



New Mexico's *Spyglass* *A deeper look at what's really behind the story...*

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Is it time for the Senate to Grade Secretary Skandera ...

The Governor & her Secretary of Education want to grade our schools ... but after nine months of controversial rule maybe it's time to grade Hanna Skandera.

In late December, just before she officially took office, then Governor-elect Susana Martinez announced she was appointing Hanna Skandera as her new Education Secretary.

Conservative and corporate education advocates resoundingly exclaimed Skandera 'was an outstanding choice, and a great signal that Governor Martinez is very serious about reform.'

On June 10, 2011, Skandera finally let New Mexicans know what the new administration's idea of serious reform would be ... the Martinez version of 'Pay to Play.' She proceeded to fire thirty employees in the Public Education Department and hired more consultants.

If the Secretary's past practices serve as an example, even more consultants and contract Personnel from the Texas & Florida systems will be teaching New Mexicans "How It's Done," while we watch more of New Mexico's tax dollars go to out of state businesses.

Actually the plan is right out of the Education Pay to Play book of Jeb Bush and his corporate champions.

In the following several pages you can read about this plan to privatize the New Mexico education system and how it will make a handful of corporate educators wealthy ... at the expense of New Mexico's children.

For several years Hanna Skandera has moved from state to state and from government to private foundations and has grown relationships with private business to catapult her career.

New Mexico's children cannot afford to be additional victims of Hanna's Social Promotion!

Putting Lobbyists in charge of Education.

Would you appoint a lobbyist for the mining industry to serve as the regulator over the same companies that the lobbyist represented?

Could we trust that person to place the public's interests over the paying client's interests?

It's just like the fox guarding the hen house, which as everyone knows is a situation rife with conflict of interest.

Governor Susana Martinez promised a new kind of administration, one that would steer clear of conflicts of interest. She even went so far as to create a new code of ethics that prevented

former government employees from working on behalf of those they used to oversee.



If that is a conflict of interest it would seem hiring a lobbyist to oversee her/his own high paying clients would *create* a conflict of interest.

Yet, that is exactly what Public Education Department Secretary Designate Hanna Skandera did when she hired Patricia Matthews, who along with her partner Susan Fox served as the main lawyer/lobbyist for just about every charter school in New Mexico.

Matthews and Fox helped their clients navigate the various issues charter schools faced from licensure to being shut down. Matthews, who billed the schools \$175 per hour, was also paid to provide guidance for the New Mexico Coalition of Charter Schools on legislative policy.

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Editorial

The National Research Council says Hanna Skandera's brand of "Education Reform" does not work. So why is the Martinez Administration so gung ho about an approach that is clearly not what's best for the children? Who really stands to gain from their faulty approach?

Skandera and Martinez have begun instituting the Foundation for Excellence in Education's ("FEE") one size fits all cookie cutter agenda of ending "social promotion", "incentivizing" teacher and school performance, replacing experience and training with "effectiveness", replacing teachers with technology guides, using "proprietary" curriculum and teacher training and privatizing public school through "choice".

The National Research Council is the principal operating agency of the National Academy of Sciences. It conducts research to provide advice to the nation's decision makers through a congressional charter. It is agenda free.

FEE is entirely agenda driven. Well, it is also driven by its desire to enrich its friends and cohorts with taxpayer money that should be going to teacher salaries and school infrastructure.

In testimony on "High Stakes Testing and Social Promotion" before congress, Robert M. Houser, who chaired the Committee on Appropriate Test Use Board on Testing and Assessment for the National Academies, stated, "*with respect to retention in grade, the research evidence is overwhelming: Simply holding back students who have not achieved to the appropriate standard does not work.*"

Not only does ending social promotion not work according to Houser, "*but flunking them, holding them over for a repeat year, and simply assuming that this will help them overcome their educational deficits, is ineffective and may even aggravate an already untenable situation.*" Houser's research found:

- Students who have been held back typically do not catch up.
- Low-performing students learn more if they are promoted- even without remedial help—than if they are held back.
- Students who are held back are much more likely to drop out before completing high school.

Relative to New Mexico, a minority majority and poor state, was Houser's finding that "minorities and poor children are the most likely to be held back."

