member joked in a secretly recorded 1989 conversation, "I've never heard the word 'children' or 'education' enter into our discussions in the last few years—with anybody." In the hundreds of tapes I listened to during the Special Commissioner's 16-month District 12 investigation, I too almost never heard talk about children or education—except once, as a mask to cover up politicking, when Kenneth Drummond warned Cain how to "deal" with Robert Henry, the new acting superintendent who replaced Alfredo Mathew after his suicide: "You gotta try to keep everything up on the educational feel, okay?...Al [Mathew]...was a cutthroat, and cutthroats usually don't tell on each other...[But] Robert could be working for the CIA for all you know. That's where you gotta be very, very careful."

Schools are treasure-houses of every resource political campaigns need: office space, equipment, and staff. And board members don't have to pay a nickel for any of it. They can use school staff and community residents as campaign troops, rewarding them with jobs and perks paid for by the board. And they use the schools' office space and equipment, gratis.

When District 12 board member Lucy Cruz set her sights on the City Council for 1991, she had her pieces and aspiring pieces run most of her campaign: working at her telephone bank, selling fund-raiser tickets, chauffeuring her around, getting out the vote. As the election approached, Cruz gave several of her pieces the keys to her Bronx house so they could spend the night there when they worked too late to go home. One assistant principal spent 30 campaign nights there. Cruz won the election and rewarded him and many other supporters with school jobs.

Another assistant principal, Carmen Sonia Colon, who worked hard at Cruz's phone bank and stood on street corners with her 16-year-old daughter distributing fliers, made clear her motivation. "My chances [for advancement] would have been more by working, not only for Lucy Cruz's campaign but for any politician." Cruz rewarded Colon with an interim acting principalship, undeterred by the fact that Colon, in Cruz's opinion, was "an eyesore" with "hygiene" problems. Colon was eventually transferred and demoted to assistant principal after parent protests.

Board members bind educational officials to their campaigns by an unambiguous system of rewards and punishments. When Kenneth Drummond, who had been removed from the District 12 board in 1989 for not living in the district, was plotting his 1993 re-election campaign after establishing a phony address within district borders, he laid out precisely what aspiring assistant principal James Gelbman would have to do to earn a promotion. "All you gotta do, is do what you gotta do, and you're in... You gotta get the 100 votes," he insists to Gelbman, who was wearing a hidden recording device as part of the special commissioner's investigation.

In return, Drummond promises Gelbman his pick of positions when the new board takes over on July 1, 1993: "You just name it.... I mean, you've got to be the first person to be put on the table. And everything is up in the air: deputy, principal, superintendent, whatever you want to call them—director of programs.... Jim [Gelbman] has gotta be standing there with all the medals,... because he paid his dues." Drummond won the seat but was convicted of forging nominating petitions and removed from the board once again.

No less frank are the punishments board members use to keep school troops loyal, especially those who have already obtained promotions. Drummond explains to Gelbman: "Just like you can get up, you can come back down.... I mean, a principal be out there, minding his business, trying to do a good job. But if a superintendent—or his deputy who's in charge of principals—is not supportive of you, you know, hey, you don't get textbooks, you don't get little grants,... or you don't get your conferences, your seminars. You know all the little things that can be done to principals. Your life can be made very, very miserable." Cain confirms that educators whom board members recommend for jobs well understand this quid pro quo. "They know that down the line... they gotta get out there and do some [political] work," he says. "They gotta do something, because, if not, they gonna go down—they gonna lose their job."

Non-pedagogical jobs provide boards with easy currency to pay community residents for political work. The majority of these positions, which number over 600 in some districts, carry few educational requirements and involve no standardized test. The flexible budgets of many state- and federal-funded programs allow jobs to be invented as needed. Thus, when one District 27 board member wanted a cushy post for his campaign manager, and another wanted a job for his wife, they instructed the superintendent, who was wearing a wire, to create a \$75,000 "satellite" office from the district's budget. To finance hundreds of thousands of dollars for paraprofessional patronage jobs, they told him to use money earmarked for "reimbursable programs." For such purposes, many districts place multiple assistant principals at one school, a wasteful practice criticized most recently by Chancellor Ramon Cortines.

Schools provide access not just to individual, disconnected workers but to a vast, hierarchically organized workforce that can be easily mobilized for a broad range of campaign tasks. Board members convey their wishes to principals and assistant principals, who in turn mobilize large numbers of their subordinates and parents. And Parent-Teacher Associations provide school staff with automatic access to a very large voter base.

