



~~students first~~

ROMNEY FIRST

How Romney Donors and Republican Insiders Plan to Use Their
Political Capital—and Bain Capital—to Control NYC Education

A Report by New Yorkers for Great Public Schools

August 2012



New Yorkers for Great Public Schools (NY-GPS) is a coalition of dozens of community organizations, unions, civil rights groups, immigrant organizations, student organizations, parent groups, education advocates and political advocacy organizations that are committed to turning around the direction of school reform in New York City schools because our children cannot take any more of the failed Bloomberg education policies.

New Yorkers for Great Public Schools (NY-GPS) pledges to support a new direction in public education – one that emphasizes collaboration instead of competition, a well-rounded, diverse curriculum instead of test prep, support for schools instead of sanctions, and one that provides parents, students and community with a meaningful voice in schools.

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I. Introduction and Overview

In April of 2012, an organization called StudentsFirst NY (SFNY) was unveiled. It pledged to continue Mayor Michael Bloomberg's agenda by raising \$50 million over the next five years to exert political control over the New York City schools and influence elections.¹ It is the New York chapter of the national StudentsFirst campaign run by Michelle Rhee, former chancellor of Washington, DC public schools. Over the past few months, researchers affiliated with New Yorkers for Great Public Schools, a citywide coalition of parents, teachers, students, and local leaders, have examined the inner workings of StudentsFirst NY. We have looked at the internal structure and policy positions of StudentsFirst NY, and tracked the political contributions of board members and funders to develop a clearer picture of the organization's priorities and agenda. This report is the result of that investigative effort. Analyzing evidence from campaign disclosure forms, tax filings, government records, news reports, and other sources, it reveals five key things:

- StudentsFirst NY Board Members and funders are contributing over \$2 million to Mitt Romney and Super PACs working to defeat President Obama;
- StudentsFirst NY is using a complex web of multiple tax designations and different names to shield donors and funders from scrutiny on campaign contributions and political activities;
- StudentsFirst NY is out of touch economically and ideologically with the education stakeholders—the students, parents, communities, and educators—it claims to represent in New York City;
- StudentsFirst NY is supporting market-driven restructuring and privatization of schools that goes even further than what Mayor Bloomberg has implemented in the past decade;
- StudentsFirst NY is using a plan developed by Bain & Company and advocating actions that will treat public schools the way Romney's Bain Capital treated companies.

¹ <http://www.nytimes.com/2012/04/04/nyregion/group-aims-to-counter-influence-of-teachers-union.html>

II. Details and Context on the Key Findings

- StudentsFirst NY Board Members and funders include several financial industry executives and high-level Republican Party operatives who are connected to the national effort to push the market-driven school reform movement further to the right by electing Republican candidates. In elections around the country, StudentsFirst has supported Republicans over Democrats 68% of the time—including many extreme right-wing candidates. In New York City, StudentsFirst NY is planning to influence electoral outcomes in the same way.
- Mitt Romney has used a system of blind trusts, offshore tax shelters, and foreign bank accounts to hide the full scope of his wealth. Similarly, StudentsFirst NY is using various legal entities and tax schemes to conceal donations and how much it is spending to influence elections. StudentsFirst NY has at least two federal 527s, 'New Yorkers for Putting StudentsFirst' and 'Parents and Teachers for Putting StudentsFirst.' New Yorkers for Putting StudentsFirst functions as a PAC in New York State. In July 2012, Dan Loeb and Paul Tudor Jones, StudentsFirst NY Board Members, each gave \$75,000 to New Yorkers for Putting StudentsFirst. Additionally, StudentsFirst funnels donations through murky 501(c)3 and 501(c)4 organizations whose names have been changed in the past couple years to make it even harder to trace their activities.
- StudentsFirst NY is raising money to influence the education agenda of the next New York City mayor, almost certain to be a Democrat, in a city where education stakeholders and voters overwhelmingly support President Obama and elect Democrats. But StudentsFirst NY is securing very large donations from Romney donors and Republican insiders. StudentsFirst NY promotes policies that two-thirds of New York City residents believe have made schools worse or no better, according to a recent poll.² The StudentsFirst NY board is dominated by the wealthy elite while nearly 70 percent of public school students live in poor households, according to an August 2012 report from the New York City Department of Education.³
- Michelle Rhee's national education plan for StudentsFirst is identical to Mitt Romney's education agenda, pushing market-based strategies and privatization schemes even beyond where Mayor Bloomberg's education policies from the past decade have gone. Because StudentsFirst NY is part of Rhee's national campaign, and is funded heavily by Romney donors and Republicans, its New York agenda is designed to mirror the agenda StudentsFirst is advocating in other states. But research shows the Rhee/Romney plan will not improve educational outcomes, so New York City schools will be worse off if the full Rhee/Romney plan is implemented here.
- The Bain world view is shared by Romney and Rhee. There are striking parallels between the actions Bain Capital performed on companies, and the actions StudentsFirst wants to perform on schools in New York City and around the country. Romney's views were shaped by his time at Bain and Company and at Bain Capital; similarly, Rhee and StudentsFirst have been influenced by both incarnations of Bain. Bain and Company helped launch StudentsFirst and the organization is replicating Bain Capital's actions. Just as Bain Capital cut jobs, shut down factories, dismantled companies, and drove more profit to top-level managers, so StudentsFirst wants to close schools, fire teachers and other personnel, dismantle unions, and drive more profit to standardized testing, digital education, consulting and for-profit school management firms.

2. <http://www.nytimes.com/2011/09/07/education/07poll.html?pagewanted=all>

3. http://www.ny1.com/content/news_beats/education/166790/ny1-exclusive--doe-finds-almost-70-percent-of-city-students-live-in-poor-households http://www.ny1.com/content/news_beats/education/166790/ny1-exclusive--doe-finds-almost-70-percent-of-city-students-live-in-poor-households

III. The StudentsFirst - Romney Republican Connection

FINDING: StudentsFirst NY Board Members and funders include several financial industry executives and high-level Republican Party operatives who are connected to the national effort to push the market-driven school reform movement further to the right by electing Republican candidates. In elections around the country, StudentsFirst has supported Republicans over Democrats 68% of the time—including many extreme right-wing candidates. In New York City, StudentsFirst NY is planning to influence electoral outcomes in the same way.

Michelle Rhee, Founder and CEO of StudentsFirst

- Rhee has led StudentsFirst into powerful relationships with Romney and the Republican Party. Romney’s education plan is indistinguishable from StudentsFirst’s agenda. Under Rhee’s leadership StudentsFirst has been much more aggressive in supporting Republicans than Democrats, including many Republicans with far-right agendas. In creating StudentsFirst, the place she turned to for strategy was Bain & Company, the corporate consulting firm where Mitt Romney served as vice president before he launched the private equity offshoot Bain Capital. The powerful Bain-StudentsFirst relationship is reflected in the close correlation between their agendas and their market-driven philosophy.
- As of July 31, 2012, StudentsFirst has endorsed 50 candidates—68% are Republicans.⁴
 - In 2011-2012, StudentsFirst donated \$203,500 to Republicans, and \$26,500 to Democrats through their Tennessee PAC, Tennessee Parents/Teachers Putting StudentsFirst. That PAC contributed to 88.47% to Republicans, and only 11.52% to Democrats, exclusive of school board races (which are nonpartisan).⁵
 - In Michigan in 2011, StudentsFirst spent at least \$210,000 to help conservative Republican Representative Paul Scott in his attempt to survive a November 2011 recall election.⁶
- Rhee Serves as a Key Validator for Romney and Other Republicans
 - When Romney asserted that class size does not affect student performance it was Michelle Rhee who came to his defense on CNN.⁷
 - Tennessee Lt. Gov. Ron Ramsey praised Michelle Rhee, saying that he is glad that StudentsFirst will be helping with “those public relations campaigns,” because the nation is “looking on us to see that if you eliminate collective bargaining ... [and other reforms], do test scores go up?”⁸
 - Michelle Rhee served on the transition team of right wing Republican Governor Rick Scott of Florida in early 2011.⁹
 - After Wisconsin Governor Scott Walker came under fire for attacking collective bargaining rights, his staff sought to utilize Michelle Rhee to aid in its PR campaign.¹⁰ Rhee then appeared at an event with Scott Walker in Washington, DC,¹¹ and defended Walker’s policies twice on television.¹²
- Rhee has a track record of hiring right wing and Republican political operatives.
 - StudentsFirst’s PAC, Parents and Teachers for Putting StudentsFirst, is helmed by Matthew David.¹³ David formerly worked as the rapid response person for Bush-Cheney 2004, and as a spokesperson for Freedom’s Watch, a defunct right-wing 501(c)4 organization.
 - In Ohio, StudentsFirst hired a close personal friend of Governor John Kasich to act as their lobbyist.¹⁴

4. flstudentsfirst.com, studentsfirstga.com, studentsfirsttn.com, moststudentsfirst.com

5. <https://apps.tn.gov/tncamp-app/public/cpsearch.htm> search TENNESSEE PARENTS/TEACHERS PUTTING STUDENTS FIRST

6. http://articles.chicagotribune.com/2012-05-15/news/sns-rt-us-usa-education-rheebre84e10a-20120515_1_michelle-rhee-studentsfirst-grade-level/2