The National Research Council has also weighed in on "incentive programs, which impose sanctions or offer rewards for students, teachers or schools on the basis of students' test performance" in a recent report entitled, "Current Test-Based Incentive Programs Have Not Consistently Raised Student Achievement in the U.S."

The study found that school based incentives gains occurred only in elementary grade mathematics, and are so small that claiming these incentives will help us compete internationally are a joke. In fact, incentives to test scores showed only a .08 standard deviation, improving from 50th percentile to 53 percentile versus the 84 percentile achieved in high performing countries. It will never make us competitive.

The National Research Council using "low-stakes tests" that are not linked to incentives found that "*the overall effects on achievement tend to be small and are effectively zero for a number of incentives programs.*"

The study found that attaching incentives to test scores has several detrimental impacts:

- They encourage teachers to focus narrowly on the material tested (teaching to the test).
- Students knowledge of untested materials may stay the same or even decrease.
- Test scores give an inflated picture of what students actually know with respect to the full range of content standards.

As a result the report found, "*it is unreasonable to implement incentives tied to tests on a narrow range of content and then criticize teachers for narrowing their instruction to match the tests.*"

Education should not be about teaching to the test. It should be about teaching how to think and provide fundamental skills that allow the student to become a productive member of society.

So what really does work? According to the National Research Council, smaller class sizes, better-trained teachers and principals, challenging curriculum, high expectations, good after-school programs and summer school "*can make a large and positive influence*".

In other words focus on the needs of the individual students, identify those that need assistance and provide it to them. For generations, American students that had trouble learning to read were given pull out training by remedial reading teachers.

This was a very effective approach, but then districts eliminated those positions. Why not bring them back? There are also thousands of retired teachers and other volunteers, who are happy to donate their time to do pullout remedial reading.

Skandera's approach to educational reform relies heavily on protecting the financial interests of companies and their "proprietary" curriculums and training programs ... Teach for America, K-12, Inc., Laying the Foundation and of course FEE.

Perhaps this is due to Skandera's lack of classroom experience and history of working for companies that sell training programs.

Skandera's approach has only nominally asked those that are in the trenches, teachers, about approaches that will work. It is time for those who really care about education to do just that.

The Mission Statement of Independent Source PAC

"To protect working families by investigating and exposing the actions, agendas, and hypocrisy of conservative candidates, elected and appointed officials and interest groups while supporting political candidates who believe that government has the ability to improve the lives of all our citizens and not just an elite few."

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Foundation for Excellence in Education or Leaders in Corruption and Profit...

Florida based Foundation for Excellence in Education, ("FEE") the creator of the so-called "Florida Option" helped draft NM SB 427 the "education reform" bill.

Why?

Could it be that this "non-profit", formed by Jeb Bush, Zachariah P. Zachariah and Brian Yablonski, figured out a way to make money off of New Mexico taxpayers?

In letting FEE write our bill did anyone bother to research FEE's creators? Perhaps they just took Education Secretary Designate Hanna Skandera's word for it.

Hanna Skandera is exceptionally close to Bush and others at the Foundation for Excellence in Education.

So it's no surprise that she opened the door for them to come to New Mexico to "fix" public education.

A close look at FEE's founders leaves little doubt about where their true interests lie: Making money. And lots of it.



Governor Susana Martinez and Education Secretary-designate Hanna Skandera

Governor Susana Martinez campaigned on a platform of ethics and transparency in government.

On paper she claims to be prohibiting her administration from doing business with corrupt entities.

Somebody forgot to tell Skandera, since she has joined forces with some very ethically challenged folks.

As a non-profit, the Foundation for Excellence in Education does not disclose its donors, who provide almost \$3 million in annual funding to them.

However, according to a recent New York Times article, FEE receives a substantial amount of its funding from "for-profit education technology companies."

So who really benefits, Kids or Corporations and their political benefactors?



Former Florida Governor Jeb Bush

So Foundation for Excellence in Education champions channeling massive amounts of tax dollars to these for-profit education technology companies who give them a whole bunch of money. Lepke would be so proud!

