

Battling Corruption in America's Public Schools

Lydia Segal (2004)

In *Battling Corruption in America's Public Schools*, Lydia Segal draws on ten years of undercover investigation and research in over five urban school districts, including the three most centralized, New York City, Los Angeles, and Chicago, and two most decentralized, Houston and Edmonton, Canada, to offer *the* guidebook to corruption, waste, and abuse in public school systems. Anyone interested in curbing waste, pushing more money into classrooms, and establishing transparent, accountable schools, should read this book.

Billions of dollars are poured into urban schools every year—\$13.3 billion into the New York City school system; \$7 billion into Los Angeles' schools; and \$3.6 billion into Chicago's schools. Yet many wonder where the money goes as pupils sit on broken chairs in dilapidated classrooms struggling to learn without library books, working computers, and toilet paper.

Segal, an undercover school investigator turned law professor, has written the first book that shows in vivid detail how waste, fraud, and “legalized graft” embedded in the operation of school bureaucracies siphon hundreds of millions of dollars away from services for children, distort educational priorities, and block initiatives. Corroborated by 52 pages of notes and references, her descriptions of gross abuse fill readers with outrage and incite a demand for change. The need for action could not be more urgent, as school systems that score lowest on standardized tests tend to have the biggest criminal records and the most payroll padding.

The problem, Segal argues, is not usually bad people, but a bad system that focuses on process at the expense of results. School systems that accumulate layers of bureaucracy and rules became so clogged and opaque that they create the worst of two worlds: crooks can bilk the system because the top cannot see what they are up to; while those who care about children must break the rules to get their jobs done. In fact, school systems often punish those with good motivations and then allow criminals to get away.

Top-down rules intended to stop fraud and waste invite these very problems. To fix leaky toilets, principals have to pay workers under the table because submitting work orders through headquarters, with all its checks, could take years. It takes so long to pay vendors that some must pay bribes just to get paid on time. Meanwhile, administrators following rules to curb waste spend thousands of dollars hunting down checks as small as \$25.

What makes *Battling Corruption in America's Public Schools* a must-read is not only its fascinating details of systemic wrong-doing, but also its reform proposals that are based on the proven track records of school systems across North America that have reduced waste and pushed more resources into schools. Distilling what school systems like Houston and Edmonton, Canada, have done, Segal advocates new forms of oversight that do not clog up schools, and empowering principals by giving them “autonomy in exchange for performance accountability” as part of a bold, far-reaching plan to reclaim our schools.

WHAT PEOPLE ARE SAYING ABOUT THE BOOK

“*Battling Corruption in America's Public Schools* puts the spotlight on a little-known problem in education: the pilfering of resources that should be going to the classroom. The book is well-written and well-documented.”

Diane Ravitch, US Assistant Secretary of Education, 91-93.

“Splendid... richly documented... Few people are as well situated to tell the story... Ms. Segal proposes a number of sensible reforms.”

Sol Stern, Wall Street Journal

“The definitive book on waste, fraud, and corruption in our public schools. [Lydia Segal's] account is riveting, full of colorful examples that make one want to cry, boil with anger, or both. Segal provides a surprising, counter-intuitive explanation for why...most attempts at closer control produce exactly the opposite result. Do you want to know why our schools don't have enough money to educate children properly—Segal explains why: they waste it!”

William Ouchi, Professor, UCLA School of Management.

“Lydia Segal presents a knowledgeable guide to the manifold types of corruption and waste in New York City, Los Angeles and Chicago and proposes institutional reforms that do seem to be feasible and offer hope of radically reducing opportunities for corruption.”

Nathan Glazer, Professor Emeritus, Harvard University

“A very important, scrupulously documented book that should move decent citizens to deep indignation and lead them to support the sorely-needed remedial actions that Lydia Segal recommends.”

Gilbert Geis, Past President, American Society of Criminology

“Splendid. . . Will stand for many years as the leading work on the pathology of the urban school bureaucracy.”

James Jacobs, Professor, New York University Law School.

“Ms. Segal's book will change forever the way we perceive principals, superintendents, or anyone who demands 'more money for public schools'. Public school reform must start with this book.”

Betsy Combier, President, the E-Accountability Foundation.

“As timely as it is remarkable.”

