



Damaging Missteps and Wasted Funds Under Mayoral Control

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Management Missteps

An argument that is commonly offered in support of mayoral control of New York City public schools is that it provides greater efficiency, transparency and accountability. However, in the past seven years mayoral reforms have produced a new set of inefficiencies, damaging problems and wasted funds. Many of the Department of Education's (DOE) missteps in managing the school system stem from the several reorganizations under mayoral control and from the precipitous increase in the non-competitive contracting out of programs and services to private, outside providers. Mismanagement under mayoral control has occurred throughout the system – from admissions and enrollment, to programs such as pre-Kindergarten and special education, to assessments, to support services such as busing and custodial services. This report will review some of those missteps and examine the relationship of the mismanagement to the constant reorganization of the schools and the expanding use of non-competitive contracts. It will also demonstrate that many of the problems stemming from reorganizations and the contracting process could have been avoided or mitigated with more stakeholder input and a better vetting process.

Background – Constant Reorganizations

Under Mayor Bloomberg, the administrative structure of New York City public schools has undergone three major overhauls. The New York State legislature passed the law granting mayoral control of the schools in June, 2002. Mayor Bloomberg announced his reorganization plan for the school system on January 15, 2003. Assemblymember Steven Sanders who chaired the NYS Assembly Education Committee at that time, and the Council of Supervisors and Administrators, which is the principals' union, challenged the legal basis for some of the mayor's changes in court. On June 13, 2003, Chancellor Klein announced an agreement to resolve the legal challenges, which allowed the closing of 32 community school districts, five high school districts and three citywide districts, and the opening of ten regional offices. In addition, the mayor introduced a uniform curriculum in all but 200 schools. The Board of Education remained in law with the mayor appointing eight members (including the Chancellor, who serves as the Chair) and each borough president appointing a member. That body is now commonly referred to as the Panel on Education Policy or PEP. Thus, the substantive administrative and curricular changes to the school system were implemented by the Bloomberg administration in September, 2003.

For the 2003-2004 school year, the chancellor hired 113 local instructional superintendents (LISes) who supervised about ten schools each. However, the following year nearly 30 of the LISes stepped down, which, since the DOE had planned to hire additional LISes, left about 40 openings. Jill S. Levy, who headed the CSA at the time, stated that “the impact of this is going to be more instability in a system that has already suffered such transition and instability” (*New York Times*, July 15, 2004). By the beginning of the 2004-2005 school year there was also a great deal of turn over in the most senior positions at DOE headquarters. According to a September 6, 2004 *New York Times* article, only two of Klein's senior appointments remained in their positions. While the article did not specify the total number of departures, 16 were mentioned by name.

At the start of the 2004-2005 school year, 48 schools participated in a pilot program whereby principals were given expanded control over personnel and programs. This represented a shift from the ten centralized regional offices to a de-centralized school-based design. The DOE offered fewer centralized services but provided the schools with up to \$150,000 in additional

discretionary funding with which to buy them back from the DOE or select other DOE-approved vendors. In exchange, principals had to meet higher performance targets. The program was expanded to 331 schools the following year and the schools were dubbed “Empowerment Schools.” By 2007-2008, there were 510 Empowerment Schools, representing 35% of all schools in the system. However, on the basis of New York City’s own School Progress Reports, which set curve that year such that 83% of schools received As or Bs, only 72% of the Empowerment Schools managed to do so.

In the spring of 2007, the DOE announced its third overhaul of the administration of the school system, which is in place today. The ten regional offices are now closed and every principal is required to choose one of three types of school support organization (SSO) networks to join. Schools must pay to belong to the organizations and the costs vary. The choices include the Empowerment School Organization (ESO) as described above, at a cost of \$29,000 per year. Approximately 35% of school principals selected this option. The other two choices are the Learning Support Organizations (LSO), or the Partnership Support Organizations (PSO). There are four LSOs each organized around a theme. The cost of joining an LSO ranges from about \$33,000 to \$67,000 depending on the LSO and how well the school is performing prior to joining. For instance, failing schools wanting to join the Community Learning LSO have to pay the highest price. Approximately 54% of schools are part of the LSO. The PSOs are nonprofit groups with records of running schools in the system. Schools pay the PSOs anywhere from just over \$25,000 to just under \$147,000. Approximately 11% of schools belong to a PSO.