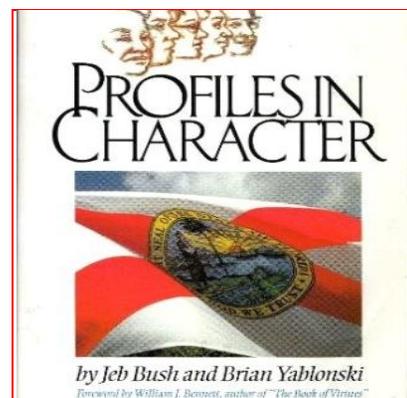
While much of the focus on FEE has been about *Jeb Bush*, it is the two other founders, *Zachariah P. Zachariah and Brian Yablonski* that really show just how ethically challenged FEE is.

Zachariah is best known as a heavyweight Republican fundraiser, a Bush Pioneer and the head of the Florida medical board.

'Profiles in Character' or presiding over a culture of fraud?

Yablonksi

Brian Yablonksi, who was Jeb Bush's chief of staff, wrote a book with Jeb entitled *Profiles in Character* ...



Cover of Bush & Yablonski Book

... And what a cast of characters Jeb seems to hang out with.

Yablonski serves as a commissioner on Florida's Fish & Wildlife Conservation Commission and is the Vice President of Public Affairs

for the St. Joe's Company, Florida's largest private landholder.

In December 2010, a Florida Grand Jury, convened to investigate government corruption in Florida, turned the Florida Fish and Wildlife Conservation Commission into the poster child for corruption in Florida.

In the grand jury's interim report issued in December 2010 they wrote, "*We heard testimony as previously mentioned about massive fraud and abuse within the Florida Fish and Wildlife Commission.*"

"In this case, numerous employees had knowledge of and participated in the fraud and abuse. The fraud and abuse was so prevalent that it had to be common knowledge within and outside the agency."



Commissioner Brian Yablonski

So Yablonski, as a commissioner, is responsible for the most corrupt agency in Florida.

But that's not the only matter that raises serious questions about Yablonksi's ethics.

According to a recent SEC filing by the company of which Yablonski is an executive, **St. Joe's Company**:

"The Company previously disclosed in January 2011 that the Securities and Exchange Commission (the "SEC") is conducting an informal inquiry into the Company's policies and practices concerning impairment of investment in real estate assets.

On June 24, 2011, the Company received notice from the SEC that it has issued a related order of private investigation. The order of private investigation covers a variety of matters for the period beginning January 1, 2007 including (a) the antifraud provisions of the Federal securities laws as applicable to the Company and its past and present officers, directors, employees, partners, subsidiaries, and/or affiliates, and/or other persons or entities."

Thus, the St. Joe's Company where Yablonski is a vice president and in charge of lobbying government agencies (while also working for the government) has been under SEC investigation for possible violation of anti-fraud security regulations since January 2011 for conduct dating back to January 1, 2007.

Zachariah

Zachariah P. Zachariah is no stranger to SEC investigations



Dr. Zachariah Zachariah

either. Zachariah faced a civil insider-trading fraud lawsuit from the SEC in which Zachariah, his brother and close friend were alleged to have "*reaped a total of more than a half-million dollars in profits from their illicit scheme.*"

The SEC investigation, which lasted for several years, kept Zachariah from being appointed US Surgeon General by Jeb's brother George W. Bush, who sought to nominate him, but then did not do so after word of the investigation broke.

Zachariah was accused of providing insider tips to his brother and friend. Ironically, Zachariah skated at trial, while his brother and friend both admitted their roles including colluding with Zachariah and paid hefty fines for their illegal actions.

Zachariah was also successfully sued in a class action lawsuit in US District Court for refusing to pay mandatory overtime wages.

Additionally, he was successfully sued in US District Court on two different occasions by women accusing him of sexual discrimination.

Finally, and perhaps most despicably, Zachariah, who is once again the head of the Florida medical board, voted to reinstate the medical privileges of a doctor who was recently convicted of rape and just released from prison!

When the Fox is in Charge of the Henhouse ...

Lobbyist in charge of Charter Schools (Continued from page one.)

Matthews has addressed legislative committees on behalf of the Coalition including on the effect of funding issues on charter schools.

Ah ha, you say, a lawyer is not a lobbyist. Well I guess it depends on how you define the word... Per the Lobbyist Regulation Act, NMSA Chapter 2, Article 11, "Lobbying means attempting to influence: (2) an official action."