7. <http://edition.cnn.com/TRANSCRIPTS/1205/24/jkusa.01.html>

8. <http://www.youtube.com/watch?v=R-PXcdp7pig>

9. <http://blogs.palmbeachpost.com/extracredit/2010/12/02/controversial-michelle-rhee-part-of-rick-scotts-education-team/>

10. <http://www.motherjones.com/mojo/2012/05/wisconsin-michelle-rhee-scott-walker-union-bargaining-recall>

11. http://www.salon.com/2011/05/09/rhee_scott_walker/

12. <http://www.youtube.com/watch?v=6waSfhkN9Dc&feature=youtu.be>

13. https://webapp.iecdb.iowa.gov/PublicView/IndepExpend/2012/_OIE_2012_5_24_18.17.34.pdf

14. http://www.huffingtonpost.com/2011/05/24/michelle-rhee-ohio-teachers-bill_n_866252.html

- StudentsFirst's Tennessee State Director Mike Carpenter¹⁵ is the former president and CEO of the West Tennessee Chapter of the Associated Builders & Contractors,¹⁶ an anti-union contractors association.¹⁷ Until this June, Carpenter was acting as both Tennessee state director and president/CEO of Associated Builders and Contractors.¹⁸

15. <http://www.memphisflyer.com/JacksonBaker/archives/2011/09/06/mike-carpener-resigns-county-commission-to-head-education-group>

16. <http://www.linkedin.com/pub/mike-carpenter/33/26a/862>

17. <http://www.bluenc.com/anti-union-rant-pac-chair-association-builders-and-contractors>

18. <http://www.linkedin.com/pub/mike-carpenter/33/26a/862>

STUDENTSFIRST NY BOARD MEMBERS WHO ARE MAJOR ROMNEY CAMPAIGN DONORS/FUNDRAISERS:

Dan Loeb

Founder and CEO of
Third Point LLC

StudentsFirst NY
Board Member

Support for Romney and other Republicans

Once an Obama backer, Loeb has become a major Romney supporter.

He recently hosted a Hamptons' fundraiser for Romney at \$25,000 a head featuring House Majority Leader Eric Cantor.¹⁹

He contributed \$50,000 to Karl Rove's American Crossroads PAC, \$30,800 to the Republican National Committee²⁰ and \$100,000 to a right wing PAC running attack ads against Obama.²¹

Since Obama was elected Loeb has contributed \$468,000 to Republicans.²²

In July 2012 Dan Loeb gave \$75,000 to New Yorkers For Putting StudentsFirst, a federal 527 functioning as a PAC in New York State.²³

Relevant Statements and Activities

Loeb is outspoken in his attacks on the President.

In a widely distributed email, Loeb compared Obama supporters in the financial sector to "battered wives" and said they "just can't get enough of our President's smack downs on hard working successful Americans known as 'the 2%' . . . I mean, he really loves us and when he beats us, he doesn't mean it; he just gets a little angry."²⁴

Loeb compared Obama to Roman Emperor Nero²⁵ and attacked the President for "re-distribution of wealth."²⁶

Loeb recently wrote, "U.S consumers and business owners alike [are] frustrated by the Obama administration, which is openly hostile to most businesses and unable to articulate or implement policies to spark growth and reduce unemployment."²⁷

19. <http://thinkprogress.org/security/2012/07/09/512729/daniel-loeb-romney-kristol-eci-iran/>
20. <http://data.influenceexplorer.com/contributions/#Y29udHJpYnV0b3Jfc3RhdGU9TlkmY29udHJpYnV0b3JfZnQ9RGFuaWVVsJTlWtG9lYiZnZW5lcmFsX3RyYW5zYWNOaW9uX3R5cGU9c3RhbmRhcmQ=>
21. <http://thinkprogress.org/security/2011/06/02/234474/hedge-fund-managers-eci-obama/>
22. <http://online.wsj.com/article/SB10001424052748703461504576231121265117538.html>
23. http://www.elections.ny.gov:8080/reports/rwservlet?cmdkey=efs_sch_report+p_filer_id=A87432+p_e_year=2012+p_freport_id=K+p_transaction_code=A
24. <http://www.absolutereturn-alpha.com/Article/2730503/Loeb-to-Obama-supporters-Hes-just-not-that-into-you.html?ArticleId=2730503>
25. http://www.nytimes.com/2012/05/06/magazine/obamas-not-so-hot-date-with-wall-street.html?pagewanted=2&_r=1
26. http://www.huffingtonpost.com/2010/08/31/dan-loeb_n_700617.html
27. <http://www.zerohedge.com/news/dan-loeb-lets-loose-barack-obama>

Kenneth Langone

Chairman, President and CEO of Invemed Associates

Founder of Home Depot

StudentsFirst NY Board Member

Support for Romney and other Republicans

In June 2012, Langone hosted a large dollar fundraiser for Romney at the Union League Club in Manhattan that was attended by 40-50 donors including Rupert Murdoch, Chairman and CEO of News Corporation and a StudentsFirst donor; his top adviser Joel Klein, former Chancellor of New York City Schools and a StudentsFirst NY Board member; Lloyd Blankfein, the CEO of Goldman Sachs; Randy Falco, the CEO of Univision; real estate tycoon Bill Rudin; hedge fund executives Julian Robertson and Stanley Druckenmiller; and former Rudy Giuliani adviser Anthony Carbonetti.²⁸

On November 1, 2011 he hosted a Romney fundraiser for over 100 wealthy donors at the luxurious Conrad Suite at the Waldorf-Astoria.²⁹

He is described by the NY Times as “a prodigious Republican fund-raiser and donor”³⁰ and has donated hundreds of thousands of dollars to conservative groups like the Republican National Committee, Karl Rove’s American Crossroads super-PAC, and the American Action Network.

Langone served as a Director of American Action Network, a right-wing non-profit organized to run attack ads on Democrats.³¹ American Action Network leases space to Rove’s American Crossroads.³²

Relevant Statements and Activities

A long-time Obama critic, Langone told CNBC that Obama’s behavior has been “unpresidential.” “He is dividing us as a nation,” Langone said. “He’s not bringing us together. He’s willfully dividing us. He’s petulant.”³³ In another interview he said, “I’m praying to God that the president is a one-term president.”³⁴ In another he said about President Obama, “I think he’s over his head. You know what I think? I think it’s an experiment that failed. What’s the experiment? Somebody with zero experience becoming president of the United States.”³⁵

During an interview with Charlie Rose, Langone said, “I want you to know that that Governor Romney just called me a little while ago -- and I’ve sworn my allegiance to him.”³⁶

28. http://www.politico.com/blogs/burns-haberman/2012/07/romney-at-langone-murdoch-blankfein-meeting-i-wont-127890.html#_T_H1ydEmtb4.twitter

29. <http://www.motherjones.com/politics/2012/03/ken-langone-home-depot-romney-donations>

30. <http://thecaucus.blogs.nytimes.com/2011/10/12/langone-wastes-no-time-aiding-romney/>

31. <http://www.factcheck.org/2010/08/american-action-network/>

32. <http://www.bloomberg.com/news/2010-10-15/-shadow-parties-share-leaders-republican-roots-to-fuel-campaign-spending.html>

33. http://www.cnn.com/id/43924372/Obama_Unpresidential_Petulant_Dividing_Us_Langone

34. <http://www.newsmax.com/StreetTalk/Langone-Obama-president-term/2012/05/16/id/439270>

35. From Langone’s interview with Neil Cavuto, Nov. 8, 2011

36. Charlie Rose Show on October 5, 2011

Dan Senor

Senior Advisor,
Elliott Management
StudentsFirst NY
Board Member

Support for Romney and other Republicans

Senor is Senior Foreign Policy Advisor to Romney 2012³⁷ and also served in that role in 2008.³⁸ He is also a fundraiser for Romney in 2012. In Romney's recent trip abroad, Senor was his top advisor and a media spokesperson.³⁹

Relevant Statements and Activities

Senor is a leader of neo-conservative thought on the Middle East and author of Romney's recent comments that Palestinian culture is responsible for Palestinian impoverishment.⁴⁰

He was the spokesman from Baghdad for Bush's Iraqi provisional government.

