



ABOUT THAT \$100 MILLION

IN SEPTEMBER 2010, MARK ZUCKERBERG MADE A HUGE PLEDGE TO SAVE NEWARK'S SCHOOLS. TURNS OUT IT MIGHT BE EASIER TO RUN A 900 MILLION-USER SOCIAL NETWORK

BY DEVIN LEONARD

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packs of reporters and photographers. “Lots of leaders of industry here,” Booker tweeted. “Very engaging conversations.”

Booker was ostensibly in Sun Valley to talk about the future of American cities with Charlie Rose. Like any politician, he was also prospecting for donors. His friend, Sheryl Sandberg, chief operating officer of Facebook, told him that the company’s co-founder, Mark Zuckerberg, would be attending. Booker was eager to meet him.

One evening, the guests gathered in a banquet hall for a buffet dinner. Booker helped himself to some vegetarian food and looked for a seat. Much to his delight, there was an empty one next to Zuckerberg. Booker joined him and started chatting about his newest cause: fixing Newark’s failing public schools.

Booker can be very persuasive. He is charming and erudite. It is not unusual for the former high school football star and Rhodes Scholar to underscore his points by quoting Frederick Douglass, Ralph Waldo Emerson, or Alexis de Tocqueville. He exudes optimism and is a man of action. People started referring to Booker as Superman in April after he ran into a burning building in Newark and rescued one of his neighbors.

His greatest power may be his ability to get wealthy people to write him checks. Booker has elicited donations from Steven Spielberg, Chris Rock, Oprah Winfrey, and numerous hedge fund managers and investment bankers by pitching Newark as a kind of petri dish for urban policy experimentation. They can fund similar efforts in a huge place like New York, Booker tells his targets, or they can get a better return on their philanthropic dollar in Newark because it’s a smaller city. The pitch seems to work. In May 2010, when he was reelected mayor, he and his slate of candidates received \$7 million in contributions. His closest competitor, Clifford Minor, raised \$262,000.

Like the rest, Zuckerberg was enthralled. He told Booker that his girlfriend—now wife—Priscilla Chan, was a teacher. She

ory Booker, the mayor of Newark, N.J., is a prodigious Twitter user. Not surprisingly, when he arrived at the annual Allen & Co. retreat in Sun Valley, Idaho, in July 2010, he took the time to send out a note to his followers. The conference is a laid-back scene where billionaires like Rupert Murdoch, Warren Buffett, and Bill Gates enjoy the outdoors, trailed by

had gotten him thinking about putting some of his money into education reform, although he hadn’t yet decided where. “I’ve got a city for you to think about,” Booker said, grinning.

In the following weeks, Booker traveled to Facebook’s Silicon Valley headquarters. It turned out Zuckerberg really did have something grand in mind: a \$100 million challenge grant that would make Newark a model for the rest of the country. To get it, Booker would have to raise matching funds from Wall Street and Hollywood donors.

Before the deal could be finalized, Booker and Zuckerberg had to consult with Chris Christie, New Jersey’s Republican governor. Newark’s schools had been under state control since 1995, and there was little they could do without state approval. In August 2010 the three men bonded during a secret three-hour meeting at Newark Liberty International Airport. Christie was already planning to replace Newark’s superintendent with a more reform-minded school educator. Zuckerberg pressed Christie for additional assurances. “Listen, his biggest concerns were: Was I committed to this? Was I really committed regardless of the political flack?” Christie says of Zuckerberg. Christie assured him that he wasn’t just willing to fight, he was looking forward to it.

On Sept. 24, 2010, Christie, Booker, and Zuckerberg unveiled their partnership on *The Oprah Winfrey Show* in Chicago. The following day in Newark, Zuckerberg appeared at a press conference surrounded by many of the city’s political leaders, some of whom looked a bit surprised to be in the company of the young billionaire from Silicon Valley. He assured the local press corps that he had done his due diligence and was confident that he would get the proper return on his investment. “I run a company, and a lot of what running a company is, is building a team, investing in people, and finding the very best people who can get things done,” said Zuckerberg. “Spending time with Mayor Booker and Governor Christie just gave me the confidence that they are leaders who can get the results here.”

He smiled. So did Christie and Booker. At that moment, the three of them looked great. But it may be easier to write code for an Internet service used by 900 million people than it is to fix Newark’s schools.

IN MARCH, TEACHERS PROTEST THE CLOSING OF CAMDEN STREET ELEMENTARY

The halls of Dayton Street School in Newark’s predominately African-American South Ward are regimental green. Chaleeta Barnes, the principal, has offset this by decorating them with dozens of colorful banners from universities like Yale and Princeton. Even so, there is something unsettling about the two-story redbrick building. As

she gives a tour, Barnes, a petite 32-year-old who wears the same light blue polo shirt and chinos as her students, explains that it was built in the late 1940s to accommodate 1,200 students. Today, only 293 children attend the school.

