File: Children's Scholarship Fund

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Nicole –

I have attached several bits of information for you:

(1) Press guidance on Children's Scholarship Fund
(2) WP article stating that Clinton has publicly supported privately funded scholarships
(3) Forstmann's testimony to House Budget Committee
(4) USA Today piece about role of business in supporting education

Also – other tidbits of info.

The CEO of the Children's Scholarship Fund is apparently a woman named Darla Romfo who formerly was Sen. Breaux's LD. She can be reached at 212/515-7136.

Mike McCurry is also doing a bit of outside consulting with the organization.

When I go over to the Department (which I realized I will do this afternoon), I will also search for the memo on the Fund.

Hope this helps. Sorry for the long delay.

-Ann

Q: **This week, Ted Forstmann of the Children's Scholarship Fund announced the winners of a lottery for $170 million in scholarships for 40,000 kids from low-income families to attend private or parochial schools. Do you support this action?**

A: My objection to vouchers has always been over the use of federal funds, not local funds and certainly not private money. I applaud the involvement of private citizens and organizations in promoting good education, and believe that we all need to work together to focus on strengthening the public schools that serve nearly 90% of students and on expanding choice within the public education system, such as through charter schools.

20TH STORY of Focus printed in FULL format.

The Washington Post

February 03, 1999, Wednesday, Final Edition

SECTION: METRO; Pg. B07

LENGTH: 491 words

HEADLINE: Scholarship Program With D.C. Roots Goes Nationwide

BYLINE: Debbi Wilgoren, Washington Post Staff Writer

BODY:

The nation's largest privately financed scholarship program to help needy children attend private schools is now accepting applications from across the country, Children's Scholarship Fund officials said yesterday.

As many as 40,000 poor youngsters will benefit next school year from the program, which began modestly in Washington five years ago and has expanded dramatically under the leadership of Wall Street billionaire Theodore J. Forstmann.

Forstmann and his partners gave scholarships to 1,002 needy Washington youngsters last year. Over the summer, they announced plans to expand the program to a total of 35,000 scholarships in 40 cities and three states.

Yesterday's announcement adds as many as 5,000 scholarships in the rest of the country, said James C. Courtovich, president of the Children's Scholarship Fund.

Applications for the coming school year are due March 31. Winners will be chosen by computer lottery April 22. Families in the Washington area, or anywhere else, can call 1-800-805-KIDS to request an application.

The fund has expanded, Courtovich said, because Forstmann and his partners, Wal-Mart heir John T. Walton and supermarket magnate Ron Burkel, are contributing more cash -- a total of $ 130 million -- and because matching offers are pouring in from others who believe poor children should have the same chance to leave troubled public schools and attend private schools.

"We really had no idea that we'd receive the support around the country," Courtovich said. "There is a huge demand for people to have a choice for their children's education."

The Children's Scholarship Fund awards partial scholarships to families that meet its poverty guidelines. The amounts range from $ 500 to $ 1,600, depending on a family's need, with families paying the balance of tuition.

Last year, more than 7,500 D.C. students applied for the 1,002 scholarships.

Courtovich said the fund's 12,000 phone lines were jammed yesterday after Forstmann appeared on Oprah Winfrey's TV show with Bernice Gates, a D.C. parent whose three children received scholarships this year, to publicize the program.

Forstmann and his partners believe public schools have deteriorated because of their monopoly on educating the vast majority of the nation's children. They say public schools will improve only if they are forced to compete for students with private schools and public charter schools.

Republicans, and a few Democrats, in Congress have made similar arguments in trying to set up taxpayer-funded school vouchers for poor children.

President Clinton has opposed such efforts and vetoed legislation that would have allowed vouchers in the District, saying public money should be spent on public schools.

Clinton has expressed support for privately funded scholarships, however, and Forstmann's efforts have largely steered clear of the opposition generated by public voucher proposals.

LANGUAGE: ENGLISH

LOAD-DATE: February 03, 1999

11TH STORY of Level 1 printed in FULL format.