He told NBC he supports President Bush's "Cowboy Diplomacy."⁴¹

Paul Tudor Jones

Chairman and CEO,
Tudor Investment
Corporation
StudentsFirst NY
Board Member

Support for Romney and other Republicans

Jones contributed \$200,000 to pro-Romney Restore Our Future Super PAC.⁴²

In July 2012 Paul Tudor Jones gave \$75,000 to New Yorkers For Putting StudentsFirst, a federal 527 functioning as a PAC in New York State.⁴³

Relevant Statements and Activities

Senator L. Scott Frantz said of Jones: "All of the hedge fund guys I know are squarely with Governor Romney. Paul Tudor Jones is a poster boy for that movement."⁴⁴

He is accused of forcing Tanzanian peasants from their homes to make way for his luxury game resort.⁴⁵

37. <http://www.nytimes.com/2012/07/30/us/politics/romney-in-israel-hints-at-harder-line-toward-iran.html?pagewanted=all>

38. <http://www.foreignpolicyi.org/node/79>

39. http://www.washingtonpost.com/politics/mitt-romneys-foreign-policy-team/2012/08/06/b12689fa-dcca-11e1-8e43-4a3c4375504a_gallery.html

40. <http://www.nytimes.com/2012/08/02/us/politics/senor-draws-attention-as-romney-adviser.html?pagewanted=all>

41. <http://www.firstpost.com/topic/person/dan-senor-romney-advisor-dan-senor-favors-cowboy-diplomacy-video-yeu0sew0G14-13441-1.html>

42. <http://www.opensecrets.org/pacs/pacgave2.php?sort=A&cmte=C00490045&cycle=2012&Page=2>

43. http://www.elections.ny.gov:8080/reports/rwservlet?cmdkey=efs_sch_report+p_filer_id=A87432+p_e_year=2012+p_freport_id=K+p_transaction_code=A

44. http://articles.courant.com/2012-05-26/news/hc-big-pac-money-0527-20120526_1_contributions-republican-mitt-romney-fundraiser

45. http://www.theinvestigativefund.org/investigations/international/1334/in_the_shadow_of_the_serengeti_?page=entire

OTHER STUDENTSFIRST ROMNEY CONNECTIONS:

BOARD MEMBERS

Peter Kiernan, Chairman and CEO of Kiernan Ventures

Kiernan donated \$2,300 to Barack Obama in 2008, but \$2,500 to Mitt Romney in 2012—like Loeb and Tudor Jones joining the tide of StudentsFirst finance-industry representatives who have flipped sides in this election. He has also criticized President Obama for attacking Mitt Romney’s record at Bain.⁴⁶ Kiernan is the author of *Becoming China’s Bitch*, a book which slams unions and promotes vouchers. Some excerpts include:

- “We are frozen by unionists’ unwillingness to make accommodation.”⁴⁷
- Advocates for education reform that includes:
 - “Create choice. Vouchers, charter schools, etc. The competition has many positive consequences and few negatives ones.”
 - “Reconsider tenure and develop incentive compensation.”

Kiernan recently resigned from the University of Virginia Board of Directors after engineering an attempted ouster of the University President because she would not make major cuts to services and allow private industry to manage more of the school.⁴⁸

Joel Klein, Executive Vice President of News Corporation

Klein served as the chancellor of NYC Public Schools for nine years, and now serves as Rupert Murdoch’s personal lawyer and advisor. He recently attended a fund-raiser for Romney hosted by Kenneth Langone.⁴⁹

Eva Moskowitz, Founder and CEO of Success Charter Network

Moskowitz’s Success Charter Network has drawn extensive public scrutiny for excluding high-needs students from its schools and shutting out oversight and parent voice. The founder of her organization, Joel Greenblatt, is usually a Democratic contributor but gave \$2,500 to Romney in 2012.⁵⁰ Similarly, many members of the Success Charter Network Board are 2012 Romney campaign supporters, including Wuiyeon Liow of Ziff Brothers,⁵¹ Robert L. Goldstein of Gotham Capital,⁵² Richard Pzena of Pzena Investments,⁵³ and David Greenspan of BlueRidge Capital.⁵⁴

STUDENTSFIRST NY MAJOR DONORS WITH ROMNEY AND REPUBLICAN CONNECTIONS

Julian Robertson

Founder of Tiger Management

Confirmed as donor to StudentsFirst in Stephen Brill’s book *Class Warfare*⁵⁵

\$1.25 million to Restore Our Future PAC⁵⁶ ; \$5,000 to Mitt Romney⁵⁷ ; \$30,000 to the RNC⁵⁸

Used the “residency loophole” to avoid paying New York State and New York City taxes. Kept meticulous records of his whereabouts every day to prove that he was out of the city enough to not pay \$27 million in taxes.⁵⁹

46. <http://www.peterkiernan.com/mr-president-cory-booker-did-you-a-favo/>

47. Kiernan, P.D., (2012). *Becoming China’s Bitch: And Nine More Catastrophes We Must Avoid Right Now*. 1st ed. New York: Turner Publishing Company.

48. http://www.washingtonpost.com/local/education/u-va-board-leaders-wanted-president-teresa-sullivan-to-make-cuts/2012/06/17/gJQA4ijrhV_story.html, <http://www.globaltimes.cn/content/719974.shtml>, http://www.slate.com/articles/news_and_politics/hey_wait_a_minute/2012/06/teresa_sullivan_fired_from_uva_what_happens_when_universities_are_run_by_robbier_barons_.html

49. <http://www.politico.com/blogs/burns-haberman/2012/07/romney-at-langone-murdoch-blankfein-meeting-i-wont-127890.html>

50. <http://fundrace.huffingtonpost.com/neighbors.php?type=name&oldest=1&lname=greenblatt&fname=joel&search=Search+Names>

51. <http://fundrace.huffingtonpost.com/neighbors.php?type=name&oldest=1&lname=Liow+&fname=Wuiyeon&search=Search+Names>

52. http://fundrace.huffingtonpost.com/neighbors.php?type=name_address&lat=40.7604740000&oldest=1&lng=-73.9736510000&lname=Goldstein&fname=Robert&off=20

53. <http://fundrace.huffingtonpost.com/neighbors.php?type=name&oldest=1&lname=Pzena+&fname=Richard+&search=Search+Names>

54. <http://fundrace.huffingtonpost.com/neighbors.php?type=name&oldest=1&lname=greenspan&fname=david&search=Search+Names>

55. <http://www.dailykos.com/story/2011/08/18/1008309/-Rhee-s-StudentsFirst-received-Murdoch-money>

56. http://www.cbsnews.com/8301-503544_162-57410709-503544/billionaire-super-pac-donor-julian-robertson-speaks-out/; <http://fundrace.huffingtonpost.com/neighbors.php?type=name&oldest=1&lname=Robertson&fname=julian&search=Search+Names>

57. <http://fundrace.huffingtonpost.com/neighbors.php?type=name&oldest=1&lname=Robertson&fname=julian&search=Search+Names>

58. <http://fundrace.huffingtonpost.com/neighbors.php?type=name&oldest=1&lname=Robertson&fname=julian&search=Search+Names>

59. <http://www.forbes.com/sites/janetnovack/2010/10/27/billionaire-julian-robertson-notches-tax-win-for-new-york-city-non-residents/>

Alan Fournier**Pennant Capital Management**

Donated \$100,000 to Restore our Future PAC⁶⁰ and \$2,500 to Mitt Romney⁶¹

Funder and board member of B4NJKids, a comparable New Jersey organization. Michelle Rhee and StudentsFirst COO Dmitri Mehlhorn also serve on B4NJKids board.

Reuters confirmed as a StudentsFirst donor⁶²

David Tepper**Founder of Appaloosa Management**

\$375,000 to Restore Our Future⁶³; \$5,000 to Mitt Romney⁶⁴

Co-hosted Romney fundraiser in Short Hills, NJ in April 2012⁶⁵

Funder and board Member of B4NJKids

Reuters confirmed as a StudentsFirst donor⁶⁶

Identified as “among the largest donors to StudentsFirst” in Pennsylvania state lobbying filings⁶⁷

Rupert Murdoch**-CEO of News Corporation**

Confirmed as donor to StudentsFirst in Stephen Brill’s book Class Warfare⁶⁸

Attended recent fundraiser for Romney⁶⁹

Backs Romney, but clashed with him in 2012 for not being aggressive enough.⁷⁰ A leading advocate for Romney to select Paul Ryan as running mate.⁷¹

Walton Family Foundation

StudentsFirst received \$1 million from the Walton Family Foundation⁷²

Members of the Walton family have donated over \$200,000 to Mitt Romney’s PAC.⁷³

60. <http://crooksandliars.com/karoli/meet-mitt-romneys-billionaires>

61. <http://fundrace.huffingtonpost.com/neighbors.php?type=name&oldest=1&name=Fournier&fname=alan&search=Search+Names>

62. <http://www.reuters.com/article/2012/06/26/us-usa-education-reform-studentsfirst-idUSBRE8501CN20120626>

63. <http://pinterest.com/stillonline/romney-s-billionaire-bag-men/>

64. http://www.huffingtonpost.com/2012/02/24/michelle-rhees-backers-in_n_1300146.html

65. http://www.nj.com/news/index.ssf/2012/04/romney_to_hold_fundraiser.html

66. <http://www.reuters.com/article/2012/06/26/us-usa-education-reform-studentsfirst-idUSBRE8501CN20120626>

67. http://www.huffingtonpost.com/2012/02/24/michelle-rhees-backers-in_n_1300146.html

68. <http://www.dailykos.com/story/2011/08/18/1008309/-Rhee-s-StudentsFirst-received-Murdoch-money>

69. <http://www.politico.com/blogs/burns-haberman/2012/07/romney-at-langone-murdoch-blankfein-meeting-i-wont-127890.html>

70. <http://www.hollywoodreporter.com/news/rupert-murdoch-mitt-romney-352026>

71. <http://www.thedailybeast.com/articles/2012/08/12/rupert-murdoch-gets-his-man-as-mitt-romney-picks-paul-ryan.html>

72. <http://www.dailykos.com/story/2012/03/08/1072477/-Rhee-s-StudentsFirst-pretends-to-be-grassroots-but-1-million-of-Walton-money-says-otherwise>

73. <http://www.nytimes.com/2012/02/01/us/politics/campaign-finance-reports-show-super-pac-donors.html?pagewanted=all>

IV. What are They Hiding?

FINDING: Mitt Romney has used a system of blind trusts, offshore tax shelters, and foreign bank accounts to hide the full scope of his wealth. Similarly, StudentsFirst NY is using various legal entities and tax schemes to conceal donations and how much it is spending to influence elections. StudentsFirst NY has at least two federal 527s, 'New Yorkers for Putting StudentsFirst' and 'Parents and Teachers for Putting StudentsFirst.' New Yorkers for Putting StudentsFirst functions as a PAC in New York State. In July 2012, Dan Loeb and Paul Tudor Jones, StudentsFirst NY Board Members, each gave \$75,000 to New Yorkers for Putting StudentsFirst. Additionally, StudentsFirst funnels donations through murky 501(c)3 and 501(c)4 organizations whose names have been changed in the past couple years to make it even harder to trace their activities.