A textbook example of a school machine at work is board member Sheldon Plotnick's 1993 City Council campaign, recently examined by the special commissioner. When Plotnick tried to catapult himself to the City Council from his seat on Brooklyn's District 21 board, he used schools at every turn. To wrench control of the local Democratic club,

he had supervisors in the district orchestrate a massive club membership drive. At PS 100 in the Brighton Beach section of District 21, for example, Plotnick conveyed his political aspirations to Stuart Possner, the principal, who sent trusted subordinates to recruit the rest of his staff to join the club. Within a month, most had signed up. On the day of the vote, Possner's loyalists herded staff to the club en masse after school, giving Plotnick a big victory. Faculty who did not attend were punished by being deprived of valued "preparation time."

A month later, when the club was to vote to endorse candidates for City Council, a sheet reading "Are You Going?" followed by staff members' names went round the school. The previous month's punishments understood, virtually the entire staff attended the club meeting. Several school employees testified that they did not know why they were there. With staff from different district schools sitting together, some teachers simply copied each other's ballots; others consulted palm cards. The result was a resounding endorsement for Plotnick. Though he lost the election, he would not have gotten as far as he did without the school machinery.

A detailed, insider's view of how easily schools can be converted into campaign fund-raising operations is provided by a 1991 fund-raiser sponsored by Cain's faction, the "A Team," made up of Cain, Drummond (its leader), and his girlfriend. Cain (who died suddenly in October 1994) recalled to investigators how Drummond first laid bare the A Team's plans. "We have a fund-raiser," Cain recalled Drummond saying. "We should, you know, get a lot of people, and we pay our expenses and still have some money for your pockets...As soon as the party's over, count up the money and, uh, split it."

Implementing his plan was easy. The A Team enlisted its soldiers, to whom it had given jobs at various sites around the district. A worker in the district printing office printed tickets on school stationery. Supervisors sold quotas of tickets. A secretary in the district office distributed packets of tickets to them, collected money, and kept track of who bought and who sold. Others collected money at the door and kept an attendance list.

To maximize profits, the A Team seized an opportunity provided by an early retirement incentive offered to supervisors citywide in 1991. Those opting for retirement would be replaced by interim acting principals and assistant principals selected by the board pending the official hiring process. Drummond timed the fund-raiser for the period when the newly assigned interim acting supervisors would be in the middle of the official hiring process and would be especially "anxious" for board support. "They would show up and work—they wanted to get that appointment," Cain chuckled. To top off the pressure, the A Team held the fund-raiser in their honor.

The strategy worked. The interim acting supervisors sold their quotas of tickets—or bought the unsold leftovers themselves. As one struggling assistant principal who had been unable to sell more than half his quota said: "Whether I sold any or not, he [Drummond] was gonna get his money. There was no way that I could ever expect anything if I did not sell those tickets."

The living texture of the educators' demoralizing plight comes through in the resigned, secretly recorded response of District 12 principal Althea Serrant to a recent request by Cain that she sell fund-raiser tickets: "I go to this. I go to that. I couldn't afford the one they had in January, but...and I mean I try to bring my friends with me, you know. So just give me a few tickets, and I will sell my tickets."

The turnout was enormous. "You know you have to go, because you knew they took attendance—if not on paper, then in their heads," one assistant principal remarked. "They have a list of names."

When the school elections were postponed to the following year, the A Team split the entire proceeds. Though estimated to be between \$6,500 and \$10,000, the total—mostly in cash—cannot be precisely calculated. More recent investigations show that board members' use of schools to raise funds is ongoing.

Once patronage sets into a district, board members do not need to twist arms for political support. The pressure on educators to politick becomes self-generating. Everywhere they look, they see that those who campaign get ahead, regardless of merit, while those who do not, lag behind or are punished. In District 12, for instance, Ira Victor, who campaigned hard for Lucy Cruz for State Assembly in 1988, school board in 1989, and City Council in 1991, saw his career skyrocket in tandem with his political work. In the space of three years, he was promoted from interim acting assistant principal to assistant principal to interim acting principal. That Victor had little experience as an assistant principal caused Cruz no concern. On the other hand, Louis Corominas, another District 12 educator who had once worked hard for Cruz's campaigns, slacked off on her 1991 City Council campaign after becoming "disillusioned" with

her candidacy. Corominas, who had been slated to become principal at the district's most desirable school, was shunted off to a smaller school, while the best school went to Victor.

