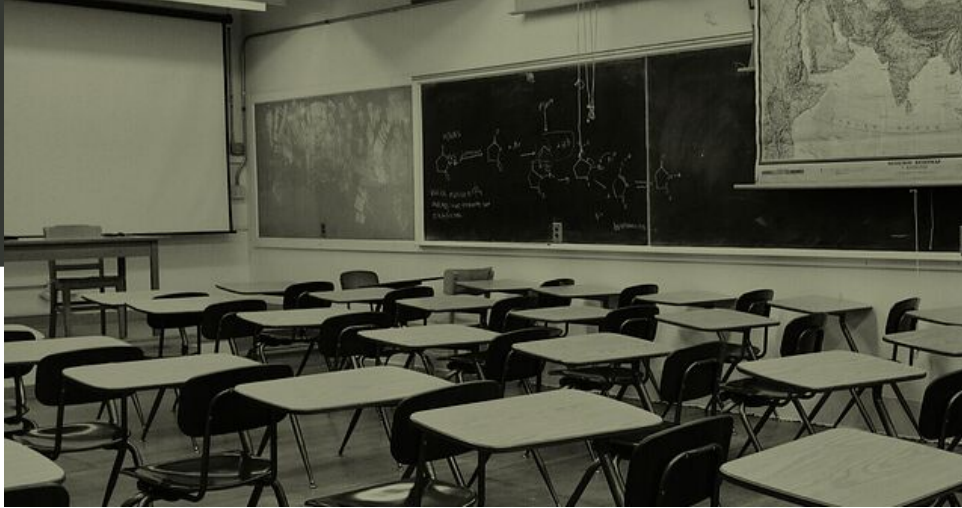


Naming Rights Uprising in Suburbia

07.12.18 | Linda J. Rosenthal, JD



When Steve Schwarzman was growing up, his parents moved from downtown Philadelphia to Abington Township, a lovely, upper-middle-class suburb. The township's sole secondary school had – like those in surrounding bedroom communities – an excellent academic reputation. Steve played track and field there and was elected president of the student body. He graduated in 1965, going on to Yale University and then to Harvard Business School.

By 1985, Stephen A. Schwarzman had started the Blackstone Group, eventually guiding it to become the largest private-equity firm in the world. Relentlessly driven and intense, “[h]e has credited Abington Senior High School with kick-starting his future.”

Currently worth about \$12 billion, Schwarzman enjoys an unabashedly lavish lifestyle. Over the years, he had become a force in the philanthropic world. Despite having a complicated history in that milieu, he has secured stellar naming rights. For instance, in 2007, in acknowledgment of a \$100-million donation, the New York City Public Library's flagship Fifth Avenue location was renamed for Schwarzman. And for a \$150 million gift to Yale University, the Schwarzman Center, a “futuristic student building” was established on his undergraduate alma mater's New Haven campus.

Some years earlier, in 2004, Schwartzman had established a charitable relationship with his high school alma mater, giving \$400,000 to Abington High to build a new football stadium with his name. But in March 2018, that collaboration took a difficult turn. When the current school superintendent and board officials announced they had negotiated a \$25-million donation from Abington's wealthiest alumnus to pay for a renovation of the high school, it set off a firestorm of protest. First, the gift was subject to numerous conditions including – most importantly – the renaming of this public high school for this benefactor. Second, the transaction was arranged and approved secretly by officials who announced it to the public *only after* the deal had been made. They were – but shouldn't have been – shocked at the reaction.

Naming Rights Deal: No Transparency

Abington High School's main building dated back to the 1950s when the township became a desired location for upwardly mobile, post-war parents from the city. By 2017, the campus needed major repairs and still had no modern science or computer facilities. Dr. Amy Sichel, the township's longtime School Superintendent (previously a psychologist), began the search for a donor for an estimated \$100-million renovation. As one of the school's most famous and successful alumni – and already an established donor – Schwartzman became a logical focus of Dr. Sichel's search.

In about January 2017, she approached Schwarzman about a major donation. A few months later, the school board formed a new tax-exempt organization, the Foundation for Abington School District, to manage this potential major gift. In the following months, Dr. Sichel continued cultivating a donation from Schwartzman and his philanthropic team; reportedly, talks were "so cordial" that Dr. Sichel was invited to Mr. Schwarzman's extravagant 70th birthday party in Palm Beach.

A deal was finalized on March 22. Key terms of the \$25-million gift included renaming the institution "Abington Schwarzman Senior High School," with plaques on at least six entrances as well as on a new science and technology center; display of a prominent portrait; and placement of the names of his twin brothers elsewhere in the complex. Schwarzman also negotiated approval rights over the building design, contractors, and all public relations aspects of the grant "to assure maximum impact and visibility." He also won the right to dictate certain curriculum changes; that is, technology courses and equipment.

In March 2018, the school board met and approved this gift and the conditions. There was no meaningful prior disclosure of this donation and its requirements before this official approval. When the matter was announced to the public on March 27, 2018, a furor erupted almost immediately.

Public Outcry

"So it was that this Philadelphia bedroom community of 55,000, not normally a hotbed of civic unrest, exploded into a populist fury."

A school board meeting held on April 10th "immediately took on a circuslike atmosphere": a "five-hour meeting" to "vent about what felt a bit like a hostile Wall Street takeover of a local institution..." Typical of citizen comments were those of a 1980 graduate: "'Help me understand how you could make such a monumental decision without even asking?'"

There was anger "not just about the school being renamed for Mr. Schwarzman. It was that the school board forged the deal in secret." A 2000 graduate said "the board was one of three things: 'brazen,' 'sneaky' or 'stupid.'" He added: "If the school's name could be auctioned for \$25 million, what else is for sale?"

The board members and superintendent said they were blindsided by the outcry. They apologized profusely at the meeting, calling their action "a drastic error in judgment."

Although these officials realized they would have to change the deal, they continued to be slow in releasing documents and answering questions about the foundation that had been set up many

months before.

Under an amended gift agreement negotiated later in April 2018, the renaming element was discarded. The school will keep its name, but there will be a “Stephen A. Schwarzman Center for Science and Technology.”

Conclusion

In an online petition opposing the name change and other gift conditions, signers included this revealing language: “The point of publicly funded institutions is to provide collective funding, but also collective ownership, collective responsibility, and collective accountability. Public school systems are accountable to taxpayers and, in the case of the Abington School District, they’re accountable to the voters. Inserting private funding of this magnitude has the tendency to confuse decision-makers about to whom they answer. The fact that a billionaire donor was given naming rights after making a significant contribution, without public input, exemplifies the problems with this type of funding arrangement.”

— *Linda J. Rosenthal, J.D., FPLG Information & Research Director*