

# Improving Access to City Services



## Beyond the Bus Cuts:

### How No-Bid Consultants Are Changing Schools and Services for Your Child

*My fellow New Yorker,*

By now, you probably know about the hardships and threats to children's safety caused by this winter's school bus route changes. Maybe your child is one of the many who now have to take public transportation or walk long distances to catch their bus; maybe your child is now scheduled to be picked up *after* the start of school. What you may not know is that the Department of Education cut the bus routes on the advice of a corporate consulting firm called Alvarez and Marsal.

In 2006, the city awarded A&M a \$15.8 million no-bid contract to identify ways to reduce the DOE's budget. While the bus route cuts are the first A&M initiative that most public school parents have been made aware of, the firm actually has a broad mandate that encompasses a wide array of services. Everything from special education to school food could be cut.

The purpose of this flyer is to provide you with information about A&M's role in our schools, information the DOE has failed to effectively communicate. I am working hard to ensure that your children get all the services they need and deserve. As you know from your own experience, the better informed and more involved you are, the better the education your children will receive.

Sincerely,

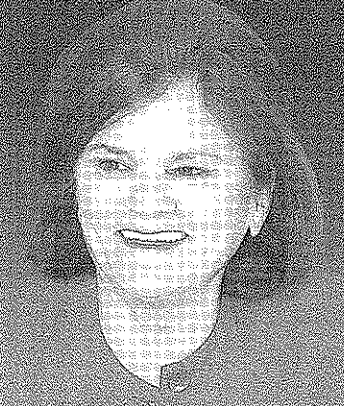
Betsy Gotbaum  
Public Advocate for the City of New York

---

## What to Look for in New York City Schools

The DOE's contract with A&M gives the firm authority to identify cost savings in 11 different areas, including special education, youth development, and management of contracts and purchasing. We have already seen A&M cut school bus routes here in New York City as it did when it ran the school system in St. Louis. It has also attempted to reduce funding for school janitors and maintenance staff. While we cannot say for sure that A&M will pursue all the same initiatives here in New York that it has in the past, we should be alert to the likelihood of future service cuts. Based on the terms of the current contract and A&M's track record in St. Louis, what other changes should students and parents be on the look-out for in the months ahead?

- Services cuts for Special Ed students
- Changes in the quality and delivery of school food
- Cuts to counseling services for students
- Firing of administrators and teachers' aides
- Closing of schools or other DOE facilities
- Problems with the delivery of supplies



## Betsy Gotbaum

Public Advocate  
for the  
City of New York

*The Public Advocate is the city official responsible for improving access to city services. Whether the problem is a child not getting necessary educational services, a senior having trouble getting assistance to pay rent, or a resident whose neighborhood is threatened by reckless development, my office is here to help.*

*And by helping with your individual problem, we are also improving access to services for all New Yorkers.*

### Ombudsman Services Hotline

212-669-7250

### Senior Action Line

212-669-7670

### General Contact

212-669-7200

ombudsman@  
pubadvocate.nyc.gov

www.PubAdvocate.nyc.gov



## **Who Is A&M?**

Alvarez and Marsal is a corporate restructuring consulting firm that specializes in turning around bankrupt companies. In 2003, the St. Louis School Board awarded A&M a \$5 million contract to restructure its bankrupt school district. At the time, A&M acknowledged that it had no experience working with, for, or in public schools and had no other professional education experience. A&M employee William Roberti, formerly the CEO of the clothing retailer Brooks Brothers, was named Interim Superintendent. Sajan George, a former Defense Department contractor and oil executive, was appointed Interim Chief Financial Officer. (George is currently Chief Restructuring Officer of the New York City Public Schools and is charging \$450 an hour.)

Within one year, A&M replaced all maintenance and janitorial staff with private contractors; fired teachers' aides; closed 21 schools, at least 15 of them in the predominately African American neighborhoods of northern St. Louis; closed two alternative high schools designed to serve students with discipline problems; and shut down the system's central supply warehouse. A&M also cut more than 100 bus routes, forcing children to walk long distances through unsafe areas.

Nearly three years after A&M left St. Louis, the school district is still financially unstable and struggling to pay off \$30 million that A&M borrowed from the city's Desegregation Fund to pay for operating costs. The system still has some of the lowest test scores and graduation rates in the state and is still in danger of losing its state accreditation.

## **The DOE's No-Bid Bonanza**

A&M is not the only company to receive a sizable contract from the DOE without having to compete against other companies with similar experience. The dissolution of the school board in 2002 has weakened the system of checks and balances that made it difficult for the administration to circumvent the standard bidding process for education-related contracts.

In Fiscal Year 2001, before control of the school system shifted from the school board to the Mayor, the old Board of Education awarded eight no-bid contracts worth a total of \$1.35 million. The first fiscal year after Mayor Bloomberg and Chancellor Klein took control of the schools, that number jumped to 32 contracts worth a total of \$12 million. Last fiscal year, the DOE handed out 47 no-bid contracts worth \$121 million!

## **Contact the Office of the Public Advocate**

If you notice troubling changes in the services your child receives at school, or if you're concerned about the DOE's involvement with A&M and would like to share your thoughts, please contact the Office of the Public Advocate at 212-669-4650 or e-mail us at [educationcuts@pubadvocate.nyc.gov](mailto:educationcuts@pubadvocate.nyc.gov). Join us as we work to ensure that all New York City public school children get the services they're entitled to.