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AUTHOR	Mann, Dale
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ABSTRACT

Enduring political support from business may benefit schools much more than the material contributions they often seek. A study of school-business interaction in 23 U.S. cities reveals wide variation in the availability of corporate aid, the sophistication and organization of schools' initiatives toward business, and the results of the interaction. Because large corporate donors are concentrated in the Northeast and because different industries are differently inclined toward educational support, many school systems have difficulty obtaining contributions. Gaining access to untapped corporate resources may be expensive and time-consuming. Although schools more often than businesses initiate cooperation, their efforts are generally disorganized and poorly monitored. Fewer than half the districts surveyed have policies on school-business interaction; groups such as teachers' unions, school business administrators, and school boards, which might lend valuable support to policymaking, are rarely involved. Though recent activites have modestly enhanced school resources and created some prospects for stable political alliances, most public-private ventures have been narrow, episodic, and superficial. To meet current challenges, schools must take coherent action toward long-term partnership with business. (MCG)

"All That Glitters: Public School/Private Sector Interaction in Twenty-Three U.S. Cities"

Dale Mann
Professor and Chairman
Teachers College Columbia University

September, 1984

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"All That Glitters: Public School/Private Sector Interaction In Twenty-Three U.S. Cities"

Executive Summary

There are two prospective benefits to the current wave of public school/private sector transactions. One is the possibility that mutual understanding may mature into political collaboration and thus, more adequate financial support for the schools. About half of the twenty-three cities in this study reported outcomes of that sort although the magnitude, stability, and net effect of those efforts vary widely.

The second benefit is more direct but less significant. What is the dollar value of the grants, goods, and services provided public schools under this rubric? No one knows---not least, the superintendents themselves. One estimate for all corporate giving to all elementary and secondary education is between $30 million and $50 million (Timpane). This report suggests a total between $13 million and $22 million. Figures in either range are less than half of one percent of total elementary and secondary expenditures. That is more than we spend yearly for school furniture and equipment but much less than LEA's realize from miscellaneous receipts such as ticket sales. A high estimate for total corporate support would be half of one percent. The average big city district now receives about that much from county or intermediate sources (the least significant of the governmental revenue sources).

Three out of four superintendents were unable to estimate the total value of corporate contributions to their schools. Five districts estimated this kind of support at between $100,000 and $2 million a year with a mean of perhaps $800,000.

The text strains a metaphor about mining natural resources. Precious metals and other natural resources are unevenly distributed, take varying amounts of hard work to extract, and fluctuate in value according to decisions and factors beyond the miner's control. What you find may or may not be what you were looking for. Finally, pay-offs, especially big ones, are much rarer than the mythology that sustains prospectors.

The prospects for a more enduring political alliance are greater than the dollar sums currently being invested. Public schools need allies and continuing partners. Working collaboratively with the business community can nurture such partnerships although making good things happen requires more than the peripheral, episodic, and limited projects that are now most common.

I: Prospecting

Not all city school districts are well positioned to exploit corporate involvement. Compared to all twenty-three cities, the seven cities in the Boston-Washington corridor account for 56 percent of the "Fortune 500" headquarters and 65 percent of the national foundations That makes it difficult for school officials in some places to act efficiently in pursuit of the general philanthropic rule that 90 percent of the gifts come from 10 percent of the donors. Ninety-four percent of the business establishments of these cities employ fewer than 50 employees, about two-tenths of a percent have 1000 or more employees, yet the business of tapping small business was not well developed.

Charitable giving from all companies is less than one percent of pretax net giving, and corporate taxes account for about five percent of federal expenditures. On that evidence, corporate giving has room to grow and what is given needs to be carefully managed if it is to have any effect. Different industries are differently inclined to support education: surprisingly, manufacturing industries are more generous than the more labor intensive service industries. In addition to variations in the local corporate environment, city districts vary dramatically in their dependence on other than property tax revenues (from 65 percent "other" to 0.7 percent "other").

II: Producing

Schools are doing widely divergent things in the area of school/business transactions. Much of what is being done reflects the initiative of superintendents, not private sector CEO's. The schools have not been merely reactive in this area although the depth and breadth of the leadership varies widely. About a fourth have special offices and a fair degree of infra-structure, three-fourths have adopt-a-school projects, but only one district had a system for canvassing prospective corporations. Although three-fourths of the superintendents described themselves in a waiting line outside the doors of potential donors, only about half had ways to regularize and strengthen their own chances. With 600,000 already established non-profit corporation in the United States, becoming truly competitive at this sort of fund raising will require serious effort.

Most superintendents seem to have reserved this area for themselves. They lament that boards are no longer of the stature (or inclination) to broker between corporate suites and public schools. Teacher union leaders and business managers are neither very knowledgeable nor very involved in this effort. Schools and businesses haven't had very much to do with each other in a generation. Both sides need to learn how to work with each other and both sides should aim for broad participation. What is it that school people want? What is it that business may realistically be expected to provide? What can be done through the partnership mechanism that is not already being done with tax levy money? Answers to such questions go a long way toward measuring the maturity of these efforts.

III: The Pay-Offs

No public official should spurn a half-percent budget increase but the amount is less significant than the prospect of a longer term political alliance for more adequate public school support. We may be about halfway to that goal: such efforts can be found in about half the cities. There, the challenge is to maintain the coalition while preserving public school purposes.

Virtually everything that is now being done is project-based, i.e., episodic, special purpose, tacked on and usually at the periphery of the school's core technology of teaching and learning. That is a short leash for the schools and a fragile base for long term partnership. If public/private partnerships continue to be dominated by small projects supported by small grants, they will have done some good. But they will also fall short of the sort of assistance and improvement which the movement promises. All city systems need to think about how to lever the interest so far shown from the business community into the sort of enduring in stituational alliance that can support big city schools and the children they serve.

Preface

This is a report about transactions between urban public schools and businesses in the communities they serve. The topic is usually but incorrectly described as "public school responses to private sector initiatives." But, as often as not, the genesis has been with the public schools. Superintendents have arranged, stimulated, or quietly created business involvement. These are "transactions" because both parties have something to gain. The schools get a few services and a little money with a longer term hope for a political ally. Business gets a chance to do good, to safeguard their investments downtown, and perhaps some slight manpower gains.

The kind of involvement analyzed here is new in two important ways. These activities are multi-function (not only vocational education but also management assistance, academic upgrading, public relations services, and so on) and they derive from more than a single part of a city's economy not just the food trades adopting a particular high school. There is something different here from donkey basketball or pancake breakfasts at the shopping mall to benefit Okatuck Elementary School. This involvement is also voluntary. N[illegible]ing discussed here has come about because a Federal gr[illegible]quires, for example, an advisory group.

The twenty-three cities are:

Atlanta
Baltimore
Boston
Cincinnati
Cleveland
Dallas
Denver
Detroit
Hartford
Jackson
Los Angeles
Memphis
Miami
Milwaukee
Newark
New Orleans
New York
Philadelphia
Pittsburgh
Phoenix
San Diego
Seattle
Washington, D.C.