Barnes quietly enters a classroom where a teacher is giving a language arts class to 15 students clustered at desks in the middle of the room surrounded by empty space. “That’s half my eighth grade,” she whispers. “We have 23 eighth-graders in all.” Most of the classrooms in the basement are no longer in use. “It’s nice if teachers need to meet with parents,” Barnes says. At the same time, she acknowledges that it’s not particularly cost-effective to have so few students in such a large building with so many teachers, many of whom have been with the district for decades. Nor is it providing the students with a good education. Dayton Street is one of the district’s lowest performers.

The shrinking student population and poor results at

Dayton Street are part of a larger legacy in Newark. In 1950 the city had 438,000 residents. When blacks started to arrive, the white middle class decamped to the suburbs. After four days of riots in 1967 that left 26 people dead, the black middle class fled, too. Today, 277,000 people live in Newark. They are disproportionately poor. By many accounts, they are also deeply suspicious of outsiders. “It’s just the nature of the town,” says Clement Price, a professor at Rutgers University at Newark who teaches a course on Newark history. “There is suspicion of change and suspicion of reform.”

Recent history has done little to discourage cynics. In 1995, Republican Governor Christine Todd Whitman took over the district because of its abysmal student test scores, and her administration promised to reform Newark’s schools. The state dissolved the local board of education, whose members had been treating themselves to cars, laptops, and trips to conferences on tropical islands on the district’s dime. Instead, a so-called advisory school board would now represent Newark residents. Its members would still be elected, but if the governor disagreed with their decisions, she simply ignored them.

In the following years, there was little improvement. In 1994, the average cost to educate a Newark student was \$8,712. In the state overall, it was \$7,378. The district’s graduation rate was 54 percent. In 2009 it spent \$19,305 per pupil, more than many suburban districts. But Newark’s graduation rate remained a dismal 54 percent. By then, New Jersey was covering 81 percent of Newark’s \$998 million annual school budget.

How could it spend so much and have so little to show for it? Part of the problem is that the school system is the city’s largest

“WHEN YOU HAVE THE WOMAN WHO’S IN CHARGE OF EDUCATION FOR RIKERS ISLAND, YOU’RE NOT REALLY WORRIED IF SHE’S GOING TO BE TOUGH ENOUGH,” SAYS CHRIS CHRISTIE



BOOKER ADDRESSES RECENT GRADUATES IN JUNE

employer and a major political force. The median salary for a Newark teacher in 2009 was \$84,200, compared with \$59,545 for the rest of the state, according to a study by Excellent Education for Everyone, a reform group. And there were plenty of jobs for people with connections. In 2009, 12 percent of Newark Public School District employees were administrators, more than twice the number in Jersey City, a comparable school system.

When Booker was elected mayor in 2006, he helped his citizens dig out their cars after snowstorms and patrolled the streets with his police chief until 4 a.m. as part of his campaign to lower the city’s crime rate. But he felt there was little he could do about Newark’s underperforming public schools. For one thing, as mayor, he had no legal authority over them. The power rested with the governor, then Jon Corzine, a Democrat with intimate ties to New Jersey’s labor leaders. Instead, Booker created a nonprofit foundation to support the city’s growing number of charter schools and raised \$20 million to support them. Charter schools operate outside the control of unions. Still, Booker was frustrated. “The majority of my kids were still going to the public school system, which I couldn’t get to,” he says.

Things changed when Christie unseated Corzine in 2009. The new governor was eager to do battle with the unions and their political allies in Newark. Booker found Zuckerberg and turned to the hedge fund guys for the matching grants. Bill Ackman, founder of Pershing Square Capital Management, had raised money and hosted him at his apartment in the Majestic, an Art Deco building overlooking Central Park. He was more than willing to be helpful once again.

“It’s your right to have a good education,” says Ackman, who went to public school in Chappaqua, a wealthy suburb of New York. “If you can’t, your government has failed you and the private sector has to get involved to fix the problem.” Ackman’s charity, the Pershing Square Foundation, contributed \$25 million. Ackman’s Harvard B-school classmate Whitney Tilson, another hedge fund manager, sits on the Pershing foundation’s board, and explains the decision in terms more worthy of a prospectus: “We see this as a social investment that has a

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PREVIOUS SPREAD: ANTHONY ALVAREZ/CITY OF NEWARK MAYOR'S OFFICE; THIS SPREAD, FROM LEFT: ROBERT SCIARRINO/THE STAR-LEDGER/CORBIS; PHOTOGRAPH BY EMILIANO GRANADO FOR BLOOMBERG BUSINESSWEEK

very strong likelihood of a high return, defined as a much-improved educational system for the children of Newark.”