Board members take advantage of this pressure to have employees perform not only political tasks but personal errands as well. Lucy Cruz had aspiring professionals put up her chandelier, plant her flowers, do the wiring in her house, and chauffeur her around. When questioned about whether she had ever asked employees to perform these tasks, Cruz replied that her subordinates "volunteered." "They fell in love with Lucy Cruz," she explained. "It happens." One of those Cruz frequently called on for his handiness around the house was assistant principal James Gelbman. Although he always responded, he resented it. "I really didn't want to be there," he said. "I had to do the job for Lucy because Lucy wanted it done. I had no choice....What was I gonna say? 'No'?"

Gelbman reached his limit when Cruz woke him up one summer Sunday morning in 1990 to ask him to install her pool in her upstate home. "I just couldn't do it anymore....I got tired of being demeaned." Gelbman did not put up Cruz's pool and did not work on her City Council campaign the following summer, "arrogantly" believing that he would be appointed principal at his school because he had the parents' support. The job went to one of Cruz's staunchest supporters. When Gelbman later asked Cruz's ally on the board why he had not been promoted, he was curtly told, "We missed you"—from the City Council campaign.

To ensure their domination over hiring, it's crucial for board members to co-opt the district superintendent. As the educator responsible for managing the district, he can try to hold up the appointment of inadequate candidates and interfere with schemes to allocate patronage.

Hired by the board on a contract renewable at its discretion, he is vulnerable to coercion. The Gill Commission's 1989 investigation in District 27 in Queens shows just how the coercion comes to bear, thanks to the cooperation of superintendent Colman Genn. A 30-year veteran of the system and now a fellow of the Center for Educational Innovation at the Manhattan Institute, publisher of *City Journal*, Genn was outraged by the district's unabashed patronage and volunteered to tape conversations with some of its worst offenders.

His first meeting began ominously: "I'm getting chopped up," one board member growls about the way his patronage job demands were being ignored. "I come up with, you know, a big fat zero." Unless Genn is a "good boy," the board member warns, his career will be short-lived. Two other board members subjected Genn to further threats and patronage demands. "You want me to tell you something honestly, Cole?" one of them asks. "Further on down the line...a year from now, your contract is going to be up... Do you understand what the considerations become then?" Finally, the three board members, who head a six-member board coalition, promise to extend Genn's contract for one year, provided he lets them control district hiring. Genn, to help the Gill Commission, played along.

The formation of a "coalition" or "caucus" by a majority of board members is a common tactic for controlling the superintendent. A caucus convenes secretly before public meetings—in violation of open-meeting laws—to allocate patronage and decide how to vote. The board minority, which often contains the board's well-intentioned members, is excluded. With a guaranteed majority, a caucus's threats against a superintendent become credible.

Threats to a superintendent's contract are frequent and not to be taken lightly. A 1990 grand jury found that, when Brooklyn's District 32 superintendent suggested establishing nonpartisan hiring criteria for non-pedagogical personnel, his board voted not to renew his contract. What's more, a superintendent cannot count on the chancellor for job security if the board wants him out, as evidenced by Chancellor Cortines's recent failed attempts to renew the contract of a District 9 superintendent who had increased math and reading scores through extensive educational reforms in a district beleaguered by corruption and poor academic performance.

Once boards usurp their superintendents' professional independence, it becomes a simple matter to institutionalize patronage. The Brooklyn grand jury revealed that the District 32 board had established a system whereby its recommended candidates would be automatically hired as soon as vacancies arose. Applicants without board referrals were told that no jobs were available. Several years after District 32's system was exposed, District 12 adopted a more investigator-proof mechanism. Applicants without sponsors were handed a one-page preliminary application instead of the full application—"just in case," an official explained, the applicant was "an investigator." Candidates with referrals, on the other hand, were handed complete applications and got help in filling them out.

With non-pedagogical hiring, corrupt boards can drop even the pretense of merit. When Colman Genn questioned the qualifications of one board member's candidate, his concerns were bluntly dismissed: "Unqualified? 'Qualified?' Bullshit! That's my recommendation." The board's hiring standards for staff to work with children with special needs were hardly more reassuring. "If we recommend somebody," another board member told Genn regarding these sensitive positions, he should be hired so long as "they're not illiterate or deformed."