They are at different developmental levels on these two measures--- multi-functional and multi-source business involvement---but all have some experience with this new phenomenon and it is that experience and its consequences which is the subject of this report. "Different developmental levels" is NOT a euphemism for "some are better than others." Throughout this analysis we ask what urban districts are doing to attract money and personal help from their business communities. But documenting that some cities aren't doing much does NOT mean that they are deficient. The size and structure of local economies differs widely among the big cities of the United States. Slim pickings deserve little prospecting.

Smoke, flame, and loud noise are dramatic but less relevant than the thrust that lifts the rocket. While most attention has been directed to counting, for example, the number of public schools "adopted" in a given city, the maximum pay-off from the current generation of business/school transactions is in the legislative and executive chambers that determine how much money will go to which municipal agencies for which purposes. An urban superintendent appearing alone before the State legislature's education committee will be received with polite diffidence. While this analysis maps the tactics, structure, and outcomes of school/business transactions, those things by themselves have far less potential than a deeper, more mature partnership that would have an urban school chief approaching a state legislature in the company of say, three CEO s, a bank president, and the chair of the downtown civic association.

In fact, about half of the urban districts have benefited from partnerships pointed at the big ticket financing of public schools. In most such instances, the superintendents credit that development to relationships forged within the confines of more limited projects. Some examples of outcomes at this level of significance follow.

THE BIG PAY-OFF

- One business round table publicly endorsed a levy that raised more than 30 million new dollars for school systems.

- A Northeastern city's business community has turned 180 degrees from incessant criticism of the public schools to coordinated lobbying with the city schools at both the city and state levels.

- Another city, unable to campaign effectively for a bond issue, found its business community willing to pay media costs that the city could not.

The most helpful outcomes of school/business transactions are these sorts of political coalitions aimed at permanent and sizeable increases in financial support for the public schools.* Though more helpful, they are less common than single-purpose, limited term project activities. School leaders hope that those projects will be the base of something larger: but even on individual, intrinsic merits projects are welcome additions to shared purposes. Some examples:

...A brigade of "Positive Parents" who sell local realtors on the virtues of public schools.

...A series of "high tech" high schools, each adopted by a companion corporation.

...A personnel screening committee to recruit, evaluate, and recommend candidates for a district's chief financial officer vacancy.

...A matching grant to cover half the cost of building a recreation facility for handicapped children.

...Another matching grant to cover salary costs for high school teachers retrained through six-week sabbaticals.

...An endowed chair for a master high school science teacher (equipment money plus summer support).

...A corporation that provides vocational students access to its state of the art machinery during the factory's regularly scheduled down-time.

While every school leader would be happy to have those things, they also have learned the lesson of categorical programs--- projects come and go. What counts most is the level and stability of support. About half the districts have been able to form such coalitions, more may be doing so. Getting to the more mature stage will require some understanding of the fact that corporate philanthropy is always "at the margin." No foundation officer and no philanthropically-inclined business executive wants to pay for things that should be supported directly as a responsibility of the public, which often includes all corporate taxes. But distinguishing core, public sources from marginal

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*Figures about increases in education spending need careful consideration. One city studied here is among the ten U.S. cities with the highest rates of unemployment. It has just completed its first property tax reassessment since the 1960's. One result has been more money for the schools, a second was an 88 percent increase in residential property tax, a third result was an 11 percent decrease in corporate property taxes.

private ones does not mean that private sector resources cannot be aggregated so they have some stability or continuity and then targeted at those parts of the schooling enterprise that make a difference for children.

The mutual participation of public and private leaders in such endeavors can produce benefits beyond the dollar value of the contributed goods and services. After one city's leading accounting firms reviewed the school system's audit practices, the superintendent remarked "business now believes us if we have to say we're broke." Building trust is part of an effort to get the private sector to stop sitting on its wallet. One governor is so impressed with his State's largest school system he wants them to manage a contract commission studying the state's high technology options. Businesses in another city have upped the ante, not only adopting vocationally specialized schools but guaranteeing a specific quota of jobs to their graduates.

As this report documents, transactions between the two sectors have not reached this level of substance in other cities and, unless public school leaders manage their interactions differently, they may never reach that level. Yet it is important to gauge the significance---more accurately, the potential---for this movement. American business pays taxes but has not otherwise been much involved in public schooling for decades. It has not always been that way. Through the 1930's, the literature about school boards decried their unwholesome domination by business interests. The baby booms of the 1940's and 1950's made parents a nearly sufficient ally of the public schools but parental influence has diminished far below the drop in numbers. Desegregation and its corollary of suburbanization have left urban schools with a constituency of the poor---deserving but powerless. Superintendents commented on that in several ways: "You can't get parents to help, they're apathetic or overwhelmed," "People willing to serve on school boards now don't have the stature or connections to bridge us to this town's power structure."

To be sure, youth employment, career education, vocational education, "business-industry councils," PIC's have been a forum for school/business interaction through the 1970's. But those were and still are categorical activities, paid for by the Federal government and too blue-collar to excite the collective imagination of a city's CEO's. Teacher organizations have filled part of the gap left by the withdrawal of the best-connected parents, but for a variety of reasons, the assistance of teacher unions has its limits. Thus, as a Southern superintendent put it in describing his campaign to link business and public school interests, "YOU DON'T ANYMORE HAVE POWER JUST BECAUSE YOU REPRESENT THE PUBLIC SCHOOLS: WE HAVE TO BORROW POWER AND THIS IS A WAY TO DO IT."

I: Prospecting: What Might Be Out There

It would be naive to ignore the current political context in which schools are reaching toward the business community for new support and new kinds of support. Virtually all districts have been caught in a declining enrollment, increasing cost, declining revenue vise. No district enjoys the position of the Air Force in this year's Federal administration budget request, a "real" increase of 15 percent after inflation! (NEW YORK TIMES, January 29, 1984, p A1). None of the superintendents imagined that the direct consequence of private sector involvement would fill the Federal gap, but few could afford to do nothing. Still, our analysis reveals wide variations in activity. On the one hand, Atlanta, Pittsburgh, Washington, D.C., have special offices, separate staffs, fully developed media operations. Other districts have the superintendent chatting with some folks at lunch, brokering some needs but little systematic effort or infrastructure. Whether these differing levels of investment are warranted or not depends on what is to be gained. In this section we look city by city at the distribution of prospects.

One rule among executives of eleemosynary institutions* is that it is just as much trouble to get a $15,000 gift as a $150,000 gift. A corollary is that 90 percent of all voluntary contributions come from 10 percent of the prospective donors. Both suggest the wisdom of working with the biggest companies, those most able to give big amounts. But not everyone can act on that wisdom. Some places have more concentrated businesses than others. Only about two-tenths of one percent of an average city's business establishments will fall in the big business category (1,000 or more employees). In the table below, Seattle and Philadelphia both have about 600,000 employees yet Philadelphia has almost twice as many large companies (payrolls greater than 1000) as does Seattle (59 to 31).

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*While schools are not charitable institutions, the kinds of endeavors we examine here take them into that realm.