Bruce Cooper, Chairman, Fordham University Education School

Lydia G. Segal is Associate Professor of Criminal Law and Public Administration at John Jay College of Criminal Justice, CUNY. She served as special counsel to the Special Commissioner of Investigation for the New York City School District. Segal co-authored (with William Ouchi) *Making Schools Work*, and has published extensively in journals and magazines.

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Northeastern University Press

To schedule an interview, contact:
Lydia Segal at LydiaSegal@yahoo.com, (917)459-5581

February 19, 2004

BOOKS**School for Scandal**

By SOL STERN

Over the past half-century, New York's employees and officials have ripped off the city's public schools to the tune of hundreds of millions of dollars. Some of the stealing has amounted to a direct violation of the penal code. But the larger part has been the "legal graft" that special interests have secured for themselves by manipulating the system's labyrinthine rules and regulations. It is an appalling situation and the central subject of Lydia G. Segal's splendid "**Battling Corruption in America's Public Schools**" (Northeastern University, 257 pages, \$32.50).

Few people are as well situated as Ms. Segal to tell the story. She served for three years in the office of the late Edward Stancik, the crusading prosecutor who headed the Special Commission on Investigations of the New York City public schools, and she now teaches at the John Jay College of Criminal Justice. Here Ms. Segal traces patterns of corruption in the nation's three largest urban school districts: New York, Chicago and Los Angeles. But it is New York that gets most of the attention, and understandably so.

Reaching into the files of the Investigations Commission, Ms. Segal gives us a rogues' gallery of school employees. To take but one example, school custodians for many years put their wives on the payroll as virtual no-show "secretaries," and they used Jeeps purchased for incidental "snow removal" as their personal property year-round. Their union leaders, if confronted with such venal conduct, would merely shrug and say: "It's in the contract." And it often was.

One suspects that if the New York school system were a \$12 billion private corporation rather than a public monopoly there would be more media and citizen outrage at such abuses. Indeed, politicians would be railing against the political party in power for failing to combat a "corporate crime wave." Unfortunately, public education has a halo of sanctity hovering over it. In the name of "the children," education officials perennially demand more taxpayer money to prop up an allegedly underfunded system. Rarely does anyone ask them to account for the bankrupting effects of fraud, pilfering and waste.

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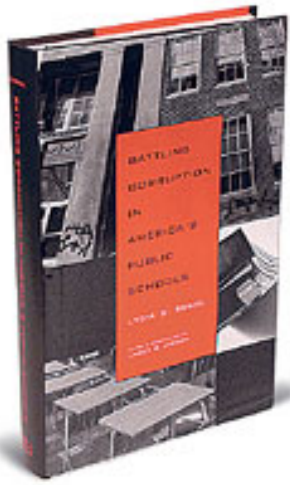
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Today's lesson: thievery, fraud and "legal graft." Discuss.

What is shocking in Ms. Segal's account is the sheer brazenness of the thievery. Those committing the misdeeds -- whether actual felonies or legal graft -- don't seem to think that they have to exert much energy covering up. With 1.1 million kids and more than 100,000 employees spread out over a vast city, it is assumed that no one will notice. Thus everything that is not nailed down is up for grabs.

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New York's multimillion-dollar Bureau of Supplies, for example, has been a thieves' paradise for almost a century. School employees called it the Bureau of Surprise because, as Ms. Segal puts it, "no one knew what they were going to get when they opened their boxes." Meanwhile, the main warehouse was called "The Sieve."

Every few years or so a scandal would erupt, and some people would be arrested. Then the thievery would start up again. The scale changed, however. In 1972, the total value of pilfered supplies was a half-million dollars; by 1985, it was \$7.2 million, about six times the rate of inflation. In some cases the system lost money not because of outright theft but because of a slacker culture. Investigators once found \$4.5 million in unused textbooks. Employees had just been too lazy to return them to the publishers for credit.

To correct this state of affairs, Ms. Segal proposes a number of sensible reforms: creating an independent Inspector General's office in all big-city school districts, privatizing custodial and repair services, decentralizing various purchasing decisions. She also notes that cities need to rein in their unions so that employees can no longer cite the labor contract as an excuse for shortchanging the kids.

Will any of this happen? Perhaps. But the best antidote to the endemic corruption that Ms. Segal so richly documents would be to subject our monopoly public-education system to outside competition. Nothing is more likely to concentrate the minds of education officials than the prospect of losing their customers.

Mr. Stern is a contributing editor of the Manhattan Institute's City Journal.

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Updated February 19, 2004