StudentsFirst is a networked family of organizations with an intentional overall design, a lack of transparency regarding interrelationships and a shared national headquarters:

- StudentsFirst NY's home address is not located in New York. The address listed with the NYS Department of State for StudentsFirst NY, Inc. is 825 K Street, 2nd Floor, Sacramento, CA,⁷⁴ the same address as StudentsFirst, Inc. and StudentsFirst Institute.
- StudentsFirst has both a 501(c)3 and 501(c)4 component. These organizations are currently known as "StudentsFirst Institute" and "StudentsFirst, Inc." At their founding and for some time thereafter, StudentsFirst Institute and StudentsFirst, Inc., had identical boards of directors.⁷⁵ This practice is generally shunned in order to ensure that 501(c)(4) organizations are not simply extensions of a related 501(c)(3) organization because the latter are able to accept tax-deductible donations and are therefore subject to more rigorous IRS restrictions regarding lobbying and political activity.
- StudentsFirst has at least two federal 527s, 'New Yorkers for Putting StudentsFirst'⁷⁶ and 'Parents and Teachers for Putting StudentsFirst.'⁷⁷ There is no upper limit on contributions that may be made to 527 organizations, which include PACs, and so called "Super PACs." These organizations may spend money to defeat or elect a candidate. In July 2012 Dan Loeb and Paul Tudor Jones each gave \$75,000 to New Yorkers for Putting StudentsFirst.⁷⁸
- StudentsFirstNY lists its address as that of Education Reform Now, 325 Gold Street Suite, 201 in Brooklyn, NY.⁷⁹ According to its 2010 tax filings, Education Reform Now "has a fiscal sponsorship agreement with StudentsFirst Institute (SFI). And Education Reform Now "will receive all donations and pay all Project expenses on behalf of SFI.⁸⁰ Despite this, StudentsFirst Institute's 2010 IRS filings do not disclose any relationship to Education Reform Now.⁸¹
- StudentsFirst has an official policy of not commenting on who their donors are.⁸²
- Job descriptions for StudentsFirst fundraising positions state that fundraisers must "Ensure that a significant portion of this total comes from non-tax-deductible contributions under sections 501(c)4 and 527 of the tax code."⁸³ Donations to 527s and 501(c)4s have looser disclosure requirements than tax-deductible contributions made to charities.

74. http://appext9.dos.ny.gov/corp_public/CORPSEARCH.ENTITY_INFORMATION?p_nameid=4225210&p_corpid=4227392&p_entity_name=StudentsFirst%20New&p_name_type=A&p_search_type=BEGINS&p_srch_results_page=0

75. <http://kenmlibby.com/2012/05/17/whats-with-studentsfirsts-board/>

76. http://www.elections.ny.gov:8080/plsql_browser/getfiler2?filerid_in=A87432

77. Search for both organizations here (select 8871): <http://forms.irs.gov/politicalOrgsSearch/search/basicSearch.jsp?ck>

78. http://www.elections.ny.gov:8080/reports/rwservlet?cmdkey=efs_sch_report+p_filer_id=A87432+p_e_year=2012+p_freport_id=K+p_transaction_code=A

79. June 18, 2012 StudentsFirst e-alert signed by Micah Lasher.

80. <http://dferwatch.wordpress.com/2012/01/09/education-reform-news-2010-irs-990-form/>

81. IRS 990 for StudentsFirst Institute, <http://blogs.edweek.org/edweek/teacherbeat/SF501c3.pdf>

82. Activist targeting U.S. schools, backed by big bucks, Chicago Tribune, May 15, 2012, http://articles.chicagotribune.com/2012-05-15/news/sns-rt-us-usa-education-rheebre84e10a-20120515_1_michelle-rhee-studentsfirst-grade-level

83. <http://www.idealists.org/view/job/35MJPMJWMP4FP/>

- Even though the ‘Studentsfirst.org’ domain was registered in advance of their December 2010 launch date, the group did not change their name from “United for Children Advocacy” for several months (February 2012), and continued to use this name to lobby with for several additional months, frustrating attempts to locate public lobbying records.⁸⁴
- StudentsFirst’s involvement with the 501(c)3 Better Education for New Jersey Kids (B4BJKids) is not entirely clear. While the nonprofit is not disclosed as a related entity, StudentsFirst shares two directors with the B4NJKids leadership—Michelle Rhee and StudentsFirst COO Dmitri Mehlhorn. Additionally, Executive Director Derrell Bradford, who has never been publicly identified as a StudentsFirst employee, has attended a StudentsFirst staff meeting and has held the title of New Jersey state director for StudentsFirst. Bradford tweeted about the meeting describing the StudentsFirst national headquarters as the “mothership.”⁸⁵ The entity has a federal PAC called B4K.
- StudentsFirst used the name The Great New England Public School Alliance (aka GNEPSA) to lobby in Connecticut. They had originally used the StudentsFirst name, but created this identity⁸⁶ after Governor Daniel Malloy called Michelle Rhee ‘divisive.’⁸⁷ The entity is also a registered independent expenditure committee in Connecticut.

84. <http://www.scribd.com/doc/55861898/Lobbyist-Compensation-Report-2011-Xs> p. 15

85. <https://twitter.com/Dyrwyn/status/210032554332532737>

86. <http://jonathanpelto.com/2012/04/18/csi-we-got-a-match/>; <http://blog.ctnews.com/politicalcapitol/2012/04/17/students-first-i-mean-gnepa-sends-out-slick-mailer/>

87. http://www.ctnewsjunkie.com/ctnj.php/archives/entry/malloy_backs_out_of_appearance_with_parent_group/

V. StudentsFirst: Out of Touch with New Yorkers

FINDING: StudentsFirst NY is raising money to influence the education agenda of the next New York City mayor in a city where education stakeholders and voters overwhelmingly support President Obama and elect Democrats. But StudentsFirst NY is securing very large donations from Romney donors and Republican insiders. StudentsFirst NY promotes policies that two-thirds of New York City residents believe have made schools worse or no better, according to a recent poll.⁸⁸ The StudentsFirst NY board is dominated by the wealthy elite, while nearly 70 percent of public school students live in poor households, according to an August 2012 report from the New York City Department of Education.⁸⁹

OUT OF TOUCH ON PRESIDENT OBAMA

As shown above, the Board of StudentsFirst NY is dominated by wealthy individuals who are committed to defeating President Barack Obama. Their political outlook sharply contrasts with the vast majority of New York City residents, who polling indicates prefer President Obama by a 67% to 29% margin.⁹⁰ This contrast is particularly dramatic in comparison with public school parent voters. The children of black and Latino New Yorkers comprise 69%⁹¹ of New York City public school enrollees. President Obama enjoys overwhelming support among black and Latino voters in New York with a 93% to 2% lead among black voters 72% to 14% among Latinos.⁹² Ironically it is these students in particular that StudentsFirst NY claims to represent.

WHAT NEW YORKERS THINK ABOUT THE BLOOMBERG SCHOOL REFORM AGENDA

StudentsFirst's objective is to sustain Mayor Bloomberg's education agenda,⁹³ but two-thirds of New York City voters think the schools are worse or no better than when Mayor Bloomberg took over.⁹⁴ One of the most commonly heard complaints about the Bloomberg DOE is the way that the voices of parents, students and communities are shut out. Under Bloomberg's leadership there has been a noticeable lack of attention to building public support for the DOE agenda. Yet in a recent opinion column the executive director of StudentsFirst NY criticized the idea of trying to build public consensus in education reform.⁹⁵

"A UNION FOR STUDENTS": OUT OF TOUCH AND DISINGENUOUS IN WHOM THEY CLAIM TO REPRESENT

StudentsFirst NY describes itself as "a union for students"⁹⁶ yet the demographic gap between StudentsFirst NY is several magnitudes wider than the racial achievement gap that exists after 12 years of Bloomberg led education reforms. Several of the Board Member's lifestyles can only be described as opulent, a dramatic contrast with the homes and lifestyles of the typical New Yorkers whose children attend public schools. They are using this astounding wealth to leverage control over the New York City public schools through dominating the political process.