Even the length of the school day has been reorganized several times. When the DOE and the UFT reached a new contract agreement in 2002, the union agreed to an additional 100 in-school minutes of work each week. For the 2002-2003 school year, middle schools and high schools added 20 additional minutes per day to the school day. Elementary schools added 15 minutes to each day, and teachers attended a 50 minute training session, every other week. In June 2003, the Chancellor replaced the daily extension of the school day to a once a week 50 minute extension of Tuesdays for students in elementary and middle schools and a weekly 50 minute teacher training period in all schools. This arrangement met with a great deal of parent outcry, as having one extended day created conflicts with after-school programs and activities and child-care inconveniences. In 2004-2005, Chancellor Klein made his third change in as many years, adding 10 minutes to the school day for elementary and middle schools in lieu of the 50 minute extended Tuesdays (*New York Times*, June 17, 2004).

No-bid Contracts Increase under Mayoral Control

Although the Department of Education is controlled by the mayor and thus functions as a city agency, by law it is governed by the state and is therefore less constrained by city contract regulations. Before the June 2002 change in the school governance law, contracts over \$1 million dollars or contracts that were not competitively bid, had to be voted upon by the Board of Education. In 2001-2002, prior to mayoral control of the schools, the Board of Education awarded 38 no-bid contracts totaling \$15 million (*New York Times*, January 12, 2008). In 2002-2003, under mayoral control when the contracts no longer had to be voted upon, the number of no-bid contracts nearly doubled to 76 contracts worth \$47 million. By 2006, they reached \$121 million (*New York Daily News*, August 22, 2006). A report released on April 1, 2009 by New York City Comptroller William Thompson, revealed that currently, the DOE’s non-competitive contract cost is \$300 million. The report uncovered that 20% of the DOE’s contracts ending in fiscal years 2007 and 2008 exceeded the original contract amounts by 25% or more. The

contracts that will end in fiscal year 2009 look even worse, with 27% of them already exceeding their original contract amounts by 25% with three months in the fiscal year still to go.

The New York City Council's Education Committee held an oversight hearing on the matter of no-bid contracts in November of 2006. Committee Chair Councilmember Robert Jackson stated that there was virtually no oversight of DOE's contracting practices. Council members also expressed concerns over role of the privately supported Fund for Public Schools, which is chaired by Chancellor Klein. The Fund hires contractors and then the Department of Education awards no-bid contracts to those firms on the basis of that prior experience (this is explored further below). From January 2006-July 2008, an internal DOE board that reviews no-bid contracts approved 120 of them and denied only one for \$2.2 million. That contract was approved the following month at a higher price - \$2.8 million. In late 2007, New York State Comptroller, Thomas DiNapoli announced that it would undertake an audit of DOE no-bid contracts, which is soon to be released.

The increase in no-bid contracts has eliminated the transparency that existed when the Board of Education had to vote on no-bid contracts. This has had a negative impact on the quality and efficiency of the goods and services themselves. Contracts represent the implementation of a program or a policy and to the extent that other stakeholders have no opportunity to provide input and there is no vetting process, unintended consequences and simply bad ideas go unchecked. If no-bid contracts had to be voted upon by the Board of Education (aka PEP), as was required prior to the June 2002 change in the law, some of the most egregious problems would likely have been avoided.

Missteps in Admissions and Programs

Special Education Compliance

The ongoing changes in the administrative structure of the school system and the related reassignment of staff to various locations, has had an adverse impact on the delivery of special education services. An audit released in June of 2008 from New York State Comptroller DiNapoli's office noted that the 2003-2004 reorganization of the school system into ten regional offices had a direct negative impact on the provision of special education services due to the redeployment of staff responsible for evaluation and placement of students in special education. Yet again in 2007, when the DOE announced the closing of the ten regional offices and the redistribution of function to central administration or borough offices, there was no indication as to how special education evaluation and placement services will be delivered under this new structure.