Table 1
Business Establishments by Employment Size Class
Selected by City, 1981*

	Percent Big Business (1,000+ Employees)	Percent Medium Business (50-999 Employees)	Percent Small Business (1-49 Employees)	Total Estab-ments	Total Employees
Atlanta	0.2 (26)	7.4 (1,361)	92.4 (16,923)	18,310	394,565
Baltimore	0.2 (14)	5.7 (685)	94.1 (11,211)	11,910	222,573
Boston	0.3 (48)	7.8 (1,311)	91.9 (15,448)	16,807	452,189
Cincinnati	0.1 (32)	6.8 (1,325)	93.1 (18,218)	19,575	428,438
Cleveland	0.2 (60)	6.6 (2,134)	93.2 (30,077)	32,271	670,193
Dallas	0.1 (50)	6.7 (2,929)	93.2 (40,768)	43,747	889,715
Denver	1.2 (21)	6.6 (1,150)	93.2 (16,129)	17,300	340,965
Detroit	1.2 (77)	5.7 (1,835)	94.1 (30,386)	32,298	738,866
Hartford	0.2 (39)	6.3 (1,141)	93.4 (17,044)	18,224	419,640
Jackson	0.01 (2)	4.3 (69)	95.6 (1,542)	1,613	33,027
Los Angeles	0.1(173)	6.4(10,656)	93.5(156,694)	167,523	3,173,460
Memphis	0.1 (13)	6.5 (1,018)	93.4 (14,544)	15,575	282,038
Miami	0.1 (36)	5.0 (2,208)	94.9 (42,044)	44,288	674,945
Milwaukee	0.2 (48)	6.9 (1,344)	92.9 (18,152)	19,544	442,138
Newark	0.2 (30)	5.8 (1,046)	94.0 (16,776)	17,852	332,922
New Orleans	0.2 (18)	7.5 (863)	92.3 (10,558)	11,439	239,181
New York	0.2(179)	5.7 (5,301)	94.1 (87,699)	93,179	1,957,923
Philadelphia	0.2 (59)	6.7 (1,826)	93.1 (25,239)	27,124	621,144
Phoenix	0.1 (32)	5.3 (1,739)	94.6 (31,157)	32,928	543,605
San Diego	0.1 (30)	4.4 (1,661)	95.5 (35,735)	37,426	538,017
Seattle	0.1 (31)	5.4 (1,825)	94.5 (32,131)	33,987	595,350
Washington	0.1 (27)	6.9 (1,126)	93.0 (15,219)	16,372	349,433
% = (error due to rounding)	0.16%	6.2%	93.6%		

*Source: COUNTY BUSINESS PATTERNS (U.S. Department of Commerce, Bureau of the Census, June 1983) "Counties---Employees, Payroll, and Establishments". Data exclude government employees, railroad employees and self-employed persons. Note that county and school district lines are not always coterminous.

Eighty percent of all business firms make no gifts at all (Michael Timpane, "Corporations and Public Education in the Cities," Teachers College, Columbia University, May 1982. Mimeo p 37). Businesses with fewer than 50 employees are less likely to have significant discretionary resources and are too numerous for anything but the most impersonal canvassing by the central office. But the dilemma is that they also constitute 93.6 percent of all business across the surveyed cities. Individually, they are too small to cope with; collectively, they may (repeat, "may") be too significant to ignore. One strategy is to devolve these contacts to the level of decentralized area superintendents or even to school buildings. Doing that well would require more systematization and support than we found. The more common method is to work through existing business coalitions, for example, Chambers of Commerce. Seventy to eighty percent of the member businesses of Chambers of Commerce come from the small business sector, which is one strong point in favor of the collaboration sometimes found between Chambers of Commerce and schools around these issues.

A second measure of the difficulties presented by differing local economies is in the dramatically uneven distribution of the biggest industrial firms. Superintendents regularly observed that it was preferable to deal with the person at the top. Local offices of national or multi-national firms headquartered elsewhere generally have fewer resources and less discretion and authority. Table 2 uses the "Fortune 500" listing of the largest American industrial firms as a rough index to concentrations of corporate wealth.

Insert Table 2

Table 2:
The Distribution of Corporate Wealth:
"Fortune 500" Company Headquarters by City*

	(rank)	(net income; 000,000)
ATLANTA		
Coca-Cola	48	512
Georgia Pacific	62	153
Gold Kist	230	na
National Service Industries	318	50
Fuqua Industries	399	19
Royal Crown Companies	465	15
Oxford Industries	488	16
BALTIMORE		
Crown Central Petroleum	195	7
Easco	499	10
BOSTON		
Gillette	172	135
Cabot	220	88
CINCINNATI		
Proctor and Gamble	23	727
Cincinnati Melacron	352	12
Eagle-Picker Industries	436	11
Palm Beach	456	9
CLEVELAND		
Standard Oil (Ohio)	21	1,875
TRW	66	196
Republic Steel	145	239
Eaton	147	189
White Consolidated Industries	184	1
Sherwin-Williams	190	42
Parker-Hannifin	267	57
Midland-Ross	334	1
American Greetings	401	32
Ferro	405	10
North American Coal	461	14
DALLAS		
LTV	65	154
Texas Instruments	79	144
Dresser Industries	83	172
Diamond Shamrock	121	185
American Petroflina	171	54
National Gypsum	308	14
Tyler	324	10
Midland-Ross	334	1

E-Systems	355	35
Trinity Industries	370	39
Holly	432	10
Dr. Pepper	441	12
Gifford-Hill	471	na
DENVER		
Manville	187	97
DETROIT		
General Motors	2	962
Burroughs	85	117
Fruehauf	189	30
LOS ANGELES		
Atlantic-Richfield	12	1,676
Occidental Petroleum	15	155
Getty Oil	24	69
Union Oil	28	804
Tosco	112	132
Carnation	116	183
Teledyne	141	260
Northrop	158	5
Times Mirror	176	139
Kerr Glass Manufacturing	451	7
MEMPHIS		
Federal Company	266	17
MIAMI		
Knight-Ridder Newspapers	246	102
MILWAUKEE		
Johnson Controls	255	53
Rexnard	305	7
A.O. Smith	371	16
Pabst Brewing	389	2
Universal Foods	452	18
NEW ORLEANS		
Louisiana Land and Exploration	265	76
NEW YORK		
Exxon	1	4,185
Mobil	3	1,380
International Telephone & Telegraph	16	702
Western Electric	22	336
Phillip Morris	32	781
Amerada Hess	40	168
W.R.Grace	50	319
Union Pacific	53	326
Sperry	67	221

Gulf and Western Industries	60	168
Colgate Palmolive	70	196
American Home Products	76	560
Borden	84	165
American Brands	90	381
International Paper	91	171
Warner Communications	92	257
United Brands	93	2
Bristol-Myers	104	348
Time Inc.	106	153
Pfizer	114	332
North American Philips	122	73
Penn Central	123	131
Norton Simon	124	107
Celanese	126	34
Avon Products	196	196
St. Regis Paper	154	45
Revlon	165	111
N.L. Industries	174	188
Ogden	175	58
American Standard	178	35
SCM	188	28
J.P. Stevens	195	22
Sterling Drug	196	131
Colt Industries	205	161
Joseph E. Seagram & Sons	225	236
National Distillers and Chemical	232	79
Westvaco	236	63
Amstar	240	40
Lever Brothers	244	1
Asarco	245	74
Witco Chemical	249	29
Crane	275	3
Dover	290	89
Phelps Dodge	301	74
General Instrument	302	90
New York Times	307	54
Cluett Peabody	325	23
ACF Industries	344	33
Freeport-McMoran	356	65
Dow Jones	360	88
Todd Shipyards	364	31
Newmont Mining	366	48
Collins and Aikman	3[illegible]0	18
Sun Chemical	383	1
Capitol Cities	384	96
GAF	394	59
Harcourt Brace and Jovanovich	418	3
Revere Copper and Brass	422	157
United Merchants and Manufacturers	423	95
M. Lowenstein	434	15
American Bakeries	438	10
Handy and Harmon	450	8