STUDENTSFIRST NY BOARD MEMBERS ARE NOT YOUR TYPICAL NEW YORKERS:

Daniel Loeb

Hedge fund manager Daniel Loeb, the founder of Third Point LLC, has a net worth of \$1.2 billion and is ranked in AMONG the 400 richest Americans.⁹⁷ In 2005 Daniel Loeb busted the sales price record for a Manhattan residence by paying spending \$45 million for the premier 10,674 square-foot at 15 Central Park West. Ironically, the record it broke of \$44 million had been set by StudentsFirst booster Rupert Murdoch.⁹⁸ Now Loeb is currently shopping his

88. <http://www.nytimes.com/2011/09/07/education/07poll.html?pagewanted=all>

89. http://www.ny1.com/content/news_beats/education/166790/ny1-exclusive--doe-finds-almost-70-percent-of-city-students-live-in-poor-households

90. http://www.siena.edu/uploadedfiles/home/parents_and_community/community_page/sri/sny_poll/SNY0712%20Crosstabs.pdf

91. <http://www.ibo.nyc.ny.us/iboreports/2011edindicatorsreport.pdf>

92. <http://www.quinnipiac.edu/institutes-and-centers/polling-institute/new-york-state/release-detail?ReleaseID=1779>

93. <http://online.wsj.com/article/SB10001424052702303299604577325362892932468.html>

94. http://www.nytimes.com/2011/09/07/education/07poll.html?_r=1&pagewanted=all

95. <http://www.nydailynews.com/opinion/assignment-gov-cuomo-article-1.1102826?pgno=1>

96. http://www.nytimes.com/2012/05/18/nyregion/new-coalition-will-challenge-bloombergs-education-policies.html?_r=1

97. <http://www.forbes.com/profile/daniel-loeb/>

98. http://ny.curbed.com/archives/2005/11/22/15cpw_penthouse_sale_sets_new_manhattan_record.php

19-story Central Park West penthouse for \$100 million,⁹⁹ which may prove to be another record-setter if it sells.¹⁰⁰ Loeb's asking price is \$10 million higher than the next highest priced home for sale in New York.¹⁰¹ While few New Yorkers have waiting rooms in their homes, the building Loeb lives in has a waiting room for chauffeurs.¹⁰²

Paul Tudor Jones

The founder of Tudor Investment Corporation, hedge fund manager Paul Tudor Jones has a net worth of more than \$3.4 billion¹⁰³ and is the 330th richest person in the world.¹⁰⁴ In 2010 Tudor Jones put his 6,000 acre estate in the Chesapeake Bay on the market for \$30 million. The estate includes a 3,000 acre wildlife preserve and three islands that are shaped like his initials P, T and J.¹⁰⁵ In addition to a 10 bedroom, 14,000 square foot house with a yoga studio, the property includes two guest houses, a sports complex, an equestrian facility and a number of ponds.¹⁰⁶ In 1994 Tudor Jones became a trailblazer among super-rich hedge fund managers by moving to Greenwich, CT. He bought an historic home in Greenwich for \$11 million and tore it down. He built a new house on the property that has a gigantic center dome and columned portico that appears to be modeled after Thomas Jefferson's home Monticello. In 2006 the house, located on a peninsula jutting into the Long Island Sound, was estimated to be worth \$50-\$60 million.¹⁰⁷

Peter Kiernan

A former Goldman Sachs partner and hedge fund manager, Kiernan has described himself as "a hedge fund billionaire."¹⁰⁸ His home in Greenwich has an estimated value of \$7.6 million.¹⁰⁹ In 1999 he purchased the Bouvier family compound in Newport, Rhode Island—the house where Jacqueline Kennedy Onassis grew up and which was known as President Kennedy's "Summer White House." The main house is a 28-room mansion and Kiernan paid \$8 million despite the fact that it was in a state of disrepair. He has been investing heavily in its restoration as a hobby.¹¹⁰

Kenneth Langone

Kenneth Langone is a venture capitalist, investment banker and co-founder of Home Depot. With a net worth of \$1.5 billion he is the 303rd richest person in America.¹¹¹ He lives in Port Washington, NY in a 16-room, 9000 square foot mansion with 7½ bathrooms, that has an estimated value over \$4.4 million.¹¹² He also owns a 20,000 square foot beach front home in North Palm Beach, Florida.¹¹³

Dan Senor

In addition to being a Romney political advisor, Dan Senor is an investment banker and founding partner in Rosemont Capital LLC. In 2010 he purchased a \$3.9 million apartment in TriBeCa. "The three-bedroom, three-bath, full-floor condo has 4,000 square feet of space and includes a state-of-the-art kitchen, a fireplace, private outdoor space and water views."¹¹⁴

Michelle Rhee

Founder of StudentsFirst Michelle Rhee is herself a graduate of the elite private girls finishing school Maumee Valley Country Day School, which boasts that "small class sizes afford increased personal attention for each student."¹¹⁵ Rhee charges \$35,000 to \$50,000 as a speaking fee, plus first class travel and hotel accommodations.¹¹⁶

99. <http://www.prlog.org/11895812-hedge-fund-titan-dan-loeb-central-park-west-penthouse-for-100-million.html>

100. <http://www.zillow.com/blog/2011-03-31/100-million-home-purchase-is-most-expensive-in-u-s/>

101. <http://www.businessinsider.com/most-expensive-homes-for-sale-in-every-state-2012-5?op=1>

102. <http://www.businessinsider.com/who-lives-at-15-central-park-west-2012-3?op=1#ixzz23YCEtOIH>

103. <http://seekingalpha.com/article/745831-billionaire-paul-tudor-jones-top-5-dividend-picks>; <http://www.forbes.com/profile/paul-tudor-jones/>

104. http://en.wikipedia.org/wiki/Paul_Tudor_Jones

105. <http://www.businessinsider.com/ptj-is-selling-his-maryland-estate-for-30-but-are-the-ptj-islands-included-2010-11>

106. <http://realestate.aol.com/blog/2010/11/05/hedge-fund-billionaire-parting-with-maryland-farm/?asid=ea9e370d>

107. <http://www.vanityfair.com/style/features/2006/07/greenwich200607>

108. <http://civiliansnews.com/2012/06/24/american-education-wall-street/>

109. http://www.zillow.com/homedetails/428-Round-Hill-Rd-Greenwich-CT-06831/57310806_zpid/; http://ct.blockshopper.com/property/10-2196/428_round_hill_road

110. http://en.wikipedia.org/wiki/Hammersmith_Farm; www.washingtonlife.com/backissues/archives/02sept/newport.htm; <http://www.techhealth.com/about-us-staff-board-Peter-Kiernan.asp>

111. <http://www.forbes.com/profile/kenneth-langone/>

112. http://www.trulia.com/homes/New_York/Port_Washington/sold/1012851-211-Sands-Point-Rd-Port-Washington-NY-11050

113. http://southflorida.blockshopper.com/property/00434203040000080/11836_turtle_beach/

114. http://www.nypost.com/p/pagesix/pundit_dan_senor_and_campbell_brown_qxd57DkNOjxwGjaKhqJH8K#ixzz23X7CRj3

115. <http://www.mvcds.org/podium/default.aspx?t=165482>

116. <http://www.dailykos.com/story/2011/10/27/1030428/-Michelle-Rhee-takes-discounted-speaking-fee-of-just-35-000-from-public-nbsp-university>

VI. The StudentsFirst-Romney Education Agenda

FINDING: Michelle Rhee’s national plan for StudentsFirst is identical to Mitt Romney’s, pushing market-based strategies and privatization schemes even beyond where Mayor Bloomberg’s education policies from the past decade have gone. Because StudentsFirst NY is part of Rhee’s national campaign, and is funded heavily by Romney donors and Republicans, its New York agenda is designed to mirror the agenda StudentsFirst is advocating in other states. But research shows the Rhee/Romney plan will not improve educational outcomes, so New York City schools will be worse off if the Rhee/Romney plan is implemented.

StudentsFirst Rhetoric vs. Reality: Failure to Advocate for Teaching and Learning: StudentsFirst promotes itself as a leader in education reform, but the organization has very little track record of advocating for reforms with a strong basis in educational research. It focuses on “market reforms” which disregard evidence-based strategies to improve teaching and learning and instead emphasize structural and administrative reforms, high-stakes testing, competition, treating school superintendents and principals as managers rather than educators, privatization, and for-profit entrepreneurship. It focuses heavily on who runs schools, who works in schools and what are the terms and conditions of management and employment; it provides little attention to improving educational practice inside classrooms, specific educational strategies to improve teaching and learning, and building the capacity of schools. **The organization has no well-established track record of advocating for research-based educational strategies such as:**

- Extended learning time¹¹⁷ and after-school programs¹¹⁸;
- Ensuring that all students have access to a rigorous, enriched curriculum¹¹⁹ that includes advanced courses¹²⁰, career and technical education, as well as arts¹²¹, music and physical education¹²²;
- Implementing collaborative strategies that improve teaching practice such as teacher induction¹²³, mentoring¹²⁴, common planning time and high-quality classroom observations¹²⁵;
- Expanding access to full-day early childhood education¹²⁶ and increasing quality¹²⁷ in these programs through quality rating and improvement;
- Ongoing family and community engagement¹²⁸ in meaningful discussions¹²⁹ and decisions about children’s education.

