

How to Waste \$200 Million

Jason Bedrick

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Today, the Library of Law and Liberty is carrying my review of Dale Russakoff's book, *The Prize: Who's in Charge of America's Schools?*, which explored the impact of Mark Zuckerberg's \$100 million gift to Newark's district school system. Years later, it had little to show for it. At times *The Prize* reads like a comedy of errors, but given what was at stake, it was really a tragedy. But it didn't have to be.

Zuckerberg's gift was matched by other philanthropists and foundations, but even \$200 million wasn't enough to bring the "transformational" changes that reformers desired. The bureaucracy was just too good at impeding reform and sucking up resources:

The new labor agreement was also pricier than initially anticipated: it consumed nearly half of the \$200 million of the philanthropic package. The teachers' contract itself cost \$50 million, including \$31 million in back pay to cover the raises that teachers hadn't received over the previous two years.

The union boss, Joe Del Grosso, made the back pay a condition for even holding the negotiations. "We had an opportunity to get Zuckerberg's money," Del Grosso later explained, "Otherwise, it would go to the charter schools. I decided I shouldn't feed and clothe the enemy." The contract also included merit bonuses and financial incentives for teachers to switch to a universal pay scale.

On top of that, [Newark Superintendent Cami] Anderson asked for \$20 million in "buyout" funds to incentivize low-performing teachers, principals, and support staff to leave; \$8.5 million in tuition support for teachers to earn graduate degrees relevant to their subject area; and \$15 million for a new contract with the principals' union (which didn't actually happen during Anderson's term because the principals refused to negotiate).

The high cost of the agreement meant eliminating plans to invest in community organizing, early-childhood programs, and vocational programs for Newark's thousands of recent dropouts, which had been one of [Newark Mayor Cory] Booker's priorities.

Then, too, the teachers' contract contained fine print that raised its cost even higher. Teachers received 15 paid sick days and three paid personal days (in a less than year-round job, that is, a school year of 180 days), meaning that the district had to pay for both regular and substitute teachers for up to one out of every 10 school days—a particularly large expense given that at least 560 teachers earned more than \$92,000 a year. The seniority pay bumps also remained in place, so the district couldn't afford the performance incentives that they had wanted to give promising young teachers to persuade them to stay.

The great expense was deemed necessary to get greater flexibility and accountability, but it was never clear how permanent those features would be. Asked if the union would continue the accountability reforms after the contract expired in three years, Del Grosso replied: "Let's pray there's another Zuckerberg."

Four years after Zuckerberg's announcement on the *Oprah Winfrey Show*, the reforms had not lived up to expectations. The 2014 state test results showed that proficiency in both math and English had declined in every tested grade since 2011. Moreover, the ACT college admission test, which all high school juniors had taken, revealed that only 2 to 5 percent of non-magnet school students in the district were ready for college. Anderson resigned the following year. By then, Booker had already moved on to the U.S. Senate, and his successor, Democratic Mayor Ras Baraka, was elected largely because of his opposition to the Booker/Anderson reforms. Soon after, [New Jersey Governor Chris] Christie turned his attention to his (ultimately failed) presidential bid.

If anything, Newark's education reform debacle is further evidence of the wisdom of Jay Greene's advice: Build New, Don't Reform Old.

Jason Bedrick is a policy analyst with the Cato Institute's Center for Educational Freedom.