International Flowers and Fragrances	478	63
Phillips-Van Housen	491	[illegible]
Amtrak	500	27
PHILADELPHIA		
Smith-Kline	131	455
Scott Paper	167	74
Rohm and Haas	192	85
Crown Cork and Seal	243	44
Pennwalt	303	21
Westmoreland Coal	429	8
PITTSBURGH		
Gulf Oil	9	900
U.S. Steel	14	361
Westinghouse Electric	31	449
Rockwell International	41	331
Aluminum Company of America	74	10
H.J. Heinz	103	192
P.P.G. Industries	118	155
National Steel	127	462
Alleghany International	142	47
Koppers	208	31
Mobay Chemical	273	8
Joy Manufacturing	282	83
Cyclops	321	11
Wheeling-Pittsburgh Steel	354	58
H.H. Robertson	393	28
H.K. Porter	468	4
PHOENIX		
Southwest Forest Industries	412	27
SEATTLE		
Boeing	34	292

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*Source: FORTUNE, "The 500 Largest U.S. Industrial Corporations Ranked by Sales" May 2, 1983 pp 228 ff. The "Fortune 500" omits privately held corporations (e.g., Bechtel) and non-industrial corporations (e.g., Bank of America, Metropolitan Life Insurance).

While five of the cities in this analysis had no corporate representation within the "Fortune 500," there were a total of 150 corporate headquarters among 18 cities. The uneven distribution of business headquarters is not insuperable. Branch offices, regional headquarters, etc., ordinarily can act philanthropically in their own market places. Contrarily, the public schools of the City of New York are nowhere near exhausting the enormous corporate wealth of the City. New York's more than $14 billion dollars of net income accounts for almost half (48.5 percent) the total of the U.S. Even that understates the New York City concentration. If we were to add just four companies whose headquarters are within a 20 mile radius, the City total would increase 44 percent ($6.1 billions: Texaco, number four; IBM, number six; General Foods, number 39; and, PepsiCo, number 41).

We might also look at the geographic distribution of foundations. Table 3 reveals the same sort of concentration with New York accounting for 43 percent of all foundations and 65 percent of those making more than local grants. On the other hand, the number of local foundations is encouraging, a couple of dozen for the average city, and it should also be noted that the table does not include company foundations which have become more common in recent years. Forty-two percent of all 1981 corporate contributions were made by company foundations. (ANNUAL SURVEY OF CORPORATE CONTRIBUTIONS 1981, The Conference Board, Council for Financial Aid to Education table "Structure of Corporate Contributions.")

Insert Table 3

Table 3
Foundations Making Local and Regional or National Grants by Headquarters City*

City	Local Grants Only	Regional or National Grants	Total
	Number Making...		
Atlanta	38	7	45
Baltimore	26	6	32
Boston	56	13	69
Cincinnati	21	8	29
Cleveland	55	21	76
Dallas	35	7	42
Denver	19	6	25
Detroit	28	10	38
Hartford	9	3	12
Jackson	5	1	5
Los Angeles	63	20	83
Memphis	5	4	9
Miami (Dade)	10	4	14
Milwaukee	30	10	40
Newark	4	3	7
New Orleans	10	2	12
New York	186	322	508
Philadelphia	41	21	62
Phoenix	5	2	7
Pittsburgh	44	19	63
San Diego	8	1	9
Seattle	16	5	21
Washington, D.C.	19	23	42
Totals	733	517	1250
Averages (excluding New York)	25	9	38

*Source: The Foundation Center, THE FOUNDATION DIRECTORY, 8th edition, (N.Y., 1981).

One thing of interest is the relative advantage of the older cities. The seven cities of the "Bos-Wash" corridor house the "Eastern Establishment," and have 62 percent of all the foundations. Only 19 percent of the foundations are in eight "Sun Belt" cities whose recent growth otherwise gives them a competitive edge (Miami, Atlanta, Jackson, New Orleans, Dallas, Phoenix, San Diego, and Los Angeles). Superintendents from the Sun Belt must wait a while longer while their communities establish philanthropic traditions.

Six cities have "community foundations," groups that play a coordinating or omnibus role that often steers the efforts of other foundations and other givers. The cities are New York, Cleveland, Boston, Hartford, Philadelphia, and Atlanta. (GIVING USA, 1983 ANNUAL REPORT, American Association of Fund Raising Counsel, Inc., 1983, p 27, "20 Largest Community Foundations---1982.")

School officials need to keep in mind that, as sources of potential support, business people are far more important than businesses. In 1982 total giving from all sources was $60.39 billion but individuals accounted for 81 percent of that, businesses for five percent.

Table 4
Philanthropic Contributions by Source, 1982*

(Source)	(Percent of Total)	(Amount in Billions)
Individuals	80.7	48.69
Bequests	9.0	5.45
Foundations	5.2	3.15
Corporations	5.1	3.10
Totals	100.0	$60.39

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*Source: GIVING USA, 1983 Annual Report.

It is encouraging to note that corporation giving almost equals foundation support. Thirty years ago, corporate giving exceeded foundation giving; it then fell off and, since 1978, has been increasingly close to parity. (GIVING USA, 1983 Annual Report, p 36 "Donors"). But as we will discuss below, the $3.1 billion is less than one percent of pretax net corporate income. Corporations pay taxes to many jurisdictions including sales taxes and local property taxes. At the Federal level, in fiscal year 1983, corporate income taxes totaled only $35 billion, a mere 5.9 percent of Federal receipts and just 4.4 percent of spending. Fiscal 1983 saw real corporate taxes hit their post-Pearl Harbor low." (Robert S. McIntyre, THE NEW YORK TIMES, January 2, sec 3, p 2.)

Education as a whole and elementary and secondary education in particular receive only a fraction of corporate giving. The "Education" line in Table 5 includes colleges and universities.

Table 5
Philanthropic Contributions by Functions, 1982*

(Function)	(Percent)	(Amount in Billions)
Religion	46.5	$28.06
Education	14.2	8.59
Health and Hospitals	13.9	8.41
Social Welfare	10.5	6.33
Arts and Humanities	8.2	4.96
Civic and Public	2.8	1.67
Other	3.9	2.37
Totals	100.0	$60.39

*Source: GIVING USA, 1983 Annual Report.

How much are businesses giving to public elementary and secondary education? Strictly speaking, no one knows. In an analysis conducted for the Carnegie Corporation, Timpane estimates the total at between $30 million and $50 million.

