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Head of World's Largest Childcare Charity Asked to Step Down

Hershey, PA (November 12, 2008). After presiding over five years of questionable childcare policies, divisive tactics, and demoralized frontline staff, Milton Hershey School (MHS) President Johnny O'Brien has reportedly been asked to step down.

The move comes amidst continued requests from Protect The Hersheys' Children, Inc. (PHC) for an Office of Attorney General (OAG) investigation of MHS practices. PHC is a watchdog group of MHS alumni devoted to monitoring the Hershey Trust, which funds MHS, the world's largest residential childcare charity, located in Hershey, PA. Its assets total $8 billion, including 10,000 acres of land.

Construction of a $40 million experimental intake facility is said to have been among the catalysts behind the decision to ask O'Brien to step down. That facility, "Springboard Academy," was designed to house 20 children per bedroom in a disturbing manner that has baffled childcare professionals and that is at odds with the childcare vision of Hershey Trust settlors Milton & Catherine Hershey. The Hersheys mandated a homelike environment for MHS children in student homes headed by houseparent couples, eschewing congregated or dormitory settings. O'Brien has also introduced dorms for all seniors.

The announcement is to be styled as voluntary. O'Brien's actual departure is to occur at the conclusion of the current school year, with a replacement named by then.

PHC has long urged the OAG to examine questionable policies pursued under O'Brien and the MHS Board. These include child-crowding, inadequate counseling programs, bullying of frontline staff, divisive tactics, irrational infrastructure spending, use of the Hershey Trust for such partisan political activities (PHC is non-partisan) as a GOP fundraiser, diversion of childcare resources to non-child purposes, lavish compensation packages for MHS Board members and Administrators, and a host of related conduct.

Many of these problems were anticipated by the 2003-2006 Milton Hershey School Alumni Association (MHSAA) Board. That Board foresaw the MHS dysfunction that would follow rescission of a 2002 Reform Agreement between MHS and the OAG. The Pennsylvania Commonwealth Court granted MHSAA standing to seek reinstatement of these reforms, only to be reversed by the State Supreme Court. That reversal opened the door to continuation of the problems now plaguing MHS.

O'Brien was hired by the MHS Board five years ago, after a search process that some criticized as flawed from the outset. The process heavily favored O'Brien due to his having been named interim President while the search was taking place, thus disadvantaging other candidates. Moreover, O'Brien was chosen even though it was discovered that, for decades, he had falsely claimed to hold a Masters Degree in Psychology from Johns Hopkins University. O'Brien also lacked substantive administrative experience, having built a career selling leadership seminars to corporate executives from an office employing a handful of people. Some questioned whether this prepared him to lead an $8 billion residential childcare charity with 1,500 employees serving more than 1,000 children.

Nonetheless, the MHS Board selected O'Brien, whose tenure commenced with an extravagant "inauguration" ceremony that featured as processional music *"When Johnny Comes Marching Home!"*

One of O'Brien's first acts was to have MHS purchase a luxury S.U.V. for his use and a lavish residence valued at approximately $1,000,000. Though his predecessor was criticized for a compensation package that exceeded $400,000, O'Brien's total annual compensation was recently reported to be $664,000.

Other MHS Administrative and Board compensation has similarly mushroomed, with Board Chairperson Leroy Zimmerman reportedly amassing over $400,000 annually from his work on the charity's board.

Zimmerman was able to amass these sums because of the rescission of the 2002 Reform Agreement by the Board immediately after Zimmerman joined it. That rescission opened the door to multiple related-board appointments and other practices prohibited by the Reform Agreement. Today, Zimmerman chairs the MHS Board, the Hershey Trust Company Board, the Hershey Foundation Board, the Hershey Entertainment & Resorts Company Board, and serves on the Hershey Company Board, in a manner that the rescinded reforms would have barred. PHC has urged the OAG to restore these reforms, which also would have prohibited the increased child-crowding that has occurred under O'Brien and Zimmerman.

Spendthrift policies under O'Brien and Zimmerman extend also to astronomical construction contracts, with one building alone costing $130,000,000 simply to renovate even though it was initially projected to cost a fraction of that amount. Other questionable expenditures of MHS childcare funds include the purchase of a failing luxury golf course and renovation of its clubhouse, purportedly so that the course could be used to "buffer" MHS children from the community. Though MHS children do not use the course, O'Brien and Zimmerman are said to be frequent guests.

PHC has complained to the OAG repeatedly about these acts, echoing the alarms raised by MHSAA when it sought to restore reforms.

Meanwhile, during O'Brien's five years as MHS President - which parallel Zimmerman's tenure on the MHS Board - 910 children have been removed from the school, a figure that far exceeds the 625 children who graduated during the same period. No similar childcare facility in the country has shown such poor results though spending nearly $80,000 per child per year.

Inexplicably, O'Brien and the MHS Board have shifted blame for this attrition to MHS children themselves, claiming that those who left did not want to accept stricter policies imposed in the last five years. O'Brien - known for catchy slogans - has asserted that MHS children should show "a little less attitude and a little more gratitude." O'Brien's critics, including PHC, counter that MHS policies have been inadequate, and that the fault lies with the MHS leadership, not with the children.

In spite of nearly a quarter-billion dollars in infrastructure spending, unparalleled per-child annual costs, and executive salaries surpassing those at any other childcare charity in the world, MHS enrollment growth under O'Brien and Zimmerman has been a mere 393 children over five years. PHC asserts that at these spending levels, and with $8 billion in total resources, MHS enrollment growth should be at least several multiples higher.

The one area where O'Brien has shown great success has been in silencing opposition to MHS Board policies. For instance, the once influential Houseparents Union has been rendered virtually irrelevant today, as houseparent leaders who failed to toe the line or resisted child-crowding were driven away or silenced. Among the most egregious examples was the treatment of former Houseparent Union President Chester Ross, who, together with his wife, reportedly endured a kind of psychological warfare that eventually led to their departure. The Rosses were model houseparents revered by MHS children and universally respected. MHS is said to have been forced to pay huge sums to compensate them for damage claims allegedly arising from the O'Brien Administration's conduct. Many other frontline staff and employees have also departed MHS after growing weary of the current leadership's policies.

Similar tactics have also been used against pro-reform alumni leaders. Utilizing MHS hiring and contracting to advance his goals, O'Brien has been able to bend MHSAA to the MHS Board's will, forcing the ouster of virtually all pro-reform alumni and replacing them with what some alumni describe as quislings.

With O'Brien's departure on the horizon, the open question now is whether the MHS Board will choose a credible successor who can lead a residential childcare charity according to the highest standards. PHC asserts that until the MHS Board leadership is itself removed and governance reforms restored, MHS will be consigned to another cycle of hopeless dysfunction.

The Zimmerman Board has now removed the CEO of the Hershey Company (Richard Lenny), the CEO of the Hershey Entertainment & Resorts Company (Scott Newkam), the President of the Hershey Trust Company (Robert Vowler), and, imminently, the President of MHS (O'Brien). According to PHC, it is time for Zimmerman himself to resign and take responsibility for his five years of failed leadership.

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