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Michael Knox

Beran:
Brexit and
All That

Patrick J.
Garrity:
Henry
Kissinger

Linda
Bridges:
The Comma
Queen

Cheryl
Miller:
Jonathan
Franzen

Joseph
Epstein:
Isaiah
Berlin



Richard
Samuelson:
Hamilton
on
Broadway

David P.
Goldman:
Flailing
Abroad

Mark
Bauerlein:
Queer
Theory

Douglas
Kries:
Augustine's
Confessions

Richard
Talbert &
Timothy W.
Caspar:
SPQR



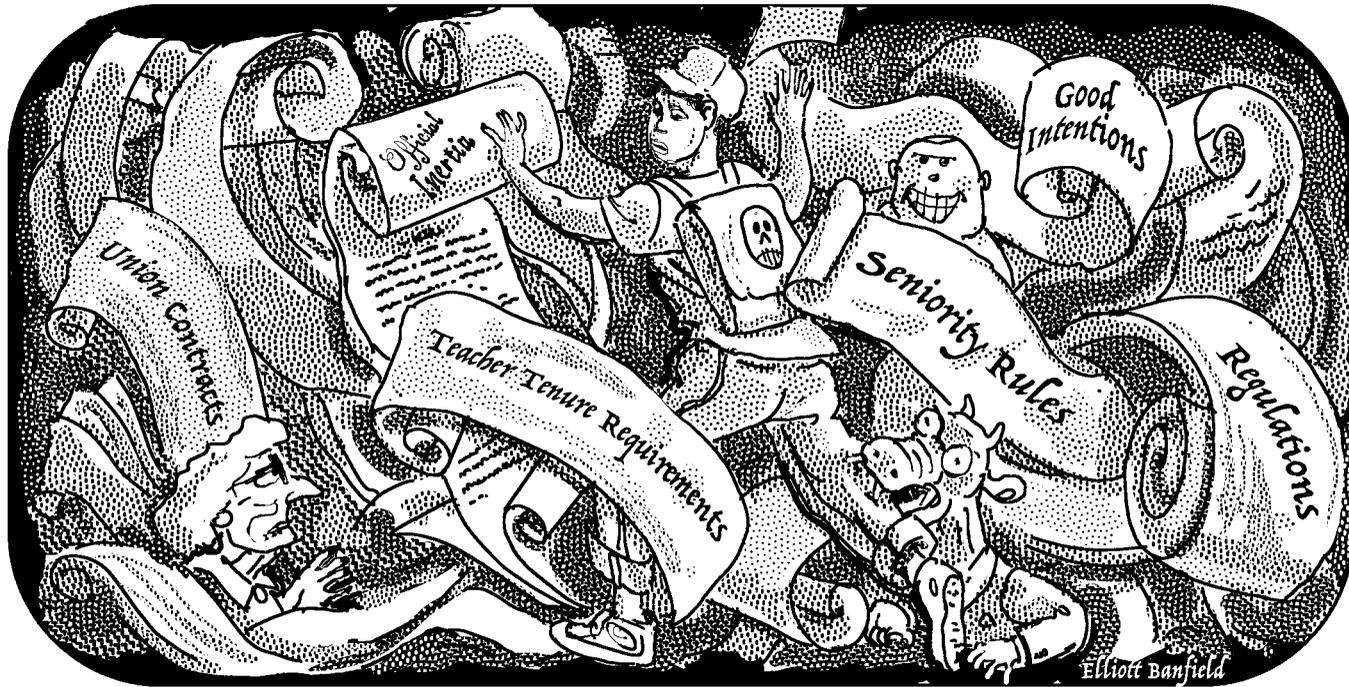
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CASH FOR FLUNKERS

The Prize: Who's in Charge of America's Schools?, by Dale Russakoff.
Houghton Mifflin Harcourt, 256 pages, \$27 (cloth), \$15.95 (paper)



OPRAH COULD HARDLY CONTAIN herself. “100 million dollars!” she gasped. “100 million dollars! Yo, yo, yo, yooo!” Her studio audience whooped with delight.