Comptroller DiNapoli's report revealed that the number of students who do not receive the special education support services recommended for them within the time frame required by law doubled from 2003-2007. In order to comply with the Federal Court mandate, commonly referred to as "Jose P," an evaluation process must be complete within 30 school days after the request for evaluation was made. However, during the 2006-2007 school year, a monthly average of 4,549 students remained in the evaluation process for more than 30 school days and more than 2,400 remained in that process for more than 60 school days. The number of students in the evaluation process for more than 30 school days nearly doubled after the 2003-2004 reorganization year. At a February 12, 2009 NYS Assembly hearing on school governance that focused on special education, representatives from the DOE testified that compliance had

improved under mayoral control. Upon questioning, it was revealed that these gains were made using a lower standard than the 30 day and 60 day standards described above.

Contracting services to private, outside providers has added to the problems in the provision and management of special education programs in New York City schools. In 2003, the DOE awarded a \$12.5 million special education contract to “All Kinds of Minds,” which does not recognize Asperbergers or dyslexia— two relatively common disorders that are often not diagnosed until children begin school. This contract was inexplicably kept secret and only came to light when All Kinds of Minds opened offices in Manhattan (*New York Times*, May 5, 2004). Even though All Kinds of Minds was supposed to train 20,000 teachers in recognizing why a student wasn’t progressing, only 3,000 were trained when the contract expired. In 2009, All Kinds of Minds won a second contract for \$218,000 (*New York Post*, August 10, 2008).

The DOE announced in March 2009 a new \$55 million contract for a special education case management system to track approximately 190,000 students with disabilities. The DOE estimates that an additional \$23 million will be spent on related costs such as training and equipment (*New York Times*, January 14, 2009). According to PEP Member Patrick Sullivan who testified at the February 6, 2009 NYS Assembly Education Committee hearing on school governance, neither the Panel on Education Policy nor the Citywide Council of Special Education was privy to the contract prior to the \$55 million expenditure. “Like me, John Englert, the president of CCSE, read about it in the press. The Chancellor explained to me the PEP had been functioning this way for seven years. He didn't see any need to change.”

Data Contract and Pre-Kindergarten Admissions

In 2007-2008 the pre-Kindergarten admissions policy also went awry following a re-organization that included privatizing some of the administration of the admissions. Prior to mayoral control and up until 2007-2008, pre-Kindergarten admissions were controlled by each local school. Families could also apply to lottery and magnet schools and at the end of the process might have a few schools from which to choose. The DOE centralized the admissions process in the 2007-2008 school year and parents were required to submit a single application to a data processing center in Willow Brook, Pennsylvania, which was awarded a no-bid contract to enter the data. Of the 20,000 children who applied, 15% did not get a pre-Kindergarten placement, even though there were 23,000 available seats (<http://nycpublicschoolparents.com>, June 8, 2008).

According to a May 29, 2008 *New York Times* report, the DOE had to review 9,000 applications in an attempt to correct errors. Families with an older child in an elementary school were told that sibling applications would be given priority; however, approximately 200 siblings were denied such spots (*New York Daily News*, June 9, 2008). Students residing in the school’s zone were supposed to have preference over out of zone students but at some schools, such as PS 10, in Brooklyn, it seemed to work the other way around. Many were told that there were no available seats in a particular school but when given the application for the second round of pre-Kindergarten enrollment, found those very same schools on the list. As of July 2008, many families still did not know whether their pre-Kindergarten child would have a seat in the fall.

Many families who were pleased with their child’s pre-Kindergarten placement at lottery schools, such as the Shuang Wen school – a Chinese dual-language school in lower Manhattan - were shocked to find that they were going to have enter a new application for Kindergarten (*New York Times*, January 23, 2009).