In Matthew's case, there is no doubt that Matthews Fox sought to influence the December 2010 New Mexico Public Education Commission's decision to reject the renewal of three charter schools they represented: the Ralph J. Bunche Academy, The Learning Community Charter School and La Resolana Leadership Academy. Rejection of the renewal meant all three schools were to be shuttered.

After a lengthy process of evaluation of academic performance and audits of the three charter schools by the Charter School Division, the Charter School Division in the Renewal Recommendation & Evaluation for each of these three schools found:

"The school's proficiency levels were 'well below the proficiency levels of the district.'"

"The school was not keeping pace with the progress that the district schools were making 'in closing the gap between the students' performance and the annual measurable objectives articulated for the grade levels served.'"

In plain speak, the three charters standardized test scores based upon the New Mexico standards based achievement tests (SBA) were not only well below the other schools in the district, but in fact did not show a level of improvement shown by the other schools in the district. In some cases the schools were between 78%-85% non-proficient.

These schools also failed to meet their own objectives identified in the schools' charters.

These schools were according to Skandera and Martinez's own A-F grading guidelines, Fs. Further, there were also significant issues in

the audits of the financials of these charters.

The Charter School Division evaluated the three schools performance based upon standardized tests, as allowed under the guidelines set up following the legislation that governs charter schools in New Mexico. Nothing was secret about the process.

All three schools were in constant communication with the Charter School Division and knew what needed to be done to ensure their renewal. They had plenty of time to get their act together. But failed.

The Public Education Commission agreed with the Charter School Division Recommendations and Evaluations and denied the renewal for all three schools.

Matthews Fox PC asked Hanna Skandera, who took over as the Secretary Designate after the Public Education Commission ruling to reverse the PEC ruling. Skandera then reversed all three denials.

Skandera called recommendations by CSD and the rulings by PED "arbitrary or capricious".

Oddly enough, Skandera, who has been pushing to evaluate teacher performance based upon standardized tests said, "***the department's minimum educational standards are not defined in either current law or current rule, nor are those standards necessarily equated to AYP.***"

Skandera further declared that the minimum standards applied by the PED and CSD were "***a vestige of an earlier time***" and that "***the PEC seemed to rely too heavily upon making AYP as a factor in meeting these minimum standards.***"

Yet in a letter to the principal of an Albuquerque area charter school that Skandera sent three weeks after Matthews joined her Department, concerning the charter school's AYP scores, Skandera wrote that she was reporting the AYP scores "***In order to meet the requirements of New Mexico Statutes Annotated 1978,***

Section 22-2C (New Mexico Assessment Accountability Act) and 22-2-2.F (Accreditation), as well as the provisions of the federal No Child Left Behind (NCLB) Act".

So apparently the "***vestige of an earlier time***" still applies...

On June 9, 2011, the Public Education Department contracted with Matthews Fox PC to review proposed staffing levels and roles of Charter School Division employees. The contract ran until June 30, 2011. Patricia Matthews then went to work for PED on July 1, 2011.

Ironically, Sam Obenshain, the man who handled the recommendations on charter schools for the Charter School Division, including the three that Matthews convinced Skandera to reverse the denial to renew, was let go by Skandera on June 10, 2011, one day after the contract with Matthews Fox.

Back to the appearance of a conflict of interest involving Matthews overseeing her clients. To date, Matthews has not filed a disclosure form identifying how much revenue Matthews was entitled to receive from the outstanding receivables due and payable by the charter schools she represented.

Were Matthews to continue to receive payments from charter schools that were after she went to work for PED a significant conflict of interest would arise beyond just concerns about misplaced loyalty.

Payments to regulators from those who are regulated carry the appearance of currying favor with the regulator. Hiding any such payments secret from public scrutiny would be that much more inappropriate.

On June 30, 2011, the last day of the Matthews Fox PC contract with PED, Susan Fox filed a certificate of amendment with the PRC Corporations Division, changing the name of Matthews Fox to the Charter Law Office.

At this point, Matthews has not publicly released the details of the conversion to the Charter Law Office.

Martinez created a new code of ethics in which she called for all employees to disclose information about conflicts of interest within four days of being hired.

It's now almost ten weeks since Matthews was hired. The public has a right to know.

