

**REFORMING CORRUPTION OR CORRUPTING
REFORM? WADING THROUGH THE MURK OF
EDUCATIONAL REFORM**

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Battling Corruption in America's Public Schools. By Lydia G. Segal.
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INTRODUCTION

Lydia Segal lures her reader into the shady inner dwellings of political corruption, the seedy patronage of corporate power brokers, and morbid tales of bribery, greed, governmental investigations, and massive systemic waste. Lamentably, she is not exposing some mob-like organization but instead the corruption and waste that suffocates the mission of what should be the nation's most trusted institutions, its public schools. In *Battling Corruption in America's Public Schools*, Segal encapsulates the plight of the three largest school districts in the United States—New York, Los Angeles, and Chicago—and challenges educational reformers to reconsider the reform movements already demonstrated to be ineffective in these districts. Segal provides a stunningly vivid account of the history of these three massive districts, along with an exposition of the mechanisms that support corruption, and the unfortunate trials of failed remedies. However, the true brilliance of Segal's work is not only her insightful theoretical analysis of why

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1. LYDIA G. SEGAL, *BATTLING CORRUPTION IN AMERICA'S PUBLIC SCHOOLS* (2005).

past reforms were unsuccessful, but also the inspired solutions she illustrates from successful reform efforts in other districts.

Segal divides her analysis into five parts. In Part I, "The Pathology: Laying the Record Bare," she outlines the political and corporate nature of large school districts, citing numerous examples of corruption, waste, and abuse. In Part II, "The Remedies Tried: The Frenzied Search for Accountability," Segal describes the organizational structure and accountability mechanisms currently in place in those districts. In Part III, "The Diagnosis: Getting to the Root Causes," she sketches a theory of waste and fraud, itemizing the cost of waste, compartmentalization, managerial paralysis, and non-compliance oversight. In Part IV, "The Wrong Medication: How Not to Fix the Problem," Segal exposes the shortcomings of previous reform attempts. Finally, in Part V, "The Prescription: How to Fix the Problem," she outlines plausible remedies that have been successful in other large districts.

PART I—THE PATHOLOGY

Segal's narrative begins with an introduction to the scope and pervasiveness of corruption within the three largest school districts in the United States. She describes a number of severe problems, such as power brokering, patronage, and illicit dealings. For her sources in this section, Segal relies almost exclusively on extensive journalistic and courtroom exposés of failures across the three districts.² Such reliance on scandal and media-driven reports is necessary, as she points out, because of the covert nature of corruption.³ We typically become aware of corruption only after it has been exposed, and, frequently, even that exposure merely scratches the surface of the true problem. This observation is not intended to discredit her work. On the contrary, it underscores the limitations that constrain even the most extensive research into educational waste and fraud.

Commendably, Segal also portrays the plight of the dedicated professionals who must circumvent unnecessary "red-tape" policies

2. For example, Segal devotes a section of this chapter to summarizing several murders and suicides involving contracts for school supplies. *Id.* at 9-11. One of these is the murder of Dan Conlin, president of the New York City school custodians union, whose ideas, if implemented, would have caused private contractors to lose millions of dollars. *Id.* at 9 (citing Eddie Dunne, *Who Killed Dan Conlin?*, BROOKLYN BRIDGE 2, NO. 10, 30-37 (1997)).

3. *Id.* at 35.

and procedures in an effort to effectively accomplish their jobs. The districts examined by Segal employ shameful bureaucratic policies for simple job functions. School managers have been forced to find creative, sometimes illegal, mechanisms such as creating “credit pools” to be able to buy necessary school materials quickly.⁴ Not only are these procurement procedures—put in place to prevent fraud—ineffective at getting materials where needed, but these very policies contribute to the districts’ own wastefulness. In a later chapter on the costs of oversight, Segal describes one example of the administrative cost of simple procurement policies in New York City. In her example, the district’s extensive petty-cash reimbursement procedures, oversight checks, and review and approval processes created \$500 in cost to process, approve and settle the request for a \$4 battery pack!⁵ As Segal’s book shows, managers in these districts have little authority to accomplish their educational missions and some resort to alternate procedures to circumvent policy.

Interestingly, Part I closes with a chapter on the effects of corruption on educational outcomes. While it is easy to argue that corruption and abuse directly affect educational outcomes when money intended to support students’ education is “siphon[ed] . . . away before it ever reaches the classroom,”⁶ it is more difficult to demonstrate this empirically. As Segal points out, “[i]t is very difficult to study corruption, waste, and abuse empirically. Corruption is by nature clandestine.”⁷ Segal does point to some mechanisms by which corruption affects educational outcomes, particularly diversion of funds away from classroom instruction, low quality hires, and low quality goods and services.⁸

Segal correctly notes that the relationship between corruption and poor student performance cannot be assumed to be causal simply because a correlation exists between the two.⁹ Unfortunately, despite this valid point, she then proceeds to infer that poor outcomes are indeed caused by corruption and waste anyway. Segal’s exploration into this topic is unfortunately brief and the book would benefit from a more extensive examination of

4. *Id.* at 114.