Gifted and Talented Program

The administration of admissions to Gifted and Talented programs is another example of contracting out services with poor results. Prior to mayoral control, gifted programs were run by their respective local community school districts and students were tested at district offices that had various admissions policies in tune with schools in their respective districts. Students could also enter gifted programs by teacher recommendations once they were in a school.

In his 2005 State of the City address, Mayor Bloomberg announced that he wanted to maintain the gifted programs where they were currently offered and expand them into historically underserved communities. In 2006, Harcourt Brace announced that it was contracting with the DOE to “provide testing materials and services for administering assessments to student in pre-Kindergarten through second grade to identify students for entry into the city’s Gifted and Talented programs.” By 2007, the Harcourt Brace assessments were given throughout the New York City school system; however, the cut off scores still varied from district to district. The administration of testing was problematic. Some parents were given only three days notice that their child would be tested, and other reports surfaced that religious observance was not respected in scheduling tests (*New York Times*, January 10, 2007). Anna Commitante, the official in charge of citywide gifted programs for the DOE was not able to identify how many children had applied to take the exam. This confusion stemmed from dividing the admissions responsibilities between the central DOE office and the regional offices in handling the applications.

In 2008, Chancellor Klein set a single cut-off score for inclusion in the gifted programs. Incoming Kindergartners and first graders who scored in the top 5% nationwide on the Harcourt tests would be admitted to gifted programs and the number of gifted classes would depend on the numbers of students who tested in accordingly. On April 10, 2008 the Chancellor convened an emergency meeting of the PEP to change the cut-off to the top 10% nationwide because not enough students had tested in. Even this step did not solve the problem.

On October 29, 2008 the *New York Times* reported that the number of students entering gifted programs had dropped by half from the previous year. The number of students offered a seat in the gifted program was 1,305, down from 2,678 the year before. This was in spite of the fact that nearly 10,000 more students had applied, due surely in part to the \$5 million the city spent publicizing the program in underserved areas. Despite the outreach, not only was the number of acceptances down but also the percentage dropped from 43% to just under 8%. Chancellor Klein’s reaction to this outcome was that he was satisfied that all of the children in the program had cleared the same hurdle.

The new policy, intended to equalize access to gifted programs, failed to increase diversity. In poor districts, such as Washington Height’s District 6, there had been 80 students enrolled in gifted programs; however, based on the 90th percentile cut off on the Harcourt assessment, only 50 seats were offered in 2008. On the other hand, in the more affluent District 2 in Manhattan, 371 seats opened up where there had been 174 students enrolled in gifted programs the year prior. Overall, the number of white students offered seats in gifted programs increased and the percentages of Black and Hispanic students fell rather dramatically.

	White	Black	Hispanic	Asian
(1 st graders)				
Percentage in the School System	17	27	41	15
Percentage in G & T old policy	33	31	15	20
Percentage in G & T new policy	48	13	9	28

Thus, the mayor failed to meet his stated goal of expanding gifted programs in underserved communities through missteps related to the contracting out of services.

Because of the delays caused by the mis-management of gifted and talented admissions during the 2007-2008 school year, the DOE decided to hire a fleet of courier vans to hand deliver to parents notifications of their child’s placement over a weekend in mid-June at a cost of \$5 million. Parents then had until the following Friday to decide whether to accept the offers (*The Sun*, June 16, 2008).

Assessments and Education Services

Testing students for programs and to assess academic progress is a huge contract industry in the DOE. According to Public Eyes on Public Schools, approximately one-quarter of DOE’s no-bid contracts were for testing or test preparation in 2007 (www.nycpubliceyes.org). Part of the second reorganization of the schools, which involved the creation of the Empowerment Schools, entailed the purchase of additional assessments to be administered throughout the year. Schools are now required to have Inquiry Teams charged with reviewing a steady stream of testing and assessment. The contracts involved include Princeton Review’s no-bid contract for \$5.4 million to produce additional assessments, which included several questions that were written incorrectly or had no correct answer. Princeton Review is one of DOE’s largest contractors, having received approximately \$21 million in no-bid contracts from 2003 to 2007.