SEPTEMBER 23, 1999, THURSDAY

SECTION: IN THE NEWS

LENGTH: 2195 words

HEADLINE: PREPARED TESTIMONY OF
THEODORE J. FORSTMANN
SENIOR PARTNER, FORSTMANN LITTLE & CO.
CO-CHAIRMAN & CEO, THE CHILDREN'S SCHOLARSHIP FUND
BEFORE THE HOUSE BUDGET COMMITTEE

BODY:

Dante once observed that "A great flame follows a little spark." For me the spark was ignited by my work over many years with New York's Inner City Scholarship Fund, run by the New York Archdiocese. Impressed with its success at educating children for half the cost the government system fails to educate the same children, I thought: why not start a fund to help lowincome families seek a good education wherever it could be found.

So I got together with John Walton and we offered 1,000 partial scholarships to students in Washington, DC. After just a couple of months, we had received nearly 8,000 applications. Confronted with this huge demand, we decided to go national: John and I put up $100 million to fund 40,000 scholarships, and the Children's Scholarship Fund was born.

Throwing a lifeline to kids trapped in the worst schools seemed like a good idea to me, but would others be willing to brave the inevitable controversy and join our cause? I soon found out. Those who stepped forward to join our board range from civil rights leaders such as Andy Young, Martin Luther King III and Dorothy Height - from national leaders such as General Colin Powell, White House Chief of Staff Erskine Bowles, Barbara Bush, and both the majority and minority leaders of the U.S. Senate, Trent Lott and Tom Daschle - from sports and entertainment figures, such as baseball legend Sammy Sosa, actor Will Smith, Michael Ovitz, Bob Johnson of Black Entertainment Television and MTV's president, Tom Freston - from business leaders such as Jill Barad, Chairman and CEO of Mattel, to Jim Kimsey, founder of America Online, just Oto name a few.

The diversity of our board has been a great source of our strength. People from all walks of life were generous, not just with their time and effort - but their money as well. Soon we had raised $70 million to match our initial investment - and with this we set up programs in 40 cities and three entire states. As calls poured in I thought: why limit our scholarships to just these local programs? We worked through the logistics, came up with extra funds,and on the Oprah show we made our scholarships available to every single low income family in the United States of America.

Yet nothing, not even our experience in Washington, D.C., could have begun to prepare us for the explosive level of demand for these scholarships. By our March 31 st deadline we had applicants from all 50 states and territories -- from 22,000 cities and towns across America. In many areas huge blocs of the eligible population applied: 26% in Chicago; 29% in New York; 33% in

Washington, D.C.; and in Baltimore, MD 44% applied.
In total we received one million two hundred and fifty thousand applications. That is an almost inconceivable response - made even more so when you remember that this is only from people who had heard of our program.
To understand the magnitude of this demand, please remember that these are partial scholarships (parents must contribute $1,000 per year on average) and low-income applicants (average income less than $22,000 a year). Consider that $1,000 over four years from the parents of one million, two hundred and fifty thousand children adds up to $5 billion. Five billion dollars from families who have very, very little - simply to escape the system that they've been relegated to and to obtain a decent education for their children.
In anybody's book, that has to be an amazing demonstration of dissatisfaction with the present system - and a demand for alternatives. That's why April 2 1st- our national lottery day- will be remembered as a turning point in the history of American education. The parents of 1.25 million have put an end to the debate over whether low-income families want choice in education: they passionately, desperately, unequivocally do. Now it is up to the defenders of the status quo to tell these parents, and the millions of others they represent, why they cannot have it. We have heard most of these arguments before. But as pressure for competition and education alternatives grows - as now it must - we are bound to hear these same arguments reprised with increasing frequency and exaggeration. The arguments against choice fall into four categories: 1) policy, 2) historic, 3) civic, and 4) legal. I'd like to address each of these briefly - since each, like all arguments designed to deny freedom, ultimately reveals a hollow core.Policy The first argument against competition in education essentially runs something like this: since 90% of children are in the public education system, we must "fix" that system - and fight choice, because choices bring competition, and competition will "destroy" the public schools.
Let's examine this one. It's certainly true that 90% of children currently receive education from the government system, or what we call public education. But far from being a reason for rejecting competition, it is precisely why we must embrace it. Because a system that can command, indeed enforce, a 90% market share is a monopoly. And as everyone knows, monopolies always produce bad products at high prices. Because when there is no competition, customers have no alternatives. And with no alternatives, they have no recourse but to accept whatever a monopoly decides to produce, and pay whatever a monopoly decides to charge.
This is exactly the record of the government monopoly in education. In the past forty years alone, we have almost quadrupled per student spending while reducing the student/teacher ratio by nearly 40%. Yet student achievement has stagnated, while important areas like literacy and safety have seriously gotten worse. Today, for example, a public school education in New York City costs about $8,000 a year compared to roughly $3,500 in an inner city parochial school. Yet the inner city public schools lose half their students before graduation, while their parochial school counterparts graduate nearly all their students and send most off to college.
In the face of this shabby performance, we are told that if we just keep plugging away at the same old failed solutions - spend more money, hire more teachers, and reduce class sizes -- we will get different results.
In the meantime, what happens to the child? To people who want to maintain the status quo, this is not the primary concern. The primary concern is not what happens to the child if he is forced to stay - but rather what happens to the system if he is free to leave. By their reasoning, no matter how bad the situation gets, we must not help the child to leave lest in leaving he makes a bad situation worse. Does this make any sense at all? Does the child exist to