> ...(T)he minute proportion of corporate contributions to elementary and secondary education, public or private, s startling. No more than 3-5 percent of the $1 billion now given to education annually goes to precollegiate institutions; only a handful of giving programs have any explicit focus in this area. Seventy percent will go to colleges and universities in unrestricted or special purpose grants; 10 percent will go directly to students on scholarship...; and the remainder to miscellaneous purposes including the support of developments in economic and free-enterprise education." (Timpane, "Corporations and Public Education in the Cities," p 38.)

An estimate based on Tables 6 and 7 is even less encouraging. Corporations account for 5.1 percent of all giving: that fraction of the $8.59 billion for all levels of education is $438 million. Three to five percent of that for elementary and secondary education (Timpane's estimate) yields an annual total

CORPORATE SUPPORT:

Greater Than Furniture Costs But Less Than Ticket Sales

between $13 million and $22 million. The Council on Financial Aid to Education recently surveyed 593 businesses, 307 (52 percent) of which reported contributions to pre-collegiate education in 1982. The total reported for cash, equipment and matching gifts was $13,488,366. (Sheppard Ranbom, "Survey Finds Significant Corporate Interest in Donations to Schools," EDUCATION WEEK, February 1, 1984, p 5.) Even the most generous estimates are less than a half of one percent of the total cost of elementary and secondary public education (about $85 billion). And while the total amount from corporations is a little more than we spend every year on school furniture and equipment ($39 million) it is much less than we spend to purchase school busses ($130 million). (Lena M. McDowell and Elaine J. Price, STATISTICS OF PUBLIC ELEMENTARY AND SECONDARY SCHOOL SYSTEMS, FALL 1979, National Center for Educational Statistics, Table 15: "Estimated expenditures of capital outlay and debt service for public education, by type and by State or outlying area: United States, 1979-80" p 31.)

And, to the extent that the estimates of corporate amounts are accurate, it seems also the case that schools are raising ten times as much through ticket sales and cake sales as they are through involvement with the private sector. For all U.S. public school systems, total "non-revenue receipts" account for about five percent of expenditures (even though six of the twenty largest U.S. cities reported no such income in the most recent data. Cf., McDowell and Price, STATISTICS OF PUBLIC ELEMENTARY AND SECONDARY SCHOOL SYSTEMS, FALL 1979, Table 21, "Estimated revenue and nonrevenue receipts for public elementary and secondary education in large cities, by source, 1979-80".)

Moreover, the vagaries of school finance create differing degrees of dependence on the property tax and other revenue sources (See Table 6). Among other things, the proportion of the population enrolled in the public schools varies by almost 300 percent. The variations in dependence on revenue sources other than the property tax is equally great (Column 6) which is one signal of how hard some districts might have to work to supplement their traditional sources.

Insert Table 6

Table 6

Selected Cities by Size of Public School Establishment and

Sources of Revenue*

City ( ) indicates 1980 census rank	1 1970 city population	2 Fall 1980 total enrollment	3 Public school enrollment(%)	4 Total staff 1980	5 Total receipts 1979-80 (thousands)	6 Local Receipts a. % of total	b. % from property tax	c. % from other
Baltimore (10)	905,789	129,984	14.4	14,104	532,606	62.4	35.0	65.0
Boston (10)	641,071	67,007	10.5	9,055	278,430	44.4	99.3	0.7
Cleveland (19)	750,879	82,401	11.0	9,832	232,440	52.0	99.0	3.0
Dallas (7)	844,401	103,344	12.2	15,122	242,752	54.5	97.5	2.5
Detroit (6)	1,514,063	202,859	13.4	21,602	572,911	25.5	93.8	6.2
Hartford (na)	136,392	25,974	19.0	3,337	64,968	67.2	51.9	48.9
Los Angeles (3)	2,811,801	526,760	18.7	47,122	1,476,920	18.1	65.3	34.6
Memphis (15)	623,988	111,444	17.9	11,077	188,087	32.1	54.6	45.4
Milwaukee (18)	717,372	87,873	12.3	9,084	298,700	48.4	95.8	4.2
New Orleans (22)	598,471	83,105	13.9	9,083	154,400	30.4	34.0	65.9
New York (1)	7,895,568	943,701	12.0	76,131	3,040,000	58.5	97.0	2.9
Philadelphia (4)	1,949,990	223,609	11.5	25,523	670,873	36.2	66.0	34.0
Phoenix (9)	584,303	169,159	28.9	15,107	320,044	50.7	96.4	3.6
San Diego (8)	697,471	111,087	15.9	11,044	269,482	5.8	76.4	23.6
Washington, DC (16)	756,668	100,049	13 2	11,072	288,956	83.2	0	100.0

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*Source 1: Elaine J. Price, STATISTICS OF PUBLIC SCHOOL SYSTEMS IN THE TWENTY LARGEST U.S. CITIES (NCES, Washington, D.C., November 1982)

Column 1: Price, Ibid Table 2. "Pupil Membership by Level of Instruction and Related Attentance Data for Public School Systems in The Twenty Largest U.S. Cities." Fall 1979 and 1980.

Column 4, Price, Ibid, "Staff Employed by Assignment Category for Public Systems in 20 Largest U.S. Cities" Fall 1980.

Columns 5 and 6: Price, Ibid "Total Receipts" inlcudes Fed or State and Local Taxes Plus "non-revenue receipts." As reported in McDowell and Price, Ibid. Table 20, "Estimated Receipts for Public Elementary and Secondary Education of Large Cities, by Type of Receipts and Sources 1979-80," p. 49

Table 7 shows the most recent figures available for urban school district revenue by various sources. Since the middle-sixties, Federal sources have always accounted for six to eight percent; the current Federal administration is providing less than half that amount.

Table 7
Percent of Revenue for Urban and All Districts
by Source: 1982-3

Revenue Source:	Percent Urban Districts	Percent All Districts
Local	46.36	53.18
Intermediate	.57	1.06
State	48.93	42.58
Federal	4.10	3.21

Source: ERS "Local School District Budget Items by Type of Community," SPECTRUM, Journal of School Research and Information, Arlington, Educational Research Service, Vol. 1, No. 3, Fall 1983. Table 1, "ERS Local School Budget Profiles, 1982-3: Expenditure and Income Distribution Among Reporting Districts, by Type of Community."

In contrast to the difficulties of estimating the amount of corporate support to schools, we have good data on the proportion of corporate income that goes to all charitable purposes. Charitable giving by all companies averages less than one percent of pretax net income (0.81 percent, Council for Financial Aid to Education, The Conference Board, ANNUAL SURVEY OF CORPORATE CONTRIBUTIONS 1981, Table: "Contributions as a Percent of U.S. Pretax Net Income, 1981" Exxon's contribution rate is twice this average). The most generous industrial groups are pharmaceuticals (1.76 percent) followed by merchandising (1.44 percent) and banking (1.32 percent). The lowest proportions of pretax net income to any charitable activity are from utilities (0.26 percent) and telecommunications (0.35), both of which are traditionally regulated activities.

Different industries are differently inclined toward the support of education. Although the United States has often been described as post-industrial---more of the GNP now comes from services than from manufacturing---smokestack industries nonetheless put a greater emphasis on education than do the non-manufacturing industries. This is a curious anomaly since service industries, especially the information sector, are particularly dependent on educated workers and educated consumers.