In 2007, McGraw-Hill was given a five-year DOE contract to provide multiple practice tests annually to all NYC public school children grades 3 - 12. These assessments, known as Acuity, had to be administered every six weeks in order to track student progress. In October of 2008, the UFT passed a resolution calling on the DOE to eliminate the \$80 million McGraw-Hill no-bid assessment contract. Furthermore, according to a September 17, 2009 *Education Week* article, “formative assessments,” which is how McGraw-Hill markets Acuity are of debatable value. Even the vice president of Educational Testing Services, which markets “formative assessments” stated, “I’m not sure if it’s good or bad – it’s just what the market is looking for.”

In an effort to keep track of student progress as measured by these many new testing and assessment instruments, the DOE awarded another \$80 million no-bid contract to IBM to develop a “business database system” to track and analyze student and school performance called The Achievement Reporting and Innovation System (ARIS). On February 27, 2008, the *New York Post* reported that six months after ARIS was installed, teachers still had not been trained. Some principals who had been trained said that the system was slow and the reports that eventually were generated were incomplete. According to an Information Week report posted on May 6, 2007 parents were supposed to have access to ARIS reports by fall of 2008 but to date, that still has not occurred. In late November 2008, New Visions for Public Schools, a school support organization, sent a newsletter to the 75 schools it partnered with warning the schools not to trust ARIS data. The newsletter noted:

- “Currently data in ARIS is not accurate – the problem is currently under investigation by DOE

- No students have an IEP status listed
- Some students are incorrectly listed as LEP, who actually have IEPs
- We have some preliminary reports of credit inaccuracies, but the DOE has yet to comment
- Please do not rely on the accuracy of the data in ARIS until all errors have been identified and corrected.”

Even if the ARIS system had worked quickly and well, many teachers felt that the data was unnecessary. To find out how students did in other classes, some felt they could simply ask the other teachers. UFT President, Randi Weingarten noted that \$80 million could pay for substantial class size reduction and lots of supplies (*New York Daily News*, 3/2007).

The main annual assessments that are mandated for grades 3-8 by federal and state law include tests in English Language Arts and mathematics. Any school that does not meet annual test score targets for each accountability group (which is a group of thirty or more children who are African-American, Hispanic, White, American Indian/Pacific Islander, English Language Learner, Economically Disadvantaged, or in Special Education) and that receives Federal Title I funding must provide Supplementary Education Services (SES). These services are often provided by individual tutors. The DOE contracts with many SES providers and pays for and oversees those companies. In March of 2009, the *New York Daily News* reported on a two-year \$21 million dollar contract with Champion Learning Center, which charged the DOE \$79 per hour to privately tutor individual students for up to four hours per week. Most of that hourly charge paid for overhead – the tutors themselves were paid only \$15-17 per hour. One college student hired by Champion revealed that they received very little training and were told to follow the instructions in the test prep book. DOE’s original contract with Champion was for \$9.6 million for over two years but the company received \$21 million before the end of the second year. The DOE stated that this was due to student attendance being higher than anticipated. Had the Champion contract been vetted by the PEP, it is hard to imagine the approval of a contract with such high overcharge costs.

Missteps in Service Delivery

Mismanagement related to reorganization of the schools and the DOE’s efforts to privatize goods and services in the New York City public schools also affects many of the support services necessary to the operation of the schools.

Custodial Contracts

Soon after Mayor Bloomberg was granted control over the New York City public schools and hired Joel Klein, there was an effort to privatize custodial services. Robert Troeller, President of The International Union of Operating Engineers, Local 891, represents 950 public school custodians. According to Mr. Troeller’s testimony submitted at a March 20, 2009 NYS Assembly Education Committee hearing, his union raised concerns that culminated in a New York City Council resolution calling for an end to the outsourcing of custodial services. The resolution was based, in part, on the New York City Charter requirement that agencies must conduct cost-benefit analysis prior to privatizing city services. The mayor’s own Management Reports (MMRs) demonstrated that private custodians cost more than civil service custodian engineers and that New York City public schools that had privatized custodial services spent much more than schools serviced by civil service custodians.