serve the system, or does the system exist to serve the child.'?
But even if this argument were not so morally bankrupt, it runs completely counter to long settled economic truths. Long before the Sherman Anti-Trust Act we knew that monopolies stifle innovation and defraud the customer. The solution has never been to increase the power of the monopoly. The remedy, which has worked time and time again in American experience, is to encourage competition.
History Competition may be deeply ingrained in America - but according to defenders of the status quo, so is what they call public education.

America, many of us have been led to believe, was founded upon a system where government was responsible for educating the public and, as such, this system must be considered an underpinning of our democracy, and a reflection of our Founding Fathers' deepest aspirations and ideals.
The only problem with this argument is that it is a total and complete falsehood. The government delivery system we have come to know as public education wasn't established until roughly 100 years after our country's founding. The system it replaced - the system of education our country was founded upon - was characterized above all by diversity, competition and choice. Parents could choose from a mix of different options - while competition spurred innovation and expanded services. This approach wasn't perfect, but worked well and was improving. Not only did it arguably produce some of the greatest Americans of our history, the most basic measure of achievement - literacy - was very high, in many states higher than it is today.
Civic The third argument claims that the free market approach may have worked in a more homogeneous society, but in today's diverse culture we need the government system to promote social harmony and teach civic values.
At least the civic argument is a more honest echo of the sentiments first voiced by public education's early pioneers. Because while Horace Mann and his followers did believe in the efficiency of a government model, there was also something else at work in the mid- 19th century. As huge waves of immigrants fanned some Americans' fear of foreigners, education reformers played upon these concerns to raise doubts about the ability of immigrant parents, with their exotic religions and multi-cultural backgrounds, to make proper decisions with regard to the education of their children. The proposed solution was to filter these foreign children through some sort of standardized system.Conflict began immediately. After the creation of uniform institutions for all, the same families that had peacefully co-existed in all kinds of different schools - non denominational, Quaker and Lutheran, classical and technical - now found themselves at odds. Parents were faced with an unwelcome dilemma, either accept that others' values would be imposed on their children, or try to impose their own values by taking control of the system. Issues changed, but the dynamic remained the same, erupting in conflict over Creationism, sex education, school prayer, religious holidays, and values education such as the "rainbow curriculum." Attempts to deal with America's religious diversity -whether the radical secularism promoted by the left, or the common-denominator school prayer promoted by the right - have failed because they remain locked inside the parameters of the status quo. By claiming to deliver what families need, rather than giving them the power to pursue what they want - they needlessly trample individual rights and create social conflict.
Legal Why not simply enable parents to pursue the education they want? According to the fourth, and final argument: it's against the law.
Here's where the legal argument against choice binds parents in a catch 22. Because the same people who insist that the First Amendment prevents children from exercising their faith within the public system, argue that it also prevents families from using a fraction of their own tax money in order to

