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Newark's Education Reform Debacle

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“One hundred million dollars?!?” Oprah Winfrey exclaimed incredulously as her studio audience gave a standing ovation. Sitting next to her was Mark Zuckerberg, the young billionaire CEO and founder of Facebook, who had just announced he would donate \$100 million to help turn the failing school system in Newark, New Jersey into a national model.

The gift was contingent on Newark's raising an additional \$100 million in philanthropic matching funds and implementing a series of reforms, a task for the two politicians seated next to Zuckerberg: the city's rock star Democratic mayor, Cory Booker, and the no-nonsense Republican Governor of New Jersey, Chris Christie. Though they belonged to opposing political parties, the two talented politicians with higher ambitions shared a vision of reforming education in Newark. However, as the former *Washington Post* reporter Dale Russakoff details in her informative and eye-opening book, *The Prize: Who's in Charge of America's Schools?*, not everything went according to plan.

The situation in Newark was dire. The state had seized control of its schools in 1995, after an investigation uncovered widespread corruption among school and city officials who had utterly failed to provide students with a quality education. An official report concluded: “Evidence shows that the longer children remain in the Newark public schools, the less likely they are to succeed academically.”

However, state control did not help much. Fifteen years later, the schools were still low-performing and plagued by gangs, drugs, and violence. When Zuckerberg announced his gift in 2010, fewer than 40 percent of Newark district school students in grades 3 through 8 were reading or doing math at grade level. Barely half of the district school students graduated from high school, and nine out of 10 graduates who attended the local community college needed remedial classes.

The poor results were not due to a lack of resources. Indeed, the “prize” of the book’s title does not refer to Zuckerberg’s gift; rather “the prize” was what local politicians called the district’s \$1 billion annual budget. In 2011, it spent north of \$20,000 per pupil on operating expenses—more than twice the national average—and that does not include spending on buildings or debt service.

By 2013, the district spent nearly \$25,000 per pupil. However, less than half of this reached the schools themselves.

Most of the budget was gobbled up by the ineffective central bureaucracy. The district’s ratio of administrators to students was nearly double the state average. As Russakoff notes, “Even some clerks had clerks, yet payroll checks and student data were habitually late and inaccurate.” Data on test scores and student attendance were often months behind and report cards frequently had the wrong student’s grades recorded on them.

Waste and patronage were rampant. The central office spent \$4 million a year to rent a building that, coincidentally, happened to be owned by a heavy contributor to the campaigns of numerous state and local officeholders.

The amount spent on janitorial services (\$1,200 per pupil) was triple what was spent in the private sector. One high school spent \$300,000 a year inexplicably keeping its football stadium lights on all night. Meanwhile, most of the district school buildings were over 80 years old, and some were falling apart. The district had to spend about \$10 to \$15 million a year making emergency repairs to things like collapsing roofs and crumbling exteriors.

Flush with Zuckerberg’s money, Mayor Booker and his band of education reformers—including his handpicked superintendent, Cami Anderson—vowed to transform the district. Their strategy was to give parents more choices—a “portfolio” of charter schools, magnet schools, and traditional district schools—while giving the schools greater autonomy in return for greater accountability. District school principals would have more control over their budgets, staffing decisions, and classroom instruction, but the superintendent would hold them accountable for student performance on the state test.

About \$60 million of the combined \$200 million of Zuckerberg’s gift and the matching funds went to Newark’s charter schools—publicly funded but privately managed schools that must have an open admissions policy, admitting students via lottery when there is oversubscription.

While still subject to state standards, charters have much greater autonomy than traditional district schools, especially because they tend not to be unionized.

Arguably, the reformers' greatest successes were in the charters. In 2012, a study by researchers at Stanford University found that "Newark children in charter schools gained an extra seven and a half months of reading skills and nine in math" on average relative to students enrolled in Newark district schools, despite spending about \$4,000 less per pupil. The success made charters very popular with parents. From 2010 to 2015, the two top-performing charter school networks doubled in size, and the total number of charter students increased from 5,441 to 12,700.

The majority of students, however, remained in the district school system, where reformers' efforts barely penetrated. Enrollment at the district schools declined from 33,279 in 2010 to 31,100 in 2015. Fewer students meant less financial support from the state, thereby exacerbating the already sizable budget gap and requiring the closure or consolidation of many schools.

The core of the district's reform strategy was implementing "transformational" new policies to make it easier to remove weaker teachers and reward performance rather than seniority. In Washington, D.C., that had required renegotiating the teachers' contract, but in New Jersey, tenure and seniority protections were enshrined in state law. Governor Christie and the reformers managed to persuade the legislature to loosen the tenure protections, but the compromise legislation preserved the seniority system.

The seniority system made it impossible for Superintendent Anderson to downsize the workforce based on performance—a necessity due to the declining enrollment and what Russakoff describes as "the district's history of operating both as a patronage mill and an educational institution." Instead of weeding out poor performers, Anderson would have to abide by the "last in, first out" rule, keeping senior teachers and letting go of the most junior ones regardless of their track record. Unable to lay off the lowest-performing teachers who had seniority, but unwilling to put them in a classroom with students who deserved better, Anderson assigned them to various "support duties." This pool of sidelined teachers cost more than \$60 million over Anderson's first three years, which necessitated further cuts elsewhere in the budget.

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, 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 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, Christie turned his attention to his (ultimately failed) presidential bid.

Although Russakoff generally refrains from editorializing, she strongly implies that the disappointing results stemmed, to a great extent, from the reformers’ lack of engagement with Newark parents and school officials. Newark residents were often the last to know about pending reforms and community town hall sessions were used primarily for the presentation of decisions that had already been made rather than to solicit community input. Russakoff contrasts these “top-down” reforms with the “bottom-up” efforts that certain principals and teachers managed to make within the district. While admirable and even successful in some cases, those efforts did not produce large or lasting system-wide improvements.

The Prize demonstrates in depressing detail just how difficult it is to reform public schooling in the United States. Laws, regulations, and labor contracts favored adult jobs over kids’ education

and this entrenched bureaucracy was difficult to change—especially because reforms met opposition from special interests and their political allies. Even the charter schools were subject to a great deal of political control, including over which and how many charter schools could open and which charters would be revoked.

All of which suggests that empowering parents directly may well be a better path to reform. Imagine if every Newark parent had an education savings account in which was deposited a portion of the funds that the city and state would have spent on their children in a district school. Parents could get \$15,000 per child each year to spend on tuition at the private school of their choice, or on a wide variety of other educational expenses like tutors, textbooks, or online courses, and they could save the remainder for college. Meanwhile, the district would retain more than \$5,000 for every pupil with such an account, to help adjust for lower enrollments. A great advantage would be that private schools and other education providers, unlike charter schools, could more rapidly scale up to meet demand. It doesn't get much more "bottom up" than that.

Had Team Zuckerberg used some of the \$200 million to lobby for the passage of state laws for education savings accounts and used the remainder for startup funds for new private schools and other edu-entrepreneurs, *The Prize* might have been a very different book with a much happier ending.

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