Winfrey was responding to a five-year challenge grant, announced on her show in October 2010 by Facebook billionaire Mark Zuckerberg. The money would be devoted to rescuing the Newark, New Jersey, school system, one of the country’s most dysfunctional. His grant, plus others raised by the district, would bring \$200 million to Newark’s children. Zuckerberg was convinced, with good reason, that fixing such a broken system required attracting the best teachers. That meant money, and he was willing to help foot the bill.

Joining him on stage for the announcement were Newark’s superstar Democratic mayor, Cory Booker, and New Jersey’s tough-talking Republican governor, Chris Christie. Both pledged to set aside partisan differences for the good of the children. Booker was achieving fame for rescuing constituents from burning buildings and quickly tweeting about it, while Christie had bolstered his reputation by confronting New Jersey’s teachers’ union. It was Booker, the plan’s architect and chief

salesman, who had persuaded Zuckerberg to put his money on the table. He told Oprah that together they were offering a “bold, new paradigm for educational excellence,” which would give students “the resources they need to succeed.” Surely such generosity and bipartisanship would transform Newark’s schools.

But Zuckerberg’s was not the first attempt to transform a failing school district with truckloads of dollars. Indeed, \$200 million looked modest compared to past rescue operations. In the 1980s and ’90s a federal judge showered the Kansas City, Missouri, district with ten times that amount after ordering tax increases. (See “The Two Billion Dollar Judge,” Spring 2009 *CRB*.) The result: lower educational performance and embittered parents and taxpayers.

Another beneficiary of judicially mandated largesse was...Newark, New Jersey. A state court mandate had brought tens of millions of dollars in additional state funding to the district every year since 1985. The ruling’s annual value reached \$42 million in 2012. By the time of Zuckerberg, Booker, Christie, and Winfrey’s dramatic announcement, Newark was spending nearly \$23,000 on each pupil in its public schools, a number that’s risen to nearly \$25,000 today, one of the highest av-

erages in the country. Its schools have consistently failed the city’s students throughout the rise in spending.

THUS, IT SHOULD BE NO SURPRISE THAT Zuckerberg’s philanthropy proved futile. The sad tale is the subject of Dale Russakoff’s *The Prize: Who’s in Charge of America’s Schools?*, a thorough, thoroughly depressing account of why a school system is so hard to reform. Previously a reporter for the *Washington Post*, Russakoff could smell a good story. Shortly after watching Zuckerberg make his announcement, she embedded herself in Newark to watch the plan unfold.

But what *was* the plan? In Russakoff’s telling, it is surprisingly hard to describe. It would be more accurate to say there was a hope: that Booker and Christie could use the resources as leverage to achieve meaningful reforms. The school district, a cauldron of mismanagement and corruption, had been placed under state control in 1995, giving the governor authority to handpick a superintendent. Governors before Christie, however, had taken the path of least resistance to the powerful teachers’ union, the New Jersey Education Association, making minor changes and negligible improvements.



To his credit, Booker saw an opportunity to use state control both to attract money and to change district policy. (As mayor, he had no power over the schools.) In 2009 he persuaded the newly elected Christie to appoint Cami Anderson, a veteran of New York City's charter school battles, as superintendent. Backed by the governor and mayor, she was supposed to use Zuckerberg's money to attack Newark's sclerotic bureaucracy, dramatically increase educational choice, and force or bribe the teachers' union to accept accountability measures. Principals would be given greater authority to control staffing and, in exchange, would be held responsible for student performance.

BUT AN IDEALISTIC SUPERINTENDENT and Zuckerberg's millions proved no match for the district's inertia. Indeed, the "prize" of Russakoff's title refers not to Zuckerberg's gift, but to the district's cash flow: "Over the years in Newark," she reports, "numerous politicians had actually taken to calling the district budget 'the prize.'" The money "gushed and oozed in myriad directions," allowing the district to serve both as "a patronage mill and an educational institution, controlled by whatever political machine happened to be in office." Its 7,000 jobs made the district the largest employer in the devastated city, which had never recovered from its 1967 race riot.

Like many urban school districts, Newark's is absurdly overstaffed, with twice as many administrators per student as the state average. Clerks, for instance, constitute 30% of the central bureaucracy, "four times the ratio in comparable cities." Russakoff reports that "even some clerks had clerks." Despite or perhaps because of these legions of civil servants, "payroll checks and student data were habitually late and inaccurate," while "[t]est and attendance data had not been entered for months." When it was submitted, the information was often inaccurate.

