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## **Testimony before the Joint Legislative Forum on School Governance Reform**

**October 8, 2013**

*Leonie Haimson, Executive Director*

Good evening. My name is Leonie Haimson, and I'm the executive director of Class Size Matters, a citywide advocacy group that supports smaller classes in our public schools, more parental empowerment and the protection of student privacy. Thank you for holding the hearings today; I am here to speak in support of the bills to reform the NYC school governance system, S1406-2013 and A792-2013.

One of the most important aspects of our nation's Constitution, and of our government at all levels, is the concept of checks and balances, so that no one individual should have unlimited power to determine public policy. This concept was adopted by our nation's founders because they were aware of how the British monarchy had unfairly imposed its will on the American colonists. Yet that important principle was forgotten when the New York State Legislature acceded to Michael Bloomberg's request and approved mayoral control in 2002.

Since then we have had one-man rule in NYC, and the mayor and his chancellors have run roughshod over the priorities of parents and communities, the needs of children, and the research about what works to improve schools. The mayor has closed more than 100 schools, many of them with long and distinguished histories of serving their communities, has outsourced critical education services to corrupt private contractors, has co-located hundreds of schools in existing buildings, causing worse overcrowding and increased class sizes, and the loss of art, music and science rooms. Children with special needs are being serviced in hallways and closets.

Yet unlike all other city agencies, the City Council has NO voice on DOE's policies, and though theoretically, the state legislature can weigh in, they rarely do. Moreover, it is hard to see why a legislator from an upstate community should have more say about the running of our public schools than NYC parents or City Councilmembers, who are voiceless in the current system when it comes to education policy.

We need a far more representative Panel on Education Policy, instead of the one we have, which has acted as a rubberstamp, approving all of the mayor's damaging proposals in lockstep.

Though I could speak about many aspects of this flawed system, I will focus my remarks on the procurement process, as one of the primary criticisms of school governance before mayoral control was the potential for waste, fraud and corruption.

Mayoral control was widely justified as a result of a handful of Community School Boards that had embezzled funds or had hired relatives or friends to positions in schools. Never mind that years before the adoption of mayoral control in 2002, these boards had already lost any power to hire staff or spend funds. In any case, the profligacy, waste and fraud that have occurred under mayoral control have now far surpassed any two-bit corruption in past eras of NYC history.

In 2009, when the state legislature included a provision in the law renewing mayoral control that all DOE contracts be vetted through a public hearing and a vote of the Panel for Educational Policy, this has not worked to prevent corruption.

The first test of the new governance law took place on September 14, 2009. At that PEP meeting, a \$54 million, four year extension of a no-bid contract with Future Technology Associates was on the agenda. This company had recently been the subject of three devastating columns by Juan Gonzalez, investigative reporter for the Daily News, showing how FTA had no real address except for mail drops in Florida and Brooklyn, no other apparent clients besides DOE, the average pay of each of the FTA consultants was more than the chancellor's salary at \$250,000 per year, and the annual cost of the contract had ballooned from \$2.5 million to \$15.7 million. Gonzalez also detailed how FTA had brought in foreign workers under temporary visas, and was paying them one fourth of what they charged DOE for their labor.

All this information pointed strongly to the existence of either mismanagement or corruption. And yet, remarkably, the PEP approved a new \$54 million contract with FTA with few questions asked, except from Patrick Sullivan, the Manhattan Borough president appointee. Sullivan pointed out that the contract was "actually four separate projects that were inappropriately bundled together," apparently to "appease FTA or otherwise protect their incumbency." As he wrote later in our NYC Public School Parent blog:

*"I could not get a straight answer from DOE on why the system was outsourced to expensive consultants .... I was told the system required the latest software skills in order to function, skills not available amongst DOE employees, but the only skills listed in the RFP were decades-old mainframe skills. ...I voted against the FTA contract and requested the work be re-bid in separate pieces as I suggested above. The contract was approved 11-2."*

According to NY1, The Chancellor remarked later to reporters, *"I think it was fine. I mean, these were all necessary contracts, there is no question about it."*

Yet the suspicious information revealed in Gonzalez' columns was more than enough to trigger an investigation by the Special Commissioner of Investigation, Richard Condon.

Two years later, in September 2011, when Condon's report was finally released, it showed that FTA had stolen at least \$6.5 million of taxpayer funds, through setting up subsidiary companies overseas which paid employees \$10 an hour, while billing DOE for over \$100 per hour. The FTA owners had repeatedly lied, while wining and dining city employees, and even charged their Mets season tickets to the contract, without a single DOE official apparently registering any concern, as the bill got bigger and bigger. His report also revealed that a high level DOE official,

Judith Hederman, executive director of the Division of Financial Operations, was personally involved with the co-owner of FTA, and had provided him with confidential information to aid him in his fraudulent scheme.

Many other wasteful contracts have been approved by the PEP since then, including a \$120 million contract with Verizon, even though Special Investigator Condon had found that Verizon had “*facilitated ...fraud*” and “*concealed from the DOE and law enforcement that they got millions of dollars in contracts*” through an earlier scheme with a corrupt DOE consultant. Again, the Mayor’s appointees again unanimously approved of this contract.

As spending on private contracts have ballooned to many billions, school budgets have been cut repeatedly to the bone over the last five years. Our schools have lost valuable programs and staff, and class sizes in the early grades have risen to the highest level in 15 years.

I support this badly needed legislation, because it would finally provide some checks and balances in a system that is currently run as a careless dictatorship, and that wastes funds on unnecessary programs and fraudulent contracts. The new system would also give more authority to our local elected officials and to public school parents.

The only reservation is that I am worried about the provision in the bill requiring that the PEP include a representative from higher education. We have had many CUNY appointees on the Panel for Educational Policy over the last twelve years, and no exceptions, they have voted in lock-step with the mayor’s flawed priorities. Their votes may have been influenced by the fact that their institutions rely on funding designated by the mayor. So I would suggest that the college representative appointee **not** be from an institution whose funding comes primarily from the city to ensure a truly independent voice.

Thank you for your time.

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