In 2004, a \$60 million no-bid contract for custodial services was awarded by the DOE. Neither the New York City Comptroller nor the New York State Comptroller claimed to have the

authority over the contract so, Local 891 took the DOE to court. The State Supreme Court declared that contract and the process by which it was awarded to be illegal. Still, the DOE allows SDI, a custodial supplies and equipment company, to maintain a monopoly contract. The Local 891 contract sensibly requires that purchases be made through pre-approved DOE vendors. However, the DOE does not accept competitive bids on custodial products or the option to make purchases through multiple vendors.

In the Beginning there was Snapple

Contracting was a problem in the very early days of mayoral control of the schools. Remember the Snapple contract? In July 2003, the Bloomberg Administration created the New York City Marketing Development Corporation (NYC Marketing), a local development corporation, run by the city's first Chief Marketing Officer. Its mission was to centralize the city's marketing assets, rights and authority in order to generate new revenues and resources. Mayor Bloomberg announced that the Snapple Beverage Group was the city's first official corporate marketing partner under the city's plan and entered into a five-year vending and marketing agreement with Snapple. Snapple became the exclusive vending machine provider of water and fruit juices in the city's 1,200 schools.

Prior to the Snapple deal schools contracted directly with vendors and were paid \$1000-\$4000 per month in commissions. The contract was intended to raise \$166 million for the city, \$40 million of which was to be directed to the schools but, that would have meant \$740 for each school even if the Ccty had met the goals. Following the Snapple deal, K & D Vending in Brooklyn, which prior to the Snapple deal provided beverages directly to the schools, reported a 90% decrease in sales and had to lay off 9 workers and Champion Vending also in Brooklyn reported a 65% decrease in sales and laid off 7 out of 16 employees due to the sole-source vending contract provided to Snapple, which is located in Rye, NY. Therefore, both the schools and local businesses lost money on the DOE's Snapple's contract. Had this contract gone before the PEP for a vote, perhaps this loss of funds would have been anticipated.

By March 2006, the Bloomberg administration acknowledged that Snapple contract had "fallen short" of goals. However, it wasn't until January of 2009 that the city announced that the Snapple deal would end "early" due to slow sales. The contract only produced 26% of its anticipated revenue. Perhaps this is just as well given that this year the mayor did an about-face and banned sugary drinks in the schools (*New York Post*, 4/14/09).

Alvarez Marshall Contract and Busing Changes

The main focus of a 2006 City Council hearing was the \$15.8 million no-bid contract to Alvarez and Marshall (A&M) to re-do school finances with a goal of saving \$200 million. A&M is a corporate consulting firm that specializes in bankrupt companies. At the hearing, Kathleen Grimm, Deputy Chancellor for Finance, reported a \$58 million savings at the time of that hearing. The problems with this particular contract received a good deal of press and notoriety due to the mid-year changes in bus routes that the consultants advised.

The busing changes that A&M made in New York City, just a few months into its contract with the DOE, generated scores of stories of children who were left in the cold, siblings who were assigned to get on different busses, at different locations, at different times to go to the same school, and children who had been riding a bus to school for years being told that they were no longer eligible. There were reports of buses making stops where there were no children waiting

and driving entire routes with empty buses, as well as bus drivers getting to assigned stops where 20 kids were waiting only to be told that nine were allowed to get on. DOE officials have repeatedly admitted that following the advice of their multi-million-dollar consultant was a mistake, but it is one that could have been avoided had the DOE been compelled to accept the advise and consent of the PEP in awarding the contract.

New York City Public Advocate Betsy Gottbaum was concerned enough by the A&M contract that her office issued a detailed flyer to provide “information about A&M’s role in our schools, information the DOE has failed to effectively communicate.” The contract gave A&M authority to cut the budgets in 11 different areas including special education, youth development and, ironically, contracts and purchasing, even though A&M had only one school system on its resume – St. Louis. Three years after A&M left St. Louis, the school system remained financially unstable and was having a difficult time repaying the \$30 million dollars that A&M borrowed from the city’s desegregation fund to cover operating expenses. In the first year of A&M’s St. Louis contract, all custodial services were privatized, over 20 schools were closed, the central warehouse was shut down and more than 100 bus routes were cut.