Further, Matthews has not disclosed the nature of her conversations with Susan Fox and whether those conversations continue on today with her former partner. Based upon the new name of the law firm, it is clear that Fox intends to continue to represent charter schools.

Shouldn't Matthews have waited a year before taking the position or at a minimum shouldn't Fox have quit representing charter schools for a year?

Since Matthews's arrival, the approach to renewing and evaluating charter school applications has changed. Matthews and Skandera have brought in a charter school trade group, The National Association of Charter School Authorizers (NACSA) to rework the process.

The group lists the New Mexico Public Education Department as a client, but a search of the sunshine portal did not list any contracts for them.

One of the first actions by NACSA was to eliminate the ability of recommendations by CSD forming the written basis for a decision. So now CSD's recommendations carry less weight than they did under the previous system.

Under the format instituted by NACSA, standardized test scores are not listed as a basis under the "legal basis for denial" of a charter renewal.

Too bad the non-charter public schools are held to a different standard as poor standardized test scores can result in the school being labeled failing.

Fail enough times and Skandera can order the school be closed or converted to a charter school.

The Governor's 'Education Reform' is Just More Pay to Play...

Not only are Corporations People, according to those transforming Education into a Big Business, Now our Children Qualify as Assets.

K-12 Public Education in America is a \$661 billion dollar undertaking. Up to now it's been government operated. And while there is definitely room for improvement in public education, most of us when asked, believe we've received a decent education at our local neighborhood schools.

Throughout the country, local school districts employ millions of teachers, secretaries, nurses, custodians and administrators who spend their hard earned money in the local community thereby benefitting us all.

But under the guise of "education reform" Governor Susana Martinez and Education Secretary Designate Hanna Skandera have launched an effort to take New Mexico's share of that money and hand it over to privately run out of state corporations like K12, Inc. Why?

Well for starters, these companies gave a bunch of money to Martinez's gubernatorial election campaign. K12, Inc. is the Nation's largest operator of "virtual public schools". A major component of the so-called "Florida Model" championed by Jeb Bush through his Foundation for Excellence in Education and Digital Learning Council, involves getting students out of actual classrooms so they can learn at home alone by the computer.

Conservatives throughout the country who have never taught school have all labeled distance learning the future of education.

Here's why: As notorious gangster Louis "Lepke" Buchalter understood, if you control the distribution, you make all of the money. And that's where K12, Inc. comes in.

K12, Inc. distributes a "proprietary curriculum", engages heavily in "student recruitment and marketing" all while incurring "significant lobbying costs" in

order to protect its financial interests (pocketing our tax dollars).

Sounds a whole lot more like a business operation than a school doesn't it?



Ronald J. Packard, the head of K12, Inc.

Ronald J. Packard, the head of K12, Inc. and formerly of Goldman Sachs Mergers and Acquisitions Division, (You know, the guys that helped to cause the great recession!) was part of the inner circle of Bush's Digital Learning Council.

Packard pulls down an annual salary of \$759,696 and that doesn't include the millions he earns by selling stock options.

K12, Inc.'s annual revenue is about \$384.5 million dollars based upon a student enrollment of 66,811 (\$5,755 per student with no school buildings to own, operate, maintain or staff). This figure is surely to rise under the wave of Republican governors, like Martinez, that were elected in 2010.

The next highest paid officers of K12, Inc. have annual salaries of \$657,657, \$391,223, \$380,708 and \$359,776 again those figures don't include the stock options they sell.

K12, Inc. employs 1,065 (all non-union) people of which only 306 are teachers. That's approximately 28% of the employees. Contrast that with APS, a frequent target of Martinez and Skandera for spending too much on administration costs, which has 13,304 total employees about half of which, 6,542, are full

time teachers. Further APS has close to 90,000 students, which it manages on a budget of \$594 Million.

K12, Inc. based in Virginia contributed \$5,000 to Susana Martinez's 2010 gubernatorial election campaign. What did that money buy? Senate Bill 427.

This bill introduced by Vernon Asbill, written with input from Foundation for Excellence in Education, is best known for creating the A-F grading system for New Mexico's public schools.

The bill by Asbill, sought to allow any student attending a failing school the "right to have the student continue schooling by means of distance learning offered through statewide cyber academy or a cyber academy currently offered and approved by any other state. The school district or charter school in which the student is enrolled is responsible for the cost of the distance learning."