The family of hedge fund manager Ravenel Curry gave \$5 million. The Bill & Melinda Gates Foundation gave \$3 million. A charitably minded group of Goldman Sachs bankers gave \$5 million. Venture capitalist John Doerr kicked in \$10 million. Some of the donors were specific about not giving their money to union schools. Curry and Doerr insisted that their money go only to charters.

Not long after his appearance on *The Oprah Winfrey Show*, Booker stood on a sidewalk in Manhattan with another technology industry star. “I’m here with one of my heroes, a guy named Jack Dorsey, one of the founders of Twitter,” Booker said in a video posted on YouTube. Dorsey produced his black American Express card. “I’d like to make a \$5,000 donation,” he said. Booker looked elated. “Now that’s a much larger number than I was expecting,” he said. He used an attachment on his iPod touch to swipe Dorsey’s credit card.

Back in Newark, things weren’t going quite as well. To start with, some locals felt slighted that he announced the Zuckerberg gift in Chicago rather than in Newark. “For a place like Newark, that is the absolute worst way to do it,” Shavar Jeffries, a member of the school advisory board told the *Newark*

Star-Ledger. “It was an absurd spectacle.”

Booker finds such comments puzzling. “If you want to raise \$100 million, there’s no better place to make an announcement than Oprah’s couch,” he says.

In April 2011 a group of residents whose children and grandchildren attended Newark schools and who called themselves the Secondary Parents Council requested to see the mayor’s e-mail exchanges with Zuckerberg and the Wall Street funders. When Booker declined to furnish them, the American Civil Liberties Union of New Jersey sued the city on the organization’s behalf. “We want to know what kind of agreement did you make with Zuckerberg,” says Wilhelmina Holder, chairwoman of the Secondary Parents Council. “Are there any conditions?” Booker says there’s “no there there.” Still, New Jersey Superior Court Judge Rachel Davidson asked to see a list of the mayor’s e-mails; she has yet to issue a decision.

Others thought they knew exactly what was afoot. In a two-hour interview in his office in the city’s West Ward, Ronald Rice, a former police officer who is now a state senator, explains that Booker was planted in the city by hedge fund managers whose ultimate scheme is to privatize Newark’s public schools and run them for a profit. “Newark is a target because you have a billion-dollar budget,” says Rice. “That’s why the hedge funds are moving in.”

Joseph Del Grosso, president of the Newark Teachers Union, promotes the same notion. “When has a hedge fund person been philanthropic? I mean, come on,” he says. “They’re in it for money.”

Tilson, for one, finds the charge specious. “None of the people involved in this, myself included, have any economic interest here, whereas the people who are making these accusations have their entire economic interest at stake in defeating reform,” he says. “In my mind, it’s very clear here who is wearing the white hats.” For his part, Booker is dumbfounded by the suggestion that his hedge fund friends are scheming to take over Newark’s schools. “Where’s the upside?” he asks. “I’ve asked some of the people who say



BOOKER TAKES DONATIONS ON HIS HANDHELD; THIS ONE'S FROM TWITTER FOUNDER JACK DORSEY

these things. They don’t have an answer.”

By the spring of 2011, Zuckerberg was becoming impatient. The Facebook CEO was busy preparing for his company’s eventual initial public offering, but he was also paying attention to what was happening in Newark. Early on he had named Jen Holleran, a Harvard-trained education expert, to represent him on the board of the Foundation for Newark’s Future, the nonprofit group set up to dole out his contributions and the money raised by Booker. “He said, ‘We need to have a leader,’” she recalls.

For school superintendent, Booker suggested Cami Anderson, who’d been superintendent of New York City’s District 79, a citywide alternative education program serving the residents of Rikers Island, among others. Governor Christie had the final decision. He thought Anderson well suited for Newark. “When you have the woman who’s in charge of education for Rikers Island,” Christie says, “you’re not really worried if she’s going to be tough enough.” She started by doing something the union didn’t like one bit. She ended the district’s policy of forcing principals to take teachers they didn’t want. Under Anderson, Newark’s principals would select their own staffs, which, in theory at least, would help them improve results.

By September 2011, 80 teachers found themselves without classroom positions. Anderson put them in an excess pool where they were paid a total of \$8.5 million for doing little more than occasional substitute teaching. Anderson says the money was well spent. “You have to let your people pick their own teams,” she says. “Otherwise they will never win.”

Anderson also began to grapple with the district’s budget shortfall. This proved to be more contentious, and it was partially the fault of Newark’s 28 charter schools. In the most recent school year, 7,878 Newark children attended them. The district expects a 25 percent increase in the charter school enrollment in the coming one. When a student switches to a charter school, the district loses 90 percent of the state funds tied to that child. That means Anderson has less and less money to cover the cost of Newark’s 72 public schools. Photeine Anagnostopoulos, the district’s CFO, points out that the number

of teachers has declined slightly in recent years but not enough to keep pace with the outflow of children to charter schools. So Anderson came up with a plan that addressed both the district’s decaying finances and the dismal academic performance.