Table 8
Companies by Industry Class by Proportion of Corporate Contributions to Education*

(Industry Classification: Manufacturing)	(Percent)
1. Machinery non-electrical	48.7
2. Electrical machinery	47.5
3. Mining	46.1
4. Chemicals	44.3
5. Petroleum and gas	42.6
6. Primary metal	39.2
7. Transportation equipment	38.4
8. Printing and publishing	37.1
9. Rubber	35.7
10. Paper	34.9
11. Pharmaceuticals	33.7
12. Food, beverage and tobacco	33.5
13. Stone, clay, glass	32.8
14. Textiles	30.5
15. Fabricated metal	24.3
Total manufacturing	40.7
(Industry Classification: non-manufacturing)	
1. Business services	34.0
2. Transportation	33.3
3. Telecommunications	32.1
4. Engineering and construction	30.8
5. Insurance	29.5
6. Finance	27.3
7. Utilities	25.2
8. Banking	25.1
9. Retail and wholesale trade	18.4
Total non-manufacturing	27.2
TOTAL: ALL COMPANIES	36.7

Source: ANNUAL SURVEY OF CORPORATE CONTRIBUTIONS, 1983 Edition, Table 15A: "Beneficiaries of Company Support," 1981, p 30.

In the course of this research, the city superintendents were interviewed about their own perspectives and experience with their business communities. Despite the wide variation in corporate or industrial environments, few superintendents geared their efforts accordingly. Perceptions are dominated by reputation: thus the biggest corporations are mentioned most often---the oil companies, insurance companies, big banks, and especially those multi-nationals whose home offices are local.* The 93.6 percent of total establishments that are small go largely untapped although few superintendents would allow their Federal projects offices to ignore that many sources in the "Federal Register."

FIGHTING URBAN DECAY WITH SCHOOLS OR SUPERDOMES?

Only one of the twenty superintendents could explain business interest by saying, "They live here and send their kids to our schools." Nothing else is quite so reliable as parental overfondness and the loss of that nexus has meant a massive shift in the politics of urban education. The motive most often identified by superintendents in explaining why business was at all interested in helping urban schools was a rather unspecific corporate self interest. (Tax write-offs were mentioned only once by school people.) The curious thing is the generality of business interest reported by the superintendents---a "better trained labor pool" was cited only half as often as the "corporate self-interest" theme. "Stop downtown decay," "long term development," "ability to compete" were mentioned here but what do they mean? And how reliable are they? There are, after all, many other paths to that end. Compare for example the business investment in getting convention centers or sports arenas built downtown with the investment now being made in schools. The Superdome in New Orleans cost $138 million, Angels Stadium outside of Los Angeles, $33 million; the Minneapolis Metrodome, $55 million. (THE NEW YORK TIMES, January 29, 1984 p 6E.) Either tactic may reverse decay, one has attracted billions, the other at best a few million.

Altruistic motives are also frequently cited (about a third of the group). Examples include a persistent "booster" ideology, pride, social conscience, guilt, and nostalgic affection for the schools that many of today's business leaders had attended as children.

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*Superintendents whose private sector initiatives were the most active and established all remarked on the desirability of focusing efforts at the top of the corporate organization chart. One superintendent had refused the assistance of subordinates delegated to the schools and insisted on the top person or no one. But this cuts both ways. Superintendents who send someone else to cover a meeting discover that they have also sent a message to their business counterparts about the significance of the endeavor. A school system's "Deputy for..." and a corporation's "Vice-President for..." are similarly limited in their ability to commit and deliver their organizations.

The things which are most directly on the schools' agenda were mentioned least often---train kids for jobs. And similarly infrequent are mentions of the quality of schooling as an issue in recruiting and retaining employees. The infrequency of these motives may reveal something of what the private sector no longer expects of urban schools and that, coupled with the amorphous and tangential nature of what can be gained by better city schools may explain why the current commitments are more symbolic than substantial.

Seventy-five percent of the cities report a waiting line outside the door of corporate donors; schools are actively competing with other municipal agencies. In one city, the school district is just one of 150 human service agencies but fortunately it was also the best organized and most assertive, such that the other agencies have now sought affiliation with the school-based and school-originated organization. One might imagine that higher education's frenetic fund-raising would pre-empt attention to the public schools but only three places mentioned that, and there the chief competition was from community colleges. Most school systems also reported overt competition for public funds: the fiscal crisis of big cities has eroded long-established norms of "fair share" and mutual non-aggression.

Insert Table 9

Table 9
Municipal Sororicide? General Government Expenditures From Selected Cities As a Percent of School Receipts 1979-80 (000)

City	Public Schools Receipts	Roads		Police		Health and Hospitals	
	($)	%	($)	%	($)	%	($)
Baltimore	532,606	15.1	71,800	15.5	80,400		82,800
Boston	278,430	9.6	76,700	27.3	75,900		20,500
Cleveland	232,400	6.6	15,300	27.6	64,300	3.7	8,600
Dallas	242,752	12.6	30,700	22.5	54,500	2.3	5,700
Los Angeles	1,476,920	4.9	71,000	17.4	257,400	0.5	7,600
Memphis	188,087	10.7	20,200	22.0	41,400	4.8	9,100
Milwaukee	298,700	14.0	41,700	17.9	53,500	3.4	10,000
New Orleans	154,400	13.2	20,300	22.4	34,600	5.0	7,800
New York	3,040,000	8.7	265,400	24.8	755,000	40.8	1,239,300
Philadelphia	670,873	8.6	57,700	31.3	210,000	13.8	92,300
Phoenix	320,044	14.9	47,700	19.9	63,800	0.2	600
San Diego	269,482	7.8	21,000	16.7	45,100	1.2	3,200
Washington DC	288,956	26.0	75,200	55.7	161,000	61.6	178,000

*Source: STATISTICAL ABSTRACT OF THE UNITED STATES, 103D EDITION, 1982-3, U.S. Department of Commerce, Bureau of the Census, p 301.

Finally, it is nice to note that this is an area in which urban schools feel an advantage over suburban schools. In only one place did the superintendent report that exurban districts had moved to tap private resources. Most felt, as one put it, "It helps that the companies' real estate is where the city's school are."

From this brief survey of the terrain of prospective business givers, some conclusions seem clear. There is a relatively untapped resource out there (recall that corporate taxes account for only 5.9 percent of total Federal receipts). While the amount might be increased, no one believes that the dollar amount of voluntary contributions is very big. Still, a half a percent increase on, say, Los Angeles' billion and a half budget is not a sneezing matter. On the other hand, the aggregate amounts seem surprisingly small in light of the attention the area has had. For most cities, most businesses fall in the hardest to tap, small business category. Cities vary dramatically in access to corporate and foundation wealth and those differences are compounded by the varying propensities of industry groups to support education. Thus, while there are prospects, they may be harder and less rewarding to mine than has been previously understood. In the next section, we turn to the production processes used in the cities.