Guess who would qualify under Asbill's wording for all that taxpayer money? You guessed it! K12, Inc. Susana Martinez got a \$5,000 contribution and in exchange K12, Inc. was in line for millions of our tax dollars.

So, according to SB 427 if the public school is failing according to grading standards created by Martinez (the recipient of the payment) and Skandera, the public is still on the hook for all the money paid per student.

But instead of being used for local salaries, that money would be sent to the operators of "virtual charter schools".

While the Democratic legislature watered down the bill to eliminate cyber academies approved in other states, it's no problem for K12, Inc.

K12, Inc. operates as sub-contractors to local charter schools in states where a local

cyber academy is required by law.

Martinez and Skandera tout K-12 distance learning as a proven and effective way to raise standardized test scores.

Despite all of the money paid to K-12, Inc. to run these programs, K-12, Inc. is a little bit more honest about the results, "Virtual public schools that we serve generally test near state averages on standardized tests."

So, they get paid a boatload of tax dollars to fatten their massive salaries just by remaining average!

INX, Inc. a Houston, Texas firm specializing in the sales and installation of distance learning infrastructure kicked in \$5,000 to Martinez's campaign.

Since the \$5,000 contribution to Martinez, INX Inc. received its first contracts with the Public Education Department totaling \$36,447.46.

Martinez also received thousands of dollars from Virginia and DC based lobbyists whose clients include virtual education companies.

While it's not the huge sum that Martinez raked in from energy companies, it's still pretty significant.

Finally, Pitsco Education of Kansas, a small provider of K-12 distance learning programs ponied up \$500 to Martinez.

Thanks to SB 427, it didn't even require a large contribution to get to a slice of the pie at taxpayer expense!

So how much is at stake for these companies from the taxpayers of New Mexico.

For fiscal year 2011, Susana Martinez called for a contingency fund of \$53 million to go towards education reform versus \$19 million contingency fund for education reform in 2010.

It really pays to play!

Governor Martinez's & Secretary Skandera's Education Reform ... the Hidden Agenda.

In Wisconsin they came after Collective Bargaining for Teachers directly through the Legislature. Governor Martinez has found too much resistance from enough New Mexican Legislators, so her Secretary of Education is building a back door.

In addition to sending our tax dollars to enrich out of state corporations and ethically challenged individuals, Martinez and Skandera's reform agenda includes ending teacher pay scales that are linked to experience and training.

That means more *outsourcing* of teacher training to companies like those Skandera operated or served on as a corporate officer including **Laying the Foundation** and **Academic Partnerships**.

Like K12, Inc. These companies have created proprietary (read: high fees) training materials and programs that can be sold to school districts to train teachers.

Skandera was CEO of Laying the Foundation, a company that specializes in training teachers who teach "Pre-AP" and AP classes and providing training materials for students who take Pre-AP and AP classes.

Thanks to Martinez and her push for 'Education Reform', Skandera has maneuvered herself into a position of authority in New Mexico where she can direct our tax dollars to financially benefit a company where she was the CEO.

The bottom line is that Martinez and Skandera want to eliminate the tried and true teacher training process of using local experienced teachers to train new teachers.

Rather, they want to pay some corporation who uses corporate trainers to train teachers.

Perhaps they despise the student teacher process because it's in essence an apprenticeship program and unions typically support Democrats.

So 'Education Reform' is really just about busting teachers' unions and making more money available for corporations.

Skandera, who has never taught in a classroom, has brought in a Teach for America company member to help determine how teachers should be trained.

The Teach for America approach to training?

Take someone young and impressionable, who does well in college and provide them with six-weeks of training and say, congrats! You're a teacher for the next two years.

After that you can go work on Wall Street.

Meanwhile, Teach for America bills the taxpayer's multiple fees for the three different phases they are involved in: recruiting, training and ongoing development.

So they are paid to find potential teachers, paid again to give them six-weeks of training and paid again to provide a few follow up days of training for each and every recruit they can find.

On top of paying all this money to Teach for America, guess who pays these teachers' salaries?

The taxpayers! From 2005 through 2010 Teach for America recruited and trained 17,000 college students to enter its program.