There have been several additional problems with the DOE’s administration of transportation services. On September 16, 2007, the *New York Daily News* reported that the DOE hid 225 complaints from their provision of information that the newspaper had requested through the Freedom of Information Law (FOIL). Many of these complaints were very serious, including complaints of abuse and neglect. In February, 2009 a seven year old was left sleeping on a bus prompting Public Advocate Betsy Gottbaum to call on the DOE to take several steps including retraining drivers and instituting an accountability system that would track safety statistics for bus companies, drivers and routes. This has not been undertaken and in April 2009, buses made the news again when a five-year old was left alone at her stop.

On February 27, 2009, the US Department of Justice announced that a then current DOE employee was found guilty of extortion and bribery charges related to bus contracts. Milton Smith was an inspector in the DOE Office of Pupil Transportation, responsible for setting bus routes, and overseeing the process by which private bus companies bid for and obtain routes. He was the seventh current or former DOE supervisor to plead or to be found guilty in this investigation of corruption in the office of pupil transportation.

Governance Structure

As noted above, when the mayor unveiled his plan to collapse the 32 community school districts into 10 regional offices, the plan was challenged in a lawsuit. As part of an agreement announced in June, 2003 by Chancellor Joel Klein, each community school district would have a Community Education Council (CEC) to replace the local Community School Boards. School Board members were elected by all eligible New York City voters, whereas CEC representatives are elected by three parent association/parent-teacher association executive board members - the president, the treasurer and the secretary - from each school in each district. There are 32 CECs in New York City that oversee elementary and middle schools in their respective districts. There are also two Citywide Education Councils: one for New York City high schools and one for special education. Each CEC has 12 members, the parent association leadership elects nine, the borough presidents appoint two members to each CEC in the respective borough, and the corresponding community superintendent appoints a student representative to each CEC. On the CEC for special education, the New York City Public Advocate appoints two members.

The first election was held in 2004, with members to serve a one-year term. However that first election failed to fill all seats. Also, 37 of those elected did not serve either because they were deemed ineligible or withdrew. The Department of Education contracted with KPMG LLP for \$1,422,846 to run this CEC election. (KPMG contributes to the Fund for Public Schools.) A May 13, 2004 DOE press release announced that 50% of eligible voters participated in CEC elections. However, since eligible voters included the three PA/PTA representatives from each school, and not every school was eligible to vote as they did not have an active Parent Association this percentage represented only a small number of votes.

Participation got worse the following year. Fewer parent leaders eligible to vote did so in 22 of the 32 districts. In District 1 in Lower Manhattan, voter participation fell from 87 percent to 38 percent; in District 31 in Staten Island, it fell from 87 percent to 66 percent. These lower participation rates do not include schools that were ineligible to vote due to a lack of a functioning parent association. In some cases CEC members were elected with only one vote.

In 2007, 200 seats became available on CECs throughout the city. The DOE spent \$1.3 million on the 2007 election. Many CEC members whose terms expired were frustrated by their experience and did not apply to run again. One member stated, "If any of us reapply, it will be because no one else did." The DOE prolonged the deadline by which candidates could apply in order to give interested parents time to get to know the newly hired chief family engagement officers Martine Guerrier. Still, the President of CEC 6 recommended that parent associations boycott the election. In all, the 2007 elections garnered a total of 3,400 votes. The result was that there were still many vacant seats on the CECs. For instance, CEC 13 had only two members serving in 2008-09; CEC 28 had only six.