II. Producing: What City Schools Are Doing

A. The Tactics Of Reaching Out

"Business Methods To Save the Public Schools" ran one particularly graceless headline. Media accounts of public/private ventures have usually credited the business community's initiative, placing schools in a position, again, of reacting. But the more remarkable thing is the impetus which is coming from the superintendents themselves. The average tenure, in place, of our urban superintendents was almost five years. Three of the relative newcomers had made a re-connection to business the centerpiece of their early regimes. Only three cities had long-established, multi-purpose organizations to foster exchanges. Three-fourths of the urban districts have had loose, unsystematic activities, typically a business-industry council (related to Federal youth employment training programs) and some circumstantial, often symbolic relations between a few specialized high schools and some trade associations. More recently, five cities had had nothing at all.

The Sun Belt and the Snow Belt are different places. Their industrial bases are new and old, growing and shrinking. Their corporate cultures are very unlike. While most urban schools have moved to facilitate help from the private sector, those moves reflect local circumstances and local events.

Take the simple matter of nomenclature. Most districts report "adopt-a-school" programs but New York's former chancellor, Frank Macchiarola, needing to bolster confidence in the schools, took the position that schools are not orphans and are not available for adoption. Thus, he challenged the City's business community to join him in partnerships. Mr. Macchiarola's successor Anthony Alvarado, invited CEO's to a personal commitment, one-on-one as mentors of particular youth. Six of the superintendents share a similar stance and eschew asking for money hoping instead that personal experience will mature into financial commitment.

TIN CUPS?

A slightly larger group (eight) take exactly the opposite tack, asking up front for help with clearly identified needs. This perspective avoids "the tin cup" but stresses, "if you don't ask, you don't get." Who is right? Success would establish a definitive answer but in this cursory look we will not be able to sort out factors which probably intervene such as differing financial bases, differences in tax effort, and comparative rates of exploitation. Two fund raising sins are asking for too much and for too little. One is "unrealistic," the other forecloses a more significant involvement.

There is less ambiguity about some other features of this effort. School administrators treat serious events seriously, generally by trying to plan for them. They form mental maps of what is involved, guess about what is related to what else, disaggregate components, and try to lay the whole scheme out in some sort of causal order. We found that only a handful of cities had even the rudiments of such a plan to tap the private sector.

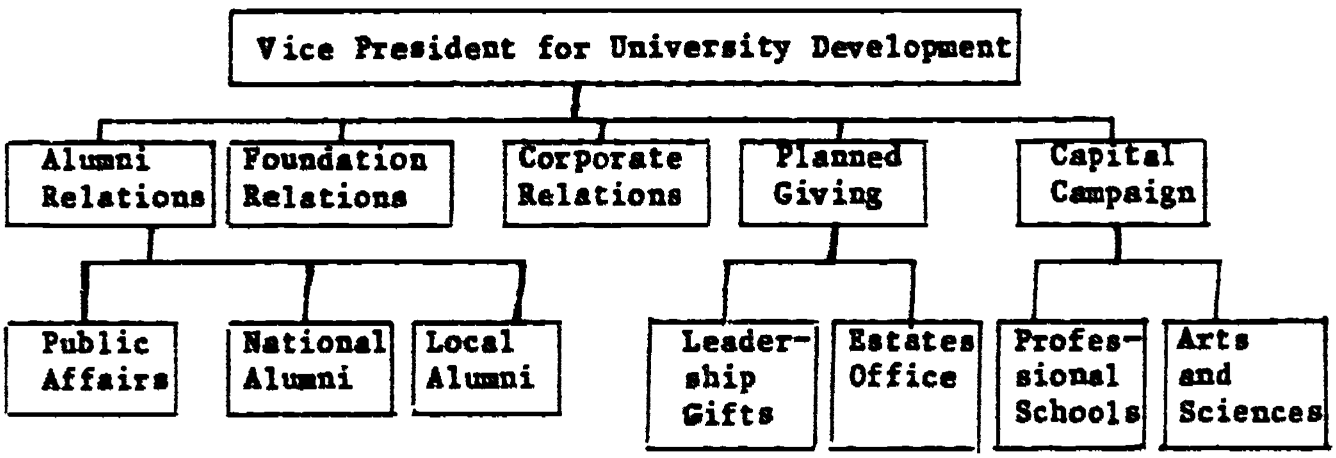
"WISH LISTS" AND "HIT LISTS"

Two signals of planning effort would be a "wish list" and a "hit list." A slight majority of the superintendents could (and did) rattle off specific projects, curriculum domains, or tasks that needed help. Those "wish lists" added up to more than simply a set of pet projects---they were part of a campaign. Those "wish lists" organized not only the school leader's work, they also pre-empted inappropriate involvement (it does happen, see below) and cemented an impression of the superintendent as a well-organized leader on top of a viable situation. One of the best established efforts had used a public needs assessment process, ratified as board priorities, as much to elicit involvement as to discover needs. The contrary opinion is that such pre-determination "kills ownership" but most of the group without wish lists seemed never to have considered the idea.

Only ONE of the districts had identified likely prospects to cultivate in the corporate community. There, the superintendent regularly polls the top staff about, e.g., "'Galacta-Fact Systems, Ltd.' Can they help us? Who do we know there? What sort of relationships can or should be built?"

How much does it cost to raise money? While few school districts calculate the overhead costs of maintaining a "Federal Projects Office" or a "Division for External Funding," the fact remains that it costs money to get money, especially when the source has to be identified, cultivated, and accounted to. For institutions of higher education, the rule of thumb is that each dollar costs between five cents and 15 cents to raise. That proportion may or may not be accurate for public schools. Presumptively, they have weaker alumni affections, less affiliational prestige, and less ability to claim, as private colleges and universities do, that they depend critically on contributions. But even with their advantages, universities seldom leave this area to chance. The "development office" of a typical research university will look something like the following:

Figure 1
Table of Organization for Fund Raising
in a Research University



Government relations, contracts and grants will be separate and additional as will the contributed time of the academic officers and professors engaged in fund raising.

Moreover, different techniques have different yields.*

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*Source: Telephone interview, Information Bureau, National Society of Fundraising Executives. Excluding educational institutions, the average for all types of charitable organizations in New York State for 1981, fundraising costs to direct contributions (excluding government grants) was 13 percent.

Direct mail seldom triggers a return from even one percent of the addressees. Special events (charity balls, etc.) consume between 10 and 50 percent of the total proceeds. Capital campaigns, deferred giving campaigns, and fund raising from corporations and foundations all range in cost between five and 15 percent of the total raised. The larger the average gift, the smaller fraction is necessary to support activities to stimulate that gift.

NETWORKS AND ROTARY

Superintendents consistently described the CEO's of their communities as "close knit," a "tight group," a "small club." Objectively, that may not be a very good description. Certainly small business leaders aren't in that "club." Moreover, CEO's vary widely in their attachment to central cities. Service industries and those relying on face-to-face transactions are generally more dependent than others (although they give less). All the superintendents get invited to ceremonies, receptions, and public occasions and all use those but with varying degrees of enthusiasm. Only a few work the civic or personal functions of the political parties. Eighty-five percent belong to civic clubs and almost half are members of the same one, Rotary.* One city systematically divides its club memberships among top staff "so that we cover all the bases." Superintendents in the Sun Belt were more likely to extend their contacts to lunch, and few superintendents anywhere have social/professional dinners with CEO's.