Teach for America's revenue in 2010 \$192,000,000!

Because these teachers are inexperienced and will teach as the corporations train them rather than using tried and true methods passed down from experienced teachers, Martinez and Skandera have chosen to dub them "effective".

Martinez and Skandera want to **eliminate low student to teacher ratios**, after all a distance learning class from Virginia could teach thousands of students in their own homes, but not if classroom size is limited by state statute.

Martinez and Skandera also frown upon teachers going to teaching school. Especially, those who get a master's degree, who know how to teach any subject.

There is much less resistance in this administration to using teaching methods sold by corporations and hiring a young kid with a degree in chemistry than to a teacher with master's degree in teaching who has spent years teaching directly to students in a classroom getting to know each child's specific educational needs.

'Education Reform' is the only place where experience doesn't count.

And let's not forget about another *big-ticket* item: **Medicaid Reform?**

Timing is everything.

Take for example, Executive Order 2011-030, signed by Governor Susana Martinez on May 19th, 2011, less than two weeks after the awarding of the Medicaid Reform contract.

According to this executive order, *"companies engaged in corrupt activity should not receive public contracts."* Martinez called her order *"a key first step in reforming the state's procurement process to ensure that it is open, fair, and more resistant to favoritism and corruption."* Sounds good doesn't it? But, does she really mean it?

For those of you who may have forgotten, the Medicaid reform contract process was anything but open.

Senate President Pro Tem Tim Jennings blasted the administration's conduct, *"it is not acceptable for the governor to disengage and exclude all other policymakers, dismiss our opinions and then proceed to secretly and unilaterally determine our future."* Jennings concluded, *"the manner in which this RFP has been carried out does not lend itself to full disclosure and erodes public trust in government."*

So what does the timing of the executive order and the Medicaid reform contract process have to do with each other?

Could it be that Martinez launched into CYA mode when her administration was caught with its hand in the proverbial favoritism and corruption cookie jar?

A little background here:

Jason A. Turner, through his company Practical Government Solutions submitted a Medicaid reform proposal to HSD. He ended up a finalist. One of the two finalists.

Turner, who has a longstanding relationship with the conservative think tank the Heritage Foundation, has been the darling of the right wing welfare reform industry for well over a decade. He was responsible for eliminating thousands of people from the NYC welfare rolls back in the late 1990's.

His conservative positions were embraced by the George W. Bush Administration where current New Mexico NM HSD Director Sidonie Squier served as the Director of Office of Family Assistance,

Administration of Children and Families, US Department of Health and Human Services.

In 2008, another of Turner's companies, the Center for Self-Sufficiency received a grant from the Administration for Children & Families for \$599,800.

Squier reported to the media that she had "removed" herself from the selection process, but never said why. The fact that one of Turner's businesses received a large grant from an agency where Squier was a director was not disclosed during the Medicaid Reform contract proposal process.

Certainly it raises the appearance of impropriety or as Martinez would call it, "cronism". But, this is not surprising because the selection process was shrouded in secrecy and intentionally kept hidden from view.

But as someone familiar with Turner, Squier also failed to disclose that Turner had a history of betraying the public trust, and was a participant in what we call pay to play.

In December 2002, the United State's Department of Labor's Office of the Inspector General for Labor Racketeering and Program Fraud, issued a report about a federal investigation into a contract that Turner issued to Maximus, while reforming welfare in NYC. According to the report, *"the evidence collected supports that George Leutermann, acting in the capacity of Maximus's vice president, directly and indirectly gave Commissioner Turner, his wife and his father-in-law things of value while being provided access to HRA during the development of the solicitations and before the contact award."*

The things of value: Maximus gave Turner's father-in-law a job. Maximus also agreed to provide matching funds and financial backing so that the company that Turner and his wife operated, the very same, Center for Self-Sufficiency, could receive a grant from the Milwaukee Public Schools.

The job and the financial backing occurred while Maximus was bidding on a hundred million plus contract issued by the NYC agency Turner oversaw.

According to a separate NYC Department of Investigation report, two witnesses told investigators that *"Leutermann had hired Turner's father-in-law to 'curry favor with*

the Turners during the time Maximus was seeking contracts with HRA.'