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117. Patall, E.A., Cooper, H., & Allen, A.B. (2010). Extending the school day or school year: A systematic review of research (1985–2009). *Review of Educational Research*, 80(3), pp.401-436. Also see Massachusetts2020, 2011.
118. Durlak, J.A., & Weissberg, R.P. (2007). *The impact of after-school programs that promote personal and social skills*. Chicago, IL: Collaborative for Academic, Social, and Emotional Learning. McMurree, J. (2007). *Choices, changes, and challenges: Curriculum and instruction in the NCLB era*. Washington, DC: Center on Education Policy.
119. <http://ccsr.uchicago.edu/publications/essential-supports-school-improvement>
120. <http://aer.sagepub.com/content/early/2012/01/30/0002831211431952.abstract>
121. <http://www.nea.gov/research/arts-at-risk-youth.pdf>; Parsad, B., and Spiegelman, M. (2012). <http://nces.ed.gov/pubs2012/2012014.pdf>; http://www.pcah.gov/sites/default/files/PCAH_Reinvesting_4web_0.pdf
122. Dwyer, T., Sallis, J.F., Blizzard, L., Lazaurs, R., & Dean, K. (2001) Relation of academic performance to physical activity and fitness in children. *Pediatric Exercise Science*, (13), pp.225-238. Davis CL, Tomporowski PD, McDowell JE, Austin BP, Miller PH, Yanasak NE, Allison JD, Naglieri JA. (2011). Exercise Improves executive function and achievement and alters brain activation in overweight children. *Health Psychology*, (30)1, pp.91-98.
123. Johnson, S.M., Berg, J.H., & Donaldson, M.L. (2005). *Who stays in teaching and why: A review of the literature on teacher retention*. Cambridge, MA: Harvard Graduate School of Education.
124. See bibliography: http://www.teachingquality.org/legacy/NCLB_HQT_CEP_20061002.pdf
125. <http://educationnext.org/can-teacher-evaluation-improve-teaching/>
126. Barnett, W.S. (1998). ‘Long-term effects on cognitive development and school success’. In: Barnett, W.S., and Boocock, S.S. (ed), *Early Care and Education for Children in Poverty*. 1st ed. Albany, N.Y: State University of New York Press. pp.11-44. (<http://www.naeyc.org/resources/research/earlylearning>) Oden, S., Schweinhart, L. & Weikart, D.P. (2000). *Into adulthood: A study of the effects of Head Start*. Ypsilanti, MI: High/Scope Press. Schweinhart, L., Barnes, H. V. & Weikart, D. P. (1993). *Significant benefits: The high/scope perry preschool study through age 27*. Ypsilanti, MI: High/Scope Press.
127. http://www.winningbeginningny.org/publications/documents/belfield_report_001.pdf
128. Epstein J. L, Sanders, M. G., Simon, B. S., Salinas, K. C., Jansorn, N. R., Van Voorhis, F. L. (2002). *School, family, and community partnerships: Your handbook for action* (2nd edition). Thousand Oaks, CA: Corwin Press. Henderson, A.T. & Mapp, K.L. (2002). *A new wave of evidence: The impact of school, family, and community connections on student achievement* (annual synthesis 2002). Austin, TX: National Center for Family and Community Connections with Schools. http://www.equitycampaign.org/i/a/document/12018_EquityMattersVol5_Web.pdf
129. Bryk, A. S., & Schneider, B. (2002). *Trust in schools: A core resource for improvement*. New York: Russell Sage Foundation. Bryk, A.S. (2010). *Organizing schools for improvement*. *Phi Delta Kappa*, (91)7, pp.23-30.

StudentsFirst likes to cite the countries that are international leaders in education to demonstrate that schools in New York and across the country are not good enough.¹³⁰ But they ignore the pervasive evidence that these same countries reject the exact education strategies that both StudentsFirst and Mitt Romney promote.¹³¹

It turns out that neither the researchers whose work is reported on in this paper nor the analysts of the OECD PISA data have found any evidence that any country that leads the world's education performance league tables has gotten there by implementing any of the major agenda items that dominate the education reform agenda in the United States.

We include in this list the use of market mechanisms such as charter schools and vouchers, the identification and support of education entrepreneurs to disrupt the system, and the use of student performance data on standardized tests to identify teachers and principals who are then rewarded on that basis for the value they add to a student's education or who are punished because they fail to do so.

Marc S. Tucker, *Standing on the Shoulders of Giants: An American Agenda for Education Reform*¹³²

As schools across the country are experiencing an assault of cuts to advanced courses, career and technical education, tutoring, arts, music, sports, after school programs, instructional time, teachers, librarians, guidance counselors and more, StudentsFirst has not stood up to protect vital classroom resources. Rather, they have passively stood on the sidelines, collaborated with governors who have made these cuts, or actively supported budgets that made massive schools cuts.¹³³

THE EDUCATION PLANS OF STUDENTSFIRST AND MITT ROMNEY GO EVEN FURTHER THAN MAYOR BLOOMBERG

BASE TEACHER PAY ON STUDENT TEST SCORES

Romney: Supports

Romney has repeatedly stated his support for pay for performance: "I'd like to have a performance system that lets us know which teachers are doing the best and those teachers get better compensation... teachers who are judged to be the top third in their schools they get a bonus."¹³⁴

StudentsFirst: Supports

The StudentsFirst policy agenda lists pay for performance as a key component of their teacher quality priorities. Pay for performance, or "merit pay," bases teacher pay on test scores. StudentsFirst has worked with Maine's Republican Governor, Paul LePage¹³⁵ (who also supports public vouchers for private religious schools) to craft a pay for performance law. They have supported a pay-for-performance proposal in Colorado¹³⁶ as well.

RESEARCH SAYS:

- * The largest national study of pay for performance, a RAND Corporation study of Nashville, found no difference in student achievement between teachers who received additional salary and those who did not.¹³⁷

130. http://www.studentsfirst.org/page/-/StudentsFirst_Policy_Agenda.pdf?nocdn=1

131. M. Fullan, "Choosing the Wrong Drivers for Whole System Reform" Seminar Series 204 (East Melbourne Victoria, Australia: Centre for Strategic Education, April, 2011).

132. <http://www.ncee.org/wp-content/uploads/2011/05/Standing-on-the-Shoulders-of-Giants-An-American-Agenda-for-Education-Reform.pdf>. For more references see Strong Performers and Successful Reformers in Education: Lessons from PISA for the United States, Organization for Economic Co-operation and Development (2010).

133. <http://www.reuters.com/article/2012/06/26/us-usa-education-reform-studentsfirst-idUSBRE8501CN20120626>

134. <http://glassbooth.org/explore/index/mitt-romney/14/education/14/>

135. <http://www.studentsfirst.org/pages/maines-plan-for-education-reform#Teacher-and-Principal-Evaluation>. <http://www.sunjournal.com/news/state/2012/02/08/school-choice-public-funding-religious-institution/1152276>

136. <http://www.edexcellence.net/commentary/education-gadfly-daily/flypaper/2012/michelle-rhee-on-the-harrison-pay-for-performance-plan.html>

137. http://www.rand.org/pubs/reprints/2010/RAND_RP1416.pdf

- * A pay-for-performance program in NYC that distributed \$50 million to teachers and principals with the largest gains in student test scores was discontinued last year after another RAND study showed that it had produced no increase in student achievement.¹³⁸

SCHOOL VOUCHERS: PUBLIC DOLLARS FOR PRIVATE SCHOOLS

Romney: Supports

Romney would “make Title I and IDEA funds portable so that eligible students can choose which school to attend and bring funding with them,” including to private schools.¹³⁹ During his last run for the GOP Presidential nomination, in 2007, Romney suggested American parents who leave the public school system to home school should be rewarded with a tax break: “I also believe parents who are teaching their kids at home, homeschoolers, deserve a break, and I’ve asked for a tax credit to help...with the cost of being an at-home teacher.”¹⁴⁰

StudentsFirst: Supports

While StudentsFirst publicly supports only “mean-tested” vouchers¹⁴¹ (public subsidies for low-income students to attend private schools), they have supported legislation allowing middle-income families to send their children to private schools with taxpayer subsidies— specifically Indiana’s HB1003 that would give private school vouchers to families earning up to \$81,000.¹⁴² The organization also praises Florida, Ohio, Louisiana, and Wisconsin for providing publicly funded scholarships for students to attend private schools.¹⁴³

RESEARCH SAYS:

Studies of multiple districts with school voucher programs¹⁴⁴ have found little to no difference in achievement¹⁴⁵ between voucher students and public school students.¹⁴⁶

EXPANSION OF CHARTER SCHOOLS

Romney: Supports

Romney would require states to “eliminate caps on charter schools” and amend the federal Charter School Program to provide federal funding to expand charter schools.¹⁴⁷

StudentsFirst: Supports

Advocates elimination of state caps on charter schools and so-called “parent trigger” laws to convert public schools into charter schools. Asserts that “Louisiana has the most developed model” for school “turnaround” via conversion to charter schools, praising the fact that “now more than 60 percent of the K–12 schools in New Orleans are public charter schools, and New Orleans may become the nation’s first ‘all-charter’ city.”¹⁴⁸ StudentsFirst lobbied against New York A.9551 in 2012, a bill that would put require community approval of co-locations of charter schools inside district public schools.¹⁴⁹

138. http://www.rand.org/pubs/research_briefs/RB9596.html

139. <http://www.scribd.com/doc/94576248/A-Chance-for-Every-Child>

140. <http://www.dailykos.com/story/2012/02/10/1063621/-Will-GOP-Candidates-Back-Tebow-Bill-for-Home-Schoolers>

141. http://blogs.edweek.org/edweek/charterschoice/2012/03/michelle_rhee_talks_vouchers_and_politics.html

142. http://www.ncleg.net/DocumentSites/Committees/HSCedReform/2011_11_02%20Meeting/StudentsFirst_INCaseStudy_2011-11-02.pdf , <http://washingtontimesherald.com/local/x1709529891/Lawmakers-urged-to-reject-charter-school-voucher-bills>

143. <http://www.studentsfirst.org/policy-agenda>

144. Denise Smith Amos, “Voucher Students’ Test Scores Lag” (Black Alliance for Educational Options, Oct. 16, 2010), http://ohio.baeo.org/?news_section_id=1&news_id=3386.

