

Protect The Hersheys' Children, Inc.

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Watchdog Group Calls For Audit of World's Largest Childcare Charity & Resignation of Board Chair

Hershey, PA (November 21, 2008). Upon learning that infrastructure spending at the Milton Hershey School (MHS) has reached \$600,000,000 over the last five years, Protect The Hersheys' Children, Inc. (PHC) has called for an audit of this spending and removal of the MHS Board chairperson, former PA Attorney General Roy Zimmerman. 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. MHS assets total \$8 billion, including 10,000 acres of land.

The \$600,000,000 figure was disclosed late last week by local media reporting on the imminent departure of MHS President Johnny O'Brien. O'Brien and Zimmerman have overseen what PHC describes as five years of divisive and questionable policies, during which time 910 children were removed from MHS while only 630 graduated.

Under O'Brien and Zimmerman, employee morale has plummeted, frontline care-providers have faced bullying and intimidation, and MHS childcare resources have fueled what PHC describes as a smear campaign directed at alumni reform activists.

PHC's requests for an audit and the removal of Zimmerman came in the form of a letter to Pennsylvania Attorney General Tom Corbett. PHC has long pressed Corbett to investigate questionable MHS practices under Zimmerman and O'Brien.

According to PHC's letter, the \$600,000,000 in infrastructure spending corresponds with MHS stabilized enrollment growth of 393 children, or more than \$1.5 million per child added as of the end of last school year. PHC's letter states, "These unconscionable ratios depart radically from all rational resource use norms."

PHC's letter adds, "At a time of nationwide belt-tightening, it is worth remembering just where the MHS leadership has spent much of this childcare money; e.g., 'renovating' one building at a cost of \$130,000,000; purchasing a failing luxury golf course frequented by Mr. Zimmerman and President O'Brien (though off-limits to MHS children); renovating the clubhouse of that golf course; [and] constructing a \$40 million 20-child-per-bedroom intake facility that crowds 40 children under one roof even though 100 years of childcare learning made clear that this reckless experiment would fail and would hurt children."

PHC states that O'Brien's removal is overdue and that he should be replaced immediately. Nonetheless, Zimmerman declared last week that MHS policies have been a great success under O'Brien, and that these policies would continue along the same course even after O'Brien departed. These statements were apparently the last straw for PHC.

O'Brien was hired as MHS President by the Zimmerman Board in 2003, even though it was discovered during the vetting process that O'Brien had for years falsely been claiming to hold a "masters degree in psychology" and otherwise had virtually no experience running large organizations or a residential childcare charity. PHC described the presidential search process that named O'Brien as a "sham," warning of a repeat of this in the presidential search now underway to name O'Brien's successor.

PHC's letter asserts that "In light of the [fiscal, programmatic, and morale failures of the last five years], and given Mr. Zimmerman's total state of denial on this and the impact that this denial will have on the MHS Presidential search, we believe it is time for Mr. Zimmerman himself to take responsibility and tender his resignation from all Hershey Entity boards." PHC's letter adds, "Anything else, by Mr. Zimmerman's own public declarations, will perpetuate ongoing failures and undermine the MHS Presidential search process."

Zimmerman was named to the MHS Board in the tumult following the Hershey Trust's failed attempt to sell the Hershey Company, in 2002. Among Zimmerman's first acts was to participate in rescinding the Hershey Trust governance reforms that Corbett's predecessor had imposed, and that would have improved MHS childcare and fiscal polices. That rescission opened the door to Zimmerman's serving multiple Hershey Trust related-board roles, from which he has amassed over \$400,000 in total annual compensation. PHC asserts that these compensation levels are unheard of for any other residential childcare charity.

O'Brien and his hand-picked alumni senior leadership team were instrumental in endorsing the Zimmerman board's reform rescission, though O'Brien had initially gained alumni trust by purporting to support the reform effort. O'Brien abandoned that position in conjunction with gaining the Zimmerman board's nod for the MHS Presidency, turning on alumni reform activists.

PHC has requested restoration of Hershey Trust governance reforms, consistent with the long-held positions of alumni reform activists.

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