Yep, that would make Turner a poster-child for "corrupt activity". Both the New York District Attorney's office and the US Attorney for New York thought so as they both launched criminal investigations into Turner's conduct.

Although no charges were brought against Turner, Maximus's contract was slashed from \$104 million to \$16 million after Turner was replaced by the next mayor, Michael Bloomberg.

Squier would also have been aware that in a separate incident Turner was found in violation by the NYC Conflicts of Interest Board for *"using city time and equipment for his own outside consulting work."*

What's the big deal you ask since the contract was awarded to another consultant? You know the same company that had hired the previous director of HSD only a few months before—a practice Martinez later also prohibited.

Well, there a serious question about whether Turner's company was initially selected and then dropped after we notified the Governor's office and several legislators in a letter emailed on May 10, 2011 about the appearance of conflict with Squier and about Turner's pay to play history.

Just days before the letter was sent, HSD told the Santa Fe New Mexican that they anticipated awarding the contract "on or about May 12, 2011". When contacted by the Associate Press, an HSD representative who *"spoke on condition of anonymity to avoid upstaging the contractor's formal announcement"* claimed that the contract had been awarded on May 9, 2011, one day before the letter.

However, according to the RFP *"the agency will give notice of the award of the contract."* Thus, why would HSD violate its responsibility under the RFP and let the contractor make the first public announcement?

Strange indeed!

State Government Under Governor Martinez: So Many Promises About Bold New Leadership. But Actions Speak Louder Than Words.

On April 25, 2011, Governor Susana Martinez adopted a Code of Conduct for “*establishing and maintaining a high level of ethical conduct*”. This code is based primarily on the Government Conduct Act, the Procurement Code and other acts that have long been in place in New Mexico.

Under the Conflicts of Interest section, Martinez’s code calls for “*full disclosure of real or potential conflicts of interest*”. The Code of Conduct also states that employees shall not use “*their positions and their powers and resources of public office*” in order “*to obtain personal benefits or pursue private interests.*”

A little History

However, Susana Martinez was not always so forthcoming in disclosing potential conflicts of interest when it came to contracts with our tax dollars.

On March 8, 2004, while the District Attorney in Las Cruces, Susanna Martinez sent a letter to Anthony Armijo, the Director of Financial Control Division of the New Mexico Department of Finance Administration requesting to use tax dollars to buy martial arts equipment for the New Mexico State University Police Department. The letter was sent by Martinez in order to justify the need for the money, after the state had initially declined her request.

“The expenditure for this request will run \$6,200 and will be taken from the office’s Southwest Border Prosecution Grant. This equipment is necessary for the New Mexico State University Police Department to properly train their officers and detectives in self defense tactics while investigating criminal activity.”
(Emphasis added).

The letter by Martinez **failed to mention that her husband Chuck Franco was at that time employed as a detective with the New Mexico State University Police Department.** Surely,

full disclosure by Martinez should have included mentioning that her husband was a beneficiary of this grant fund request.

Further, according to Century, a leading martial arts equipment distributor, a simple purchase order from a government entity is all that is necessary to purchase the equipment at wholesale. However, instead of purchasing directly from Century, Martinez purchased the equipment for her husband’s small police department through her friend and employee, Janetta Hick’s company. Do you think the taxpayers paid wholesale on that purchase?

And here is a little more history about the ‘do as I say Governor.’

Shortly after winning her Republican Primary election for Governor in June of 2010, Susana Martinez, then District Attorney of Dona Ana County, stated in a television interview that she had never turned a *blind eye* to political ‘pay to play’ in her jurisdiction.

What is interesting is that during the political election year of 2006, in the Las Cruces news and prominently reported even state-wide, there was a high profile matter regarding the then State Land Commissioner, a Republican, providing special consideration for a wealthy developer named Philip Philippou who had contributed to a political action committee which turned over most of their funds to the Land Commissioner’s campaign.

We heard nothing from the Republican District Attorney Susana Martinez about the political impropriety of that transaction.

During the coming weeks there will be more reporting on the extent of political influence that so many large contributors have acquired during this first year of the Martinez Administration.

Oil & Gas Industry folks, Dairy lobbyists, Water Brokers, Developers, Alternative Energy late-comers. The list is considerable.

For more information and source documents for the articles in this newspaper

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