5. *Id.* at 81-82.

6. *Id.* at 31.

7. *Id.* at 35.

8. *Id.* at 31-34.

9. *Id.* at 30.

whether the relationship between corruption and poor student performance are really causal, or merely correlated. Her revelations of patronage, deal brokering, and coercion are most disturbing when they underscore the deleterious effects of corruption on student outcomes.

Determining what affects student outcomes is the very essence of educational research. Not surprisingly, the empirical evaluation of how corruption impacts student performance faces many of the same difficulties as, for example, evaluating the effects of curriculum efficacy, professional development, and remedial or preventative interventions on student performance. One complexity faced by these researchers is choosing an appropriate methodology to adequately represent the mechanisms under study. Organizationally, students are nested within classrooms, classrooms within schools, schools within sub-districts, sub-districts within districts, etc. Student performance may be, and often is, evaluated based on achievement test scores. Often, it is the higher organizational levels—such as classroom, school, or sub-district—that are meaningful in educational, sociological, or economical contexts. Until only recently, researchers studying student outcomes struggled to appropriately capture the nested nature of the educational and/or social environments in which such outcomes exist.¹⁰ Consequently, methodological models that do not account for this nested structure risk faulty or distorted conclusions. While formal empirical evaluation of corruption, waste, fraud, and abuse is beyond the scope of Segal's book, descriptive illustration of their effects remains central to her aim and makes her book thought provoking by underscoring the potential for systematic empirical study.

PARTS II AND III—ACCOUNTABILITY AND UNDERSTANDING THE ROOT CAUSES

In Parts II and III of her book, Segal describes the school districts' flawed accountability mechanisms and the costs of oversight. At the heart of her description is the distinction between "compliance accountability" and "performance accountability."¹¹ Compliance accountability attempts to guard against fraud by

10. See STEPHEN W. RAUDENBUSH & ANTHONY S. BRYK, *HIERARCHICAL LINEAR MODELS: APPLICATIONS AND DATA ANALYSIS METHODS* 4-5 (2d ed. 2002).

11. SEGAL, *supra* note 1, at 42.

laying out, to varying levels of detail, the operating procedures for employees to follow in order to carry out their jobs. In the extreme, every job duty has a scripted procedure which must be strictly followed. It is a top-down supervisory mechanism aimed at reducing the opportunities for fraud and waste.¹² Conversely, performance accountability places the focus “on the quality of goods and services produced, not on the rules or procedures to produce them.”¹³

What follows in Part III is a deft account of how increasing top-down controls—like compliance accountability—in the three districts suffocates performance and actually leads to the very abuses the controls are designed to prevent.¹⁴ Segal demonstrates the plight of these large districts with numerous examples of corruption, waste, fraud, and abuse resulting from top-down controls. She nicely interweaves the dense historical and organizational differences and similarities of these districts. While acknowledging the differing, complex structure of these districts, she expertly ties the exemplified corruption into organizational structures and sociopolitical contexts by anecdotally illustrating various malfunctions across the three districts.¹⁵

Segal also applies microeconomic theory to examine the effects organizational size has on school districts and, consequently, the optimal structure school districts can use. The three largest school districts have a pyramidal organizational structure. A pyramidal structure involves a specialized base of employees that pass information up to fewer and fewer managers with ultimate decision making authority. For example, specialized units, such as custodial care, transportation, construction, and food services are separate units designed to coordinate delivery of each particular service across entire districts. Citing the work of economist Oliver Williamson, Segal refers to this structure as “U-Form,” meaning “unitary-form.”¹⁶ Economists, such as Williamson, suggest that organizations with more than three-thousand employees, and with diverse and complicated missions, lose effectiveness within a U-Form structure, because the top decision-making officials simply

12. *Id.*

13. *Id.*

14. *See generally id.* at 63-116.

15. *Id.* at 65.

16. *Id.* at 66 (citing OLIVER WILLIAMSON, CORPORATE CONTROL AND BUSINESS BEHAVIOR: AN INQUIRY INTO THE EFFECTS OF ORGANIZATION FORM ON ENTERPRISE BEHAVIOR (1970)).

are bombarded with too much complex information.¹⁷ Because many districts exceed the three-thousand-employee heuristic, one wonders whether the U-Form structure can be manageable in any reasonably large and diverse district. What is less clear is whether the problems are inherent in the structure itself or peculiar to the very largest of large districts.