But the central administration wasn't the only culprit. The schools were wasting money, leaving high school football stadium lights on for no discernible reason at an annual cost for one school of \$300,000. And the teachers' union was getting its cut. Joseph Del Grosso, longtime president of the Newark Teachers Union, had "won his members handsome raises, sizable pay 'bumps' for longevity, and enough paid sick and personal time to cover almost one in ten school days."

This bloat meant that half of school spending, at best, actually made its way to the students. When it did reach the classroom, the money made so little difference that school enrollment was counterproductive. One 1995 report found that "the longer children remain in the Newark public schools, the less likely they are to succeed academically."

Zuckerberg's gift did not change those outcomes. State tests in 2015 showed that student "proficiency had declined in both literacy and math in every tested grade on the state standardized test since 2011." Students seemed all too aware that they were an afterthought. One told a teacher, "I get frustrated when I don't understand what's going on.... If I get thrown out of class, nobody finds out I can't read."

Because Zuckerberg's effort was widely seen as a test case for the school reform movement, *The Prize* has been hailed by the movement's opponents. A *New York Times* reviewer reported that the book "serves as a kind of corrective to the dominant narrative of school reformers across the country." The lesson, apparently, was that school choice and accountability measures simply do not work.

BUT THE EVIDENCE FROM NEWARK shows that education reform was barely tried, not tried and found wanting. While Russakoff withholds her own opinion, evidence on what would have worked is there for those who read carefully. Predictably, you have to follow the money.

For a gift meant to promote greater choice and innovation, it is strange that almost half the \$200 million went to the teachers' union. Zuckerberg wanted \$50 million to underwrite a new union contract that would abolish seniority and institute merit pay. But as a condition of even negotiating, union president Joseph Del Grosso demanded \$31 million in "back pay" for two years that the teachers worked without a contract. That money ended up coming out of the \$200 million.

In the end, the contract had some modest merit-pay incentives, but lacked the key thing necessary to be transformative—the power to fire bad teachers. Tenure requirements and seniority rules were protected under state law, so the contract had to leave them in place. That forced school superintendent Anderson to seek a \$20 million slush fund to bribe bad teachers to quit.

The winner in the bargain was obvious. Del Grosso explained that he was more than

willing to accept some mild reforms: "We had an opportunity to get Zuckerberg's money.... Otherwise it would go to the charter schools," that is, to schools operated entrepreneurially rather than bureaucratically, freed from employment regulations hamstringing regular public schools. "I decided I shouldn't feed and clothe the enemy." Del Grosso also strongly implied that once the contract expired the merit pay reforms would be negotiated away in the next contract unless there were "another Zuckerberg."

IN THE END, ONLY \$60 MILLION ENDED UP going to charter schools. In Newark, these schools were required to have an open admissions policy, then admit students by lottery when there was a waiting list. Parents were so desperate to escape regular district schools that some charters had thousands of students on these lists.

And for good reason. A 2012 Stanford study found that students in Newark's charter schools gained "an extra seven and a half months of reading skills and nine months in math" compared to their district peers. With the help of Zuckerberg's money, charter school enrollment increased from 5,441 in 2010 to 12,700 in 2015. Charter schools also helped spur some improvements in traditional public schools. Russakoff notes that the good teachers in the public schools, who come off as selflessly heroic, "took it upon themselves to glean many lessons from the city's best charter schools, and found charter school leaders eager to help."

Newark, then, indicates that reform can make a difference in children's lives. But if Zuckerberg's millions could not catalyze comprehensive reform, what can? The only school district where system-wide reform has been tried is New Orleans. After Hurricane Katrina, the city abandoned its failed system and made nearly every public school a charter school. (Only 9% of New Orleans public school students remain in non-charter schools.) The results have been impressive, even "spectacular," as one liberal commentator, Jonathan Chait, reported. But to sweep aside the entrenched interests that blocked reform in New Orleans required not an act of charity, but an act of God.

Joshua Dunn is professor of political science at the University of Colorado, Colorado Springs, where he directs the Center for the Study of Government and the Individual.

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