For the 2009 election, the DOE has trumpeted their contract with Grass Roots Initiative for \$500,000 – a 60 percent savings over the last CEC election. However, the number of candidates for open seats is lower than ever; down 36% from the 2007 election. Many of the seats will be uncontested given that there are fewer candidates than open seats. The DOE tried something new this year – letting all parents participate in the election. This is not to say that all parents will vote rather, they will participate by casting an advisory or straw "vote" that will not count to elect the CEC members and must be cast on-line at a home computer or at a local library. The original deadline by which parents had to cast their straw votes was April 22, 2009 however, since only about 10,000 votes had been cast; the date was extended to May 1, 2009. The votes that will actually elect the CEC representatives will still be cast by the parent leaders from the PA/PTA. The low number of CEC candidates and the lack of parental participation demonstrates the public's awareness that the DOE does not invite or accept stakeholder input on administrative and policy decisions.

The Fund for Public Schools

The Fund for Public Schools (The Fund) is a non-profit organization, founded in 1982, to accept donations benefiting New York City public schools. In 2002, Mayor Bloomberg made public-private partnerships an important part of his reform agenda hiring Caroline Kennedy to be the Director of Strategic Partnerships in the DOE. The Fund is so integral to the office of Strategic Partnerships that when you click on the link to the Office of Strategic Partnerships on the DOE website, it brings you to the homepage of The Fund for Public Schools. Chancellor Klein is the Chairman of The Fund; Caroline Kennedy is the Vice Chair (as per website April, 2009). Many

of the mayor's reforms have relied heavily on the private donations collected by The Fund. In 2007, The Fund paid \$1 million for radio and television ads praising the mayor's reforms. In 2008, it expanded the ads with a \$270,000 for a subway campaign "Keep It Going NYC." In 2009 additional Spanish language signs made their subway debut and ads also began to appear at bus-stops and on yellow cabs (*GothamSchools*, April 20, 2009).

Under Chairman Klein, The Fund for Public Schools raised \$80 million dollars to start the Leadership Academy in 2003 to train principals. The Leadership Academy was also chaired by Chancellor Klein from its inception until about one month prior to the DOE awarding it a \$50 million dollar contract to train principals. However, the Leadership Academy has produced mixed results. Nearly 30% of Leadership Academy trainees do not graduate from the program. After the first year, 90 principals entered the program, 77 graduated and 60 became principals. After the second year, 91 entered the program, 70 graduated and only 53 became principals. (*GothamSchools*, April 2, 2009). The results of principals who do get placed have also been mixed. At the end of the 2006-2007 school year, about half of the schools with Leadership Academy principals received a C, D, or F on their DOE school progress reports and about one fourth of all failing schools had principals who went to the Leadership Academy (*New York Post*, Fall 2007).

Another Leadership Academy effort was to attract experienced principals from other cities to move to New York to head schools. The Academy had to return a \$4.2 million dollar grant when they were only able to attract twelve applicants.

A New Approach to School Governance

Prompted by the Snapple no-bid contract debacle, Assemblymember Jim Brennan sponsored legislation in 2004, that would change the education department's procurement policy. The bill would have obligated the agency to register its contracts, and to put no-bid deals before the Panel on Educational Policy.

"There would be the opportunity for sunshine, advance notice, and debate, as well as the necessity for justifying what they are doing out there," said Brennan at the time to *The Village Voice*. The legislation has been reintroduced in all subsequent years.

In May 2009, this bill was folded into a newly introduced bill addressing shortcomings in the current school governance law. In addition to addressing the DOE's run-away contracts, this bill proposes to establish a nominating committee to put forward names from which the mayor would make his appointments to the PEP. The mayor would continue to have the majority of PEP appointments, but each member would serve a term, rather than at the pleasure of the mayor. That way, the mayor's control would not be eradicated; presumably the mayor would appoint like-minded representatives, but, the PEP members would be able to express concern over questionable policies and contacts without being removed for differing from the mayor.

Had the contracts legislation passed previously, the City of New York might have been spared several other no-bid DOE contracts that have gone wrong. This report clearly demonstrates that legislation requiring a better vetting process for contracts as well as additional input to and oversight of major administrative restructurings and policy changes is warranted to avoid some of the inefficiencies, damaging problems and wasted funds that have occurred in the New York City public school system since the 2002 school governance law was passed.