PARTS IV AND V—WHAT TO (AND WHAT NOT TO) DO

Segal emphasizes learning from past failed experiences to understand how *not* to approach educational reform. For example, Segal states that corruption resists reform measures aimed at putting decision-making back into local political control.¹⁸ She cites the New York School Decentralization Law, enacted as a response to plunging reading scores and soaring drop-out rates.¹⁹ Segal describes the tenuous lines drawn motivated by racial biases—which eventually gave rise to community-controlled schools. The goal of community-controlled schools was to “force schools to be politically accountable to their communities and thus improve education for minorities.”²⁰ The historical record indicates that this reform approach was largely unsuccessful at curbing waste. Instead, it fostered a new level of the same corruption it was intended to prevent and even created a mafia-like mentality within certain districts. As Segal reports, “[b]oard members who obtained jobs for people were known as their *godfathers* and *godmothers*. The people for whom they obtained jobs were called their *pieces*. Pieces earned their jobs through nepotism, sexual favors, and bribes but most commonly by doing political work for board members.”²¹

To correct this problem, Segal outlines a plan for effective reform, which calls for the creation of an independent inspector general office to root out corrupt individuals and remove them from positions of power. Following that recommendation, Segal again calls on microeconomic theory to recommend a different organizational structure for these massive districts. Her suggestion is the multidivisional or M-Form structure. Under an M-form structure “top officers delegate decision-making authority to the

17. *Id.* at 67.

18. *Id.* at 120.

19. *Id.* at 119-20; *see generally* N.Y. EDUC. LAW § 2590 (McKinney 2001).

20. SEGAL, *supra* note 1, at 120.

21. *Id.* at 122.

managers in charge of each quasi-independent unit, who are held strictly accountable for their unit's performance and audited for fiscal compliance."²²

Interestingly, Segal's application of microeconomic theory taps into another common thread of educational research, that of "size and scale." For example, imagine a principal implementing a community-based tutoring program in his or her school. Over a few years this school demonstrates great success and becomes highly recognized. Attributing the successes to the tutoring program, the district decides that it will implement a district-wide tutoring program. The complexity of tasks such as coordinating tutor schedules, providing basic training for new tutors, recording student participation, tracking effectiveness, etc., grows exponentially and may quickly become unmanageable due to sheer size alone. Such an implementation might fail simply due to size and being unprepared for the change in scale (i.e., from school-sized to district-sized). In fact, federal research opportunities are currently devoted to the particular topic of scaled-up implementation. "The Interagency Education Research Initiative (IERI) is a federal partnership that includes the Department of Education's Office of Educational Research and Improvement (OERI), the National Institute of Child Health and Human Development (NICHD), and the National Science Foundation (NSF)."²³ "The specific programmatic goal of IERI" is to examine the issue of "scaling up" when implementing "educational interventions in reading, mathematics, and the sciences . . . in varied school settings with diverse student populations."²⁴

In this section, Segal points out that in their strictest forms, compliance and performance accountability²⁵ are incompatible, as a manager cannot "fairly be held responsible for quality of goods and services if he or she has no significant control over how they are delivered."²⁶ However, the M-Form organizational structure pushes decision making authority down to appropriate levels of expertise and creates performance-driven incentives for effective management and oversight. This dovetails with current

22. *Id.* at 171 (citing WILLIAMSON, *supra* note 16).

23. U.S. Dep't of Educ., Office of Educ. Research & Improvement, Interagency Education Research Initiative (IERI), <http://www.ed.gov/offices/OERI/IERI/index.html> (last visited Feb. 24, 2006).

24. *Id.*

25. *See supra* notes 11-13 and accompanying text.

26. SEGAL, *supra* note 1, at 43.

recommendations from the scaling-up literature. For example, one group of researchers has observed that a combination of top-down mandates—to standardize procedures and products—with locally influenced bottom-up mechanisms, is evident in successful scaled-up research.²⁷ In short, Segal's application of organizational structure melds nicely with current empirical evidence on scaling issues.

CONCLUSION

In *Battling Corruption in America's Public Schools*, Lydia Segal exposes waste, fraud, and abuse in the nation's three largest school districts. She systematically outlines the wasteful practices and ineffective accountability and oversight mechanisms that breed corruption. Ironically, it is not the seedy tales of power brokering, nepotism, and patronage that are most striking. Corruption and greed exist everywhere, and it is hardly shocking that there are individuals bent on bilking the system. However, it is startling when the reader becomes aware of the vast amounts of waste and the endless bureaucratic procedures forming nearly-impassable obstacles for educators in these districts, preventing them from accomplishing their jobs.

Segal's analysis is both thorough and enjoyable, especially her method of weaving anecdotes from the three districts into the book's colorful backdrop of corruption and waste. While I believe her exploration into the effects of corruption on student outcomes is too brief, she does open the door for a more empirically rigorous examination of size and organizational structure on educational outcomes. Further, the issues that are laid bare in Segal's narrative also apply beyond the district level. Federal programs and state mandates and controls can add additional layers of complexity that could also foster waste, abuse, or corruption. Finally, Segal's theoretical ties and proposed solutions, consistent with current educational research on scaling, have worked in other large district settings. *Battling Corruption in America's Public Schools* is a well researched glimpse into the provocative and disturbing side of public education and what can be done to clean it up.

27. J.M. Fletcher, B.R. Foorman, C.A. Denton & S. Vaughn, *Scaling Research on Beginning Reading: Consensus and Conflict*, in TRANSLATING EDUCATIONAL THEORY AND RESEARCH INTO PRACTICE (M. Constan & R. Sternberg eds.) (forthcoming 2006).