leave it.
Since some children might flee to the inexpensive option of parochial schools, we're told this would represent an unconstitutional establishment of state religion. This argument holds true if, and only if, you take one thing out of the picture: the parent. Because in a competitive system, it would be the parent who would get the money and do the choosing. The fact that this argument fails to take the parent into account can't merely be an oversight: it's almost as if the government monopoly has so long discounted the customers - the parents - that they've forgotten that they even exist.
The irony is that so long as the current monopoly continues to shut out competition, non-profit, religious schools will be the only option many families will be able to afford. Of course, this is a ridiculous result. A truly open, competitive environment in education would witness all kinds of new suppliers coming to the fore. If I can persuade you for just one moment to look beyond the status quo, perhaps you can begin to see the vibrant possibilities, dancing on the horizon of a not too distant tomorrow. Who knows where the schools will come from. It might be Microsoft, or IBM, or National Geographic, or the Museum of Fine Arts.
To refuse to let such potential suppliers compete with a government monopoly is not only senseless - it is wrong. We have seen what state- sponsored, government-run monopolies have produced in terms of cars, like the Yugo, or airplanes like the ones built in the former Soviet Union. There has never been an industry, a business or a product that competition has not improved. And here, please remember, we are not talking about cars or airplanes - we're talking about our children.
In short, we must introduce competition into education, by bringing down barriers to alternative sources of supply, allowing some new providers to compete, and allowing parents to decide where their children will go to school. Competition, as in all other aspects of American life, will be good for education. It will be good for teachers, for parents, for children, and for any schools that can deliver high quality education. Competition will not hurt public education, it should renew it. I believe that every child, regardless of their parents' income, should have access to a high quality education, and that can be achieved only through opening up the government's monopoly on education.
END

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USA TODAY

February 25, 1999, Thursday, FINAL EDITION

SECTION: NEWS; Pg. 14A

LENGTH: 631 words

HEADLINE: Business leaders' new tack poses challenge to public schools

BODY:

Forget about soccer moms worried about schools or the White House and Congress worrying this week over who will win the education vote: Today's real reformers are business leaders worried about inheriting a generation of workers weak on writing and math.

In Texas, it was business leadership that in 1993 pushed through a testing-and-accountability program that today gives Texas the reputation as the nation's top school reformer.

In Maryland, it was the Business Roundtable for Education that stepped into the governor's race four years ago to bolster the faltering resolve of now Gov. Parris Glendening to stick with the state's tough and respected tests.

And perhaps the best example: the 1996 IBM education summit produced a group called Achieve, which has pulled together 21 states interested in launching a common 8th grade math test -- an achievement President Clinton and Congress couldn't pull off.

Sounds good, but not all is on track. Business support has split into two directions, and the consequences for urban public schools could be severe.

A new generation of entrepreneurs, enriched on Wall Street or through technology start-ups, is wary of public schools. They're pulling chips off the public school playing table and betting on private school scholarships aimed at inner city children. Escape hatches, if you will, for the generation of students for whom serious reforms will come too late.

Wall Street billionaire Ted Forstmann chipped in $ 50 million to get things rolling with the Children's Scholarship Fund, which now has more than $ 200 million. And that's just one of many such funds.

Good for them. They're stand-up philanthropists aiding the inner cities.

But the public school reform movement can't afford to lose the kind of steady, corporate pressure that has come from leaders such as Louis Gerstner of IBM and Ed Rust of State Farm. A recent Rand study looking at why Texas and North Carolina have made faster progress than other states concluded that day-by-day business commitment was the key.

The new generation of business activists says that may not be necessary -- that private scholarships will generate competition that will drive public schools to improve.

But what works on Wall Street and in Silicon Valley may work less well in public schools, which lose state and federal aid with each departing student and need home town business leaders rolling up their sleeves.

Further, it comes as some education reformers are worrying that traditional business support may be slipping as merged companies lose community ties. The two trends combined could leave urban schools abandoned.

To avoid that, business leaders need to see urban school districts and teachers unions embracing the kinds of reforms that have worked in public schools elsewhere. For districts, that means real school accountability. For unions, it means real teacher accountability and tearing up contracts that prevent districts from sending the best teachers to the neediest schools.

Then the new entrepreneurs might see hope.

It's already on display every day in places like the Mount Carmel-Holy Rosary elementary school in East Harlem as principal Yvonne Lewis walks her charges through a morning. Her formula: high academic expectations for all, traditional teaching methods for reading and math, and lots of routine ways to express respect for teachers and staff.

Students passing the cafeteria after assembly wish the cook a polite "good morning." She barely has time to make the meatloaf.

When urban public schools move toward creating that kind of learning environment, the next generation of business leaders will come with their sleeves already rolled up.

GRAPHIC: GRAPHIC, B/W, Jerry Mosemak, USA TODAY, Source: CEO America (Chart)

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