145. Thomas Ott, “Cleveland Students Hold Their Own with Voucher Students on State Tests,” *The Plain Dealer*, Feb. 22, 2011, http://blog.cleveland.com/metro/2011/02/cleveland_students_hold_own_wi.html.

146. Patrick J. Wolf et al., “MPCP Longitudinal Educational Growth Study Fourth Year Report,” University of Arkansas, School Choice Demonstration Project Report #23, March 2011.

147. <http://www.scribd.com/doc/94576248/A-Chance-for-Every-Child>

148. <http://www.studentsfirst.org/policy-agenda>

149. <http://groups.yahoo.com/group/nyeducationnews/message/46522>, <http://open.nysenate.gov/legislation/bill/A9551-2011>

RESEARCH SAYS:

National studies show that charter schools do not, on average, produce stronger student academic outcomes than traditional public schools.¹⁵⁰ Charter schools have, however, been shown to be more segregated than traditional public schools¹⁵¹, under-enroll the highest-needs students¹⁵², and in some cases, drain resources from traditional public schools.¹⁵³

EXPANSION OF ONLINE SCHOOLS**Romney: Supports**

Romney would increase funding for digital courses and schools, and require states to adopt open-enrollment policies for online schools for students receiving Title I and IDEA funds.¹⁵⁴ He has touted the success of Florida Virtual School program, despite a lack of evidence that these schools lead to more successful student outcomes.¹⁵⁵

StudentsFirst: Supports

The StudentsFirst Policy Agenda advocates expanding the use of “digital learning environments.” The organization also supported Pennsylvania’s SB904 cyber school bill, which made it easier to open online “virtual” schools.¹⁵⁶

RESEARCH SAYS:

Nationally, online schools perform worse than traditional public schools¹⁵⁷, with poor student performance¹⁵⁸, low graduation rates, and high student attrition rates.¹⁵⁹ Still, companies are making an enormous profit on these experimental schools.¹⁶⁰

ATTACKS ON EMPLOYEES’ RIGHTS, DUE PROCESS AND COLLECTIVE BARGAINING**Romney: Supports**

Romney’s education plan aims to “prohibit seniority-based transfer and dismissal rules” and “eliminate or reform teacher tenure.”¹⁶¹ In 2002, long before the current “market-reform” movement was a national phenomenon, Governor Romney was one of the first proponents of giving principals in schools with low test scores the authority to fire staff based solely on their own judgments.¹⁶² Romney also threw his support behind Wisconsin Governor Scott Walker’s attack on collective bargaining rights.¹⁶³

StudentsFirst: Supports

The StudentsFirst Policy Agenda advocates for eliminating tenure but maintaining due process and workers rights. However, StudentsFirst lobbied for Ohio’s SB-5, which was overturned by popular vote but would have outlawed collective bargaining for public sector employees.¹⁶⁴ Michelle Rhee publicly supported Governor Scott Walker’s¹⁶⁵ attack

150. “Multiple Choice: Charter School Performance in 16 States” CREDO (Center for Research on Education Outcomes) Stanford University, June 2009. http://credo.stanford.edu/reports/MULTIPLE_CHOICE_CREDO.pdf
151. Frankenberg, E., Siegel-Hawley, G., & Wang, J. (2010). Choice without equity: Charter school segregation and the need for civil rights standards. Los Angeles, CA: The Civil Rights Project/Proyecto Derechos Civiles at UCLA. www.civilrightsproject.ucla.edu.
152. United States Government Accountability Office, “Charter Schools: Additional Federal Attention Needed to Help Protect Access for Students with Disabilities.” GAO 12-543, June 2012.
153. Charter Schools Housed in the City’s School Buildings Get More Public Funding per Student than Traditional Public Schools. Independent Budget Office Web blog, Posted by Ray Domanico and Yolanda Smith, February 15, 2011. <http://ibo.nyc.ny.us/cgi-park/?p=272>
154. <http://www.scribd.com/doc/94576248/A-Chance-for-Every-Child>
155. Tampa Bay Times, Success of Florida Virtual School is Difficult to Measure, January 8, 2012 <http://www.tampabay.com/news/education/k12/article1209497.ece>
156. <http://www.studentsfirst.org/pages/pennsylvanias-plan-for-education-reform>
157. <http://nepc.colorado.edu/newsletter/2012/07/understanding-improving-virtual%20>
158. http://credo.stanford.edu/reports/PA%20State%20Report_20110404_FINAL.pdf
159. <http://www.centerforpubliceducation.org/Main-Menu/Organizing-a-school/Searching-for-the-reality-of-virtual-schools-at-a-glance/Searching-for-the-reality-of-virtual-schools-full-report.pdf>
160. http://blogs.edweek.org/teachers/living-in-dialogue/2012/07/virtual_schools_real_profits_t.html, <http://www.thenation.com/article/164651/how-online-learning-companies-bought-americas-schools#>
161. <http://www.thepoliticalguide.com/Items/MittRomney/Education.pdf>
162. Ebbert, S. (2002, June 5). Romney proposes school overhaul. Boston Globe.
163. http://www.huffingtonpost.com/2012/03/28/mitt-romney-scott-walker-wisconsin_n_1386075.html
164. <http://www.dailykos.com/story/2011/05/26/978992/-Rhee-s-Students-First-lobbied-on-Ohio-s-nbsp-SB-nbsp-5>
165. <http://www.dailykos.com/story/2011/03/07/953100/-Michelle-Rhee-supports-many-of-Scott-Walker-s-anti-teacher-measures>

on unions in Wisconsin.¹⁶⁶ The organization also lobbied behind the scenes for a package of bills in Michigan that included a limit on collective bargaining rights for public employees.¹⁶⁷ Rhee praised the legislature of Tennessee, which had recently eliminated collective bargaining for teachers, for their “aggressive and courageous laws.”¹⁶⁸

RESEARCH SAYS:

National studies show greater student achievement¹⁶⁹ in states with strong teachers unions.¹⁷⁰

EXPAND THE USE OF HIGH-STAKES TESTING

Romney: Supports

In a GOP primary debate in 2007, Romney said, “I supported No Child Left Behind. I still do. I know there are a lot in my party that don’t like it, but I like testing in our schools.”¹⁷¹ He supports additional uses for testing, which necessitates increasing the number of tests that students take. For example, “[S]tates will be required to provide report cards that evaluate schools and districts on an A through F or similar scale based primarily on their contribution to achievement growth.”¹⁷²

StudentsFirst: Supports

The StudentsFirst Policy Agenda also calls for states to “provide letter grades that can be used to compare performance with other schools.”¹⁷³

CUT EDUCATION BUDGETS BY INCREASING CLASS SIZE

Romney: Supports

In his book, Romney wrote, “Why do politicians continue to promote and fund the massive investment required to reduce class size?...Smaller class sizes mean more teachers, more union dues and more power, so teachers’ unions are almost always supportive of the idea, claiming that small classes are an educational reform they can support.”¹⁷⁴

StudentsFirst: Supports

StudentsFirst advocates for eliminating caps on class sizes above the third grade.¹⁷⁵ When Romney was criticized for saying that class size does not affect student performance, Michelle Rhee defended him.¹⁷⁶ The danger of that policy has become reality in Detroit, where the recent union contract allows class sizes of up to 41 students in K-3rd grade, 46 students in grades 4-5 and 61 students in grades 6-12.¹⁷⁷

RESEARCH SAYS:

The preponderance of research indicates that reducing class size, when done strategically and with qualified teachers, improves student achievement both in the short- and long-term.¹⁷⁸

166. <http://www.forbes.com/sites/erikkain/2011/03/08/adrian-fenty-and-michelle-rhee-support-governor-scott-walkers-union-busting/>

167. <http://www.dailykos.com/story/2011/06/23/987681/-Rhee-s-Students-First-collaborated-on-Michigan-bill-limiting-collective-bargaining-for-teachers>

168. <http://www.dailykos.com/story/2011/07/20/996599/-Michelle-Rhee-praises-Tennessee-legislature-s-anti-teacher-bill>

169. <http://nepc.colorado.edu/files/Chapter10-Carini-Final.pdf>

170. <http://www.hepg.org/her/abstract/130>

171. http://www.nytimes.com/2007/05/15/us/politics/16repubs-text.html?_r=2

172. <http://www.mittromney.com/sites/default/files/shared/120523-Education%20White%20Paper%20FINAL%20for%20PDF.pdf>

173. <http://www.studentsfirst.org/policy-agenda>

174. Romney, M. (2011). No apology: Believe in America. New York: St. Martin’s Press.

175. <http://www.studentsfirst.org/policy-agenda/entry/policy-priority-3-summary>

176. <http://videocafe.crooksandliars.com/karoli/se-cupp-cites-education-deformer-michelle-r>

177. <http://www.detroitnews.com/article/20120713/SCHOOLS/207130335>

178. <http://www.edweek.org/ew/issues/class-size/>

VII. StudentsFirst: The Bain of Public Schools

FINDING: The Bain world view is shared by Romney and Rhee. There are striking parallels between the actions Bain Capital performed on companies, and the actions StudentsFirst wants to perform on schools in New York City and around the country. Romney’s views were shaped by his time at Bain and Company and at Bain Capital; similarly, Rhee and StudentsFirst have been influenced by both incarnations of Bain. Bain and Company helped launch StudentsFirst and the organization is replicating Bain Capital’s actions. Just as Bain Capital cut jobs, shut down factories, dismantled companies, and drove more profit to top-level managers, so StudentsFirst wants to close schools, fire teachers and other personnel, dismantle unions, and drive more profit to standardized testing, digital education, consulting and for-profit school management firms.