She proposed closing four troubled schools with empty space and moving their students into similarly challenged ones nearby. These schools would be outfitted with new teachers and, in some cases, new principals. Anderson calls them “renew schools.” Booker applauds her strategy, although he would have preferred that they were branded differently. “I’m going to get myself in trouble with my superintendent,”

he says, laughing. “I love the word renewal. I need renewal in my life. But I’m a kid who grew up with comics. I want super schools.”

When Anderson unveiled the plan last February, however, she was heckled at public meetings by residents who accused her of trying to rob them of their neighborhood schools. “Cami Anderson, I have not seen such trickery since the devil took over the Garden of Eden,” one of her detractors told her at a budget hearing. Naturally, the teachers’ union has happily stoked the outrage. “I’m all for school reform,” Del Grosso chuckles. “But this is the Dr. Kevorkian approach.”

The budget crunch has also forced Anderson to cut arts and music programs at some schools. Residents find this bizarre at a time when so many philanthropic dollars are flowing into Newark. “I don’t understand why you are doing this,” a frustrated Newarker asked at the budget meeting. “Where’s the Facebook money?” Good question. The money pledged to the Foundation for Newark’s Future is supposed to be spent on “high-impact innovations” rather than plugging holes in the district’s operating budget. Anderson also notes: “The large investments haven’t happened yet. Those require additional matching funds.” Booker has raised \$54 million to date. So far, the Foundation for Newark’s Future has committed only \$16 million to a variety of small bore projects like \$600,000 in small grants for teachers who come up with interesting projects, and \$176,000 for elementary school students so they can treat themselves to some books.

The district’s financial troubles will likely deepen. The number of teachers in the excess pool is expected to hit 200 in the coming school year, and the superintendent is reluctant to resort to layoffs. New Jersey’s tenure law has a strict seniority clause that forces districts to let go of new hires first. That means Anderson would lose many of her new recruits before she could dismiss any of the veterans in the pools. That’s the last thing Booker wants. He has talked to Zuckerberg and Christie about using philanthropic dollars for buyouts of teachers in the excess pool. But it might very well exhaust much of the funds he has raised for school reform, and it is sobering to imagine Zuckerberg’s pledge going to pay off the least desirable teachers in the Newark school system. On April 30 the three of them



CHRISTIE, ZUCKERBERG, AND BOOKER

“I HAVE NOT SEEN SUCH

TRICKERY

SINCE THE DEVIL TOOK OVER THE GARDEN OF EDEN,” SAYS ONE ANGRY PARENT

had a conference call to discuss this. “What can I do to help?” Christie recalls Zuckerberg saying.

Christie assured him that he’d done all that he could: “The rest is up to us.”

As of June 2012, no teachers have been fired, and the administrative staff remains the same size.

On a sultry day in late June, Booker speaks at the graduation ceremony for Newark’s Technology High School. He tells jokes about his father, who grew up with little money in South Carolina and went on to become one of IBM’s first black executives: “He said, ‘I wasn’t poor. I was po’. I couldn’t afford the last two letters.’” The seniors in their caps and gowns laugh along with their parents. He quotes Emerson and Douglass. Gripping the microphone, Booker urges them to stand up and be counted. “Let people see your light in the darkness,” he says, his voice cracking with emotion. “Let them see your hope in the despair. Let them realize that even in the depths of the coldest winter you have in your heart an invincible spring.”

When Booker is finished, the graduates shriek their approval. They have good reason to celebrate. Technology High School happens to be one of the district’s highest performers. Ninety-one percent of these students are college-bound. The district’s average is 38 percent. But then Technology High is a magnet school. It can select its students from a pool of applicants just like a charter.

As he leaves the auditorium, Booker asserts that Technology High’s success can be replicated. “That’s what we’ve been saying all along,” he says. “We’ve got to take the islands of excellence in Newark and form a hemisphere of hope.”

Of course, this will take Zuckerberg’s money. When will Booker raise the rest of the matching funds? “We are very, very close,” he insists with a rare flash of irritation. “We are going to have it in the next few months. We haven’t even announced some of the stuff we’ve raised. I’d rather not announce it in bits and chunks. I’d rather do it all at once.”

Then he strides out to the parking lot where reporters are waiting to talk to him not about education but his latest heroic moment. Early in the day, he was traveling through the city and came upon a man who had been hit by a car. Booker climbed out of his SUV and came to the man’s rescue. “He was a little out of it,” Booker tells the press corps. “I said, ‘I’m Mayor Cory Booker.’ That seemed to give him some comfort.”

BOTTOM: CHARLES SYKES/NEC/NECU PHOTO BANK/GETTY IMAGES