As part of this system, board members sometimes corrupt even parents. Because principals and assistant principals, unlike non-pedagogical employees, can't be hired without approval from a parent screening committee, the only hurdle to the board's ability to appoint supervisors is getting those choices through the parent screening committee. Parents have to include the preselected candidates among the top five choices they send to the superintendent.

A corrupt caucus can use various strategies to ensure that the parents do so. In a poor district such as 12, officials can easily exploit parents' poverty by buying them with jobs and other favors. Noville described how she secured the parents' allegiance at Community School 214. "I gave them all those Christmas gifts," she tells Cain. "Perfume and stuff." She also gave the PTA president, a poor single mother of three, a \$300 "loan." In return, the PTA president promised to "twist [the parents'] arms" for her.

Poverty can also invite cynical bidding wars between rival candidates for parents' affections. Such a war erupted between Carmen Sonia Colon and James Gelbman over the principalship at Community School 44. Lucy Cruz had given the job to Colon, but because she was only the "interim acting" principal, Gelbman thought he could still snatch the appointment from her. Colon offered jobs to the parents on the screening committee. Gelbman counter-offered better-paying jobs and paid one parent's phone bills. This brought them over to his side, until it turned out that one of the key parents did not qualify for the job Gelbman hoped to get her. This in turn opened the door to superintendent Alfredo Mathew, who offered the best jobs yet, clinching parent support and ultimately appointing his own candidate.

If the parent screening committee fails to pass along the preordained candidate, a corrupt superintendent can simply disband it and start over. In District 12, for instance, one school's screening committee gave Evelyn Hey, a former board member's mistress, its lowest rating—14th out of 14. After the committee repeatedly refused to heed Mathew's requests to reconsider, he disbanded it and convened a new committee of handpicked parents. This committee ranked Hey first, and the board appointed her.

Board members know they run little risk in all this: political patronage is easy to hide, and the laws proscribing it are often equivocal and easily frustrated. For instance, even though hiring on the basis of partisan affiliation, where it is irrelevant to the job, violates employees' First Amendment rights, it is difficult to prove that board members condition hiring on politics. I know of no cases brought against board members under the First Amendment. And though the City Charter prohibits board members from "requesting" subordinates for political support, the more corrupt a district, the less board members need to "request" subordinates, who already know what to do.

Although the chancellor can remove board members for corruption, nothing prevents them from running again—and they often do. Moreover, because board elections can be won with as few as 300 votes—school board election turnout is typically 7.5 percent—"rogue" board members who have built patronage empires during their tenures can easily win their seats back. All this, together with arcane and technical school board election rules, insulates corrupt board members from public accountability, making it difficult for the community to turn them out of office.

Board members are also insulated from educational accountability, since the worse a district does, the more money it gets. Perversely, federal- and state-funded programs, which condition funding on citywide test scores and poverty levels, stop funding poor districts when their scores improve. The message to corrupt boards is clear: Keep it up.

Despite the harm patronage inflicts on education, the school reform debate is giving short shrift to what investigators have found. We can no longer afford to ignore these findings.

Their clear message is that we first need to confront corruption through law-enforcement initiatives to strengthen deterrence. We need legal reform to tackle the district-wide political wheeling and dealing that current laws don't effectively cover. And, as the special commissioner's record makes clear, we need an independent watchdog to investigate.

But more important even than this, we need to de-politicize our schools thoroughly. With a few conscientious exceptions, community school boards have largely failed New York's children. They have empowered political hacks while marginalizing parents, whose involvement in their children's education matters crucially.

Breaking the cycle of corruption is immensely difficult. The comprehensive law-enforcement initiatives I have mentioned are unlikely to have substantial long-term effects unless we change the system's structural incentives. We need, above all, to devise a system that blocks opportunities for wrongdoing, while reinforcing positive achievement.

In my view, the role of the school boards in hiring should be eliminated. But emphatically we should not return to centralization, which has its own hazards. Instead, each school should be given control over its own budget and hiring. The role of the central board and district offices should be to audit and monitor schools for performance, not to run them. By making the educational performance of each individual school paramount, we will be holding individual officials responsible for quality. A voucher program, or at least system-wide public school choice, should be instituted to promote healthy competition. With such a program, failing schools will lose students and money, while good schools will be rewarded. Faced with such accountability, officials who neglect education for corruption will do so at their peril.