“I’ve been incredibly impressed with the results of our collaboration with Bain. They helped us create a strategic plan that we have tremendous confidence in. We couldn’t have produced the quality that we did in the time frame that we did without our Bain partners.”

Michelle Rhee

www.bain.com/offices/social_impact/issues/education.aspx

“[Bain] helped develop the strategy and business plan for launching StudentsFirst...We have committed to an ongoing partnership with StudentsFirst...”

Bain and Company

www.bain.com/offices/social_impact/issues/education.aspx

FROM THE MARKET TO THE CLASSROOM: ROMNEY AND THE BAIN WORLD VIEW

The bulk of Mitt Romney’s career in business and the private sector was spent at Bain and Company and at Bain Capital. He served as Vice President of Bain and Company from 1978-1984, and later as Chief Executive Officer and Chairman of Bain and Company from 1991-1993. From 1984-2001, he served as Chief Executive Officer and Managing Partner of Bain Capital, the private equity investment firm that spun off from Bain and Company. Both Bain Capital and Bain and Company are driven by the same core values and principles, and they share the same deep roots and connections to Romney. What has been called Romney’s Bain world view¹⁷⁹ has shaped his thinking not only on business but on education and the way schools should operate. In his book, *No Apology: The Case for American Greatness*, he discusses at length a 1998 Bain and Company study of Boston’s public schools that analyzed the test results of individual students. And ten years ago, as governor of Massachusetts, he proposed giving principals of supposedly failing schools the authority to fire ten percent of their staff¹⁸⁰—a move out of his Bain play book that set a precedent Rhee would later build on.

RHEE AND ROMNEY: THE BAIN MANAGEMENT MODEL AND STUDENTSFIRST

The similarities between Romney’s Bain world view and Rhee’s world view are striking. Just as Wall Street used a variety of tricks to cover up illusory gains, while cheating public institutions and working people, so Michelle Rhee, StudentsFirst’s CEO and former Chancellor of Washington, DC public schools, has been accused of pressuring principals to cheat, and covering up massive cheating during her time as chancellor.

CLOSING FACTORIES/CLOSING SCHOOLS:

Bain closed factories as a way of reducing costs to maximize short-term profit, many times to the detriment of the

179. http://www.theatlantic.com/magazine/archive/2005/09/the-i-holy-cow-i-candidate/4196/?single_page=true

180. Ebbert, S (2002, June 5). Romney Proposes School Overhaul. Boston Globe.

181. http://inthesetimes.com/article/13627/the_bain_legacy/

182. http://articles.cnn.com/2008-09-09/living/dc.schools_1_public-schools-school-system-level-math-and-reading?_s=PM:LIVING

183. <http://gothamschools.org/2011/06/06/rhees-students-first-campaigns-to-pressure-pols/>

company it professed to be helping,¹⁸¹ and these actions often disrupted communities and workers who relied on those factories. Michelle Rhee closed 23 schools in her first year as head of Washington, D.C. public schools.¹⁸² This practice is being replicated in cities all over the country, with the backing¹⁸³ of StudentsFirst, with no proven results in bettering school systems and often disrupting entire communities.¹⁸⁴ Over the years, Bain Capital closed many companies and factories, saddled many firms with extreme debt, causing numerous bankruptcies and leaving workers devastated.¹⁸⁵

As one recent news account put it, “Bain structured deals so that it was difficult for the firm and its executives to ever really lose, even if practically everyone else involved with the company that Bain owned did, including its employees, creditors and even, at times, investors in Bain’s funds.”¹⁸⁶

FIRING WORKERS/FIRING TEACHERS AND OTHER SCHOOL EMPLOYEES:

Mitt Romney has said, “I like being able to fire people.”¹⁸⁷ Michelle Rhee has also relished firing people, and even convinced The News Hour to show her firing a principal on national television.¹⁸⁸ Bain many times maximized profit by firing workers.¹⁸⁹ As one news account put it, “Romney and his team also maximized returns by firing workers, seeking government subsidies, and flipping companies quickly for large profits. Sometimes Bain investors gained even when companies slid into bankruptcy.”¹⁹⁰ One of Rhee’s major policy initiatives as head of the D.C. public schools was firing hundreds of teachers and principals.¹⁹¹ Around the country, Rhee and StudentsFirst have advocated legislation to make it easier to fire teachers from Michigan¹⁹² to New York.¹⁹³

OUTSOURCE JOBS/OUTSOURCE SCHOOL SERVICES:

As a cost-saving measure Bain has had a steady practice of shipping jobs overseas, eliminating jobs in the U.S.¹⁹⁴ Rhee and StudentsFirst have advocated policies to decrease labor costs in schools by eliminating tenure¹⁹⁵ and more experienced teachers, cutting pensions¹⁹⁶, outsourcing school services¹⁹⁷, while relying on less experienced and less qualified workers.

184. <http://chicago.cbslocal.com/2011/12/19/parents-want-mayor-to-halt-school-closures-meet-with-them-first/>
185. <http://www.nytimes.com/2012/06/23/us/politics/companies-ills-did-not-harm-romneys-firm.html?pagewanted=all>

186. http://www.nytimes.com/2012/06/23/us/politics/companies-ills-did-not-harm-romneys-firm.html?_r=1&hp

187. http://www.huffingtonpost.com/2012/01/09/mitt-romney-i-like-being-able-to-fire-people_n_1194115.html

188. <http://www.youtube.com/watch?v=FQ4N6UZbdxA>; <http://takingnote.learningmatters.tv/?p=4847>

189. <http://articles.latimes.com/2011/dec/03/nation/la-na-romney-bain-20111204>

190. <http://articles.latimes.com/2011/dec/03/nation/la-na-romney-bain-20111204>

191. <http://www.washingtonpost.com/wp-dyn/content/article/2010/07/23/AR2010072303093.html>; http://topics.nytimes.com/top/reference/timestopics/people/r/michelle_rhee/index.html

192. <http://www.dailykos.com/story/2011/06/23/987681/-Rhee-s-Students-First-collaborated-on-Michigan-bill-limiting-collective-bargaining-for-teachers>

193. <http://www.nydailynews.com/opinion/assignment-gov-cuomo-article-1.1102826?pgno=1>

194. http://www.washingtonpost.com/business/economy/romneys-bain-capital-invested-in-companies-that-moved-jobs-overseas/2012/06/21/gJQAsD9ptV_story.html

195. <http://www.studentsfirst.org/policy-agenda/entry/teacher-tenure-and-performance>

196. <http://www.studentsfirst.org/blog/entry/challenging-the-myths-around-pension-reform>

197. <http://www.studentsfirst.org/policy-agenda/entry/resources-to-maximize-learning>

THE STUDENTSFIRST POLICY AGENDA: THREE STRIKES AGAINST PUBLIC SCHOOLS

The StudentsFirst policy agenda lists three priorities: elevate teaching, empower parents, and spend wisely.¹⁹⁸ While these sound good at first glance, a close reading of the details reveals that they are closely tied to the Bain world view, and will be three strikes against New York City public schools.

ELEVATE TEACHING

The StudentsFirst’s teaching agenda focuses on undermining teachers’ and school employees’ unions and restructuring classroom learning in ways that drives funds to private market entrepreneurs including testing companies, technology companies and private market management and consulting firms. This is parallel to the Romney/Bain practice of restructuring companies to increase profits at the top, at the expense of workers and consumers. These educational/business practices concentrate resources on evaluation rather than improvement, and elevate short-term, illusory gains at the expense of long-term, meaningful growth.

EMPOWER PARENTS

The StudentsFirst parent empowerment agenda focuses on closing public schools and turning them over to private management. This is parallel to the Romney/Bain practice of restructuring a company—often to the detriment of the company and workers, and without much value added for consumers. Parents and communities are not included in meaningful decision-making, and little effort is invested in increasing the capacity of existing schools or companies so that they better serve families/consumers.

SPEND WISELY

The StudentsFirst fiscal agenda focuses on cutting costs, often eliminating jobs and shortchanging the strategies that create long-term gains in schools. This is parallel to the Romney/Bain practice of cost-cutting to make greater profits, while eventually destroying the company itself. As public funds are cut, schools are forced to rely increasingly on private fundraising, thus widening the gap between “have” and “have not” schools.

198. <http://www.studentsfirst.org/policy-agenda/entry/teacher-and-principal-effectiveness>