"GIVE, GET, OR GET OFF"

A preliminary conclusion from this discussion of the tactics of outreach stresses the extent to which, if anything is to happen, it must be made to happen. The point can be emphasized by considering how little boards of education contribute to the public/private effort. What are reasonable expectations for a school board? Governance is one, the idea that boards should determine the overall or general direction of the system. But in many organizations, boards also have fund raising responsibilities. Trustees, directors, board members for charitable organizations generally understand that their role goes beyond advice to cash. As the seldom spoken rule has it, they should "give, get, or get off." The circumstances of the public school are somewhat---but not totally---different. Public schools are a trust and a responsibility of the community as a whole. Diluting that obligation is risky as the recent history

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*A handful of American school superintendents are invited to sit on the boards of corporations in private enterprise. None of the interviewed group did although about a fourth said they would be able, legally, to do so and one had been asked but declined. Given the size and complexity of the organizations led by these superintendents---many approach or exceed billion dollar budgets---and given the putatively central role of education, such invitations should mark the next stage in the maturation of school/business interaction.

of urban schools demonstrates.** Perhaps it is inappropriate to expect school board members to help make the connection to business. Certainly, no public school board member makes challenge grants to be met by other sources, personally guarantees a line of credit, or financially endows public school activities, yet all those are common expectations of board members in other organizations.

Two-thirds of the cities reported no help at all in any public/private regard from their boards. And for the group with helpful boards, the assistance sometimes came only from a single board member. One in four of the boards were suspicious about significant private sector involvement (e.g., a local education foundation, a multi-purpose partnership) as competition for turf they regarded as theirs. Superintendents reported having forged links to the business community "in spite of the board," "despite their politicking." Several noted the prevalence of "single issue" board members and described a culture where those members' obligations seemed to begin and end in criticism. The most common lament was simply that board service no longer attracted people of "CEO stature" and thus current board members were not very credible ambassadors or brokers between the schools and corporate suites.

Superintendents are as thoughtful as they are wistful about their current boards. Race and social class are linked phenomena in the United States. Observing that the percent White of New York City public school enrollment has dropped from 67 percent in 1958 to 31 percent in 1980 also means that community school board members are far less likely to be White and well-to-do with the political clout that attends that status. On the one hand, such shifts in the schools' governors mirror the constituency, help insure responsiveness to previously underserved children, and have fundamental democratic equity to recommend them. But they have also disconnected urban systems from much of the power and resources they need and which the children deserve in order to succeed. In the long run, the way forward rests on reconstructing American politics. In the short run, a better utilization of business help is just one of the things that boards are not doing.

B. The Structure Of School Efforts

**A few superintendents worried that their boards had unrealistic expectations that the new private sector involvement might make up for losses suffered, especially from Federal aid. It cannot.

private sector involvements in the schools. They range from adopt-a-school projects to loaned executives, special task forces, local education foundations, and so on, along with the usual complement of voc ed/career ed mechanisms.

Table 10
Project Types by Frequency

Number*	Project Type
16	Adopt-a-school
5	Special purpose project, single corporate sponsor
3	Lobbying for increased support
2	Foundations
1	Multi-member, multi-function City-wide consortium
1	Executive loan program
1	Information clearing house
1	School improvement
1	Teacher recognition program
1	Employee health
1	Vocational education
33	Total

*multiple response data.

Many cities have passed the point where they might profit from a coordinating, multi-purpose group to handle the variety of such initiatives. But three cities had no such organization within or outside the public schools. (Recall that the lack of an organization may reflect a correct judgment about how little is to be gained.)

For those with such umbrella organizations, there are two key questions---the categories of membership and the organization's location. Most cities headquartered their private sector initiatives group purposely at a distance from the schools and typically at the local chamber of commerce. Staffs ranged from one to several and boards of education paid the salaries of as many as four staff workers. The external location was thought to increase the independence and legitimacy of the group.

Two-thirds of these organizations were composed only of business and industry members. The other third acted as umbrella groups with participants from local foundations, colleges and universities, and neighborhood voluntary associations. The best known and longest established groups are coalitions of this broad-based type. Events and local preference probably dictate the approach even though Table 4 indicates that foundations account for slightly more support than do corporations. While in general a broadly-based group seems desirable, local captains of industry may have strong preferences otherwise.

THE DOLLARS ARE MINIMAL

Six of the twenty-plus cities were prepared to respond to inquiries with brochures, pamphlets, printed reports, even paperback books describing their efforts. But answers to one question were particularly revealing. All superintendents were asked to estimate the "total dollar value of all private sector help to your district last year (excluding taxes)." <u>Three out of four superintendents could not even guess at a figure.</u> Superintendents are generally prudent about money and some of their reluctance stems from understandable doubts about how, for example, to add the contributed time of a senior VP on a five month loan to the value (wholesale? retail? bulk discount?) of a carload of last year's micro-computers given to the area's junior high schools.

But the more telling interpretation of the superintendents' unwillingness, inability, or unpreparedness to produce an estimate has to do with what is actually going on---or not---in the big city districts. Every superintendent can recite current State aid figures, bi-lingual assistance from various jurisdictions, Federal Chapter I allocations, and so on. Those things are significant, they are counted, and they are tracked. SUPERINTENDENTS CANNOT NOW ESTIMATE THE SIZE OF THE VOLUNTARY FISCAL COMMITMENT FROM PRIVATE SOURCES BECAUSE, IN MOST INSTANCES, DOLLARS ARE SIMPLY NOT WORTH TRACKING.

Superintendents in five districts did have such estimates at hand, they varied from $100,000 to $2 million (mean, about $800,000). In those places, a more developed relationship had paid dividends worth counting, worth remembering, and worth reporting.

With responsibility goes bureaucracy, at least some of the time. Fewer than half the districts had guidelines or policy statements to inform their work with business and industry. Can, for example, the Megaburg Central School District accept used equipment? Who pays for the maintenance required by a capital gift? If it gets stolen, are we obligated to replace it? Can individual schools, especially high schools, start their own foundations? About half the cities have comprehensive guidelines, half do not and risk misunderstandings, especially since <u>districts report an overwhelming business preference for restricted, special purpose activities placed in the schools.</u> Only two districts reported unrestricted grants, the application of which they could determine. The business managers reported that about a third of the projects were one-time, half involved continuation support. One superintendent said there were no strings on private involvement because "we tell them what our priorities and purposes are." But the most common experience was akin to Federal grants for limited term, precisely bounded, project encapsulated activities. A short leash, indeed.

A related matter has to do with accountability. We were curious to know what kinds of outcomes or deliverables the private sector expected in return for its assistance. Granted that the money is almost always restricted for use in a particular project, what is it that those projects are expected to produce? Only three cities escaped specific expectations for "countables"---higher reading scores, fewer drop-outs, more job-ready graduates. Boston's well-known "Compact" is in fact a collaborative in which both parties agree to specific deliverables, e.g., so many "new hires" in return for so many high school graduates with specified competencies. Most cities have tangible production goals although in only one place did it reach the pitch of skepticism explicit in, "If this superintendent doesn't do it, we'll damned well find one who can" (from a civic leader). The more healthy situation was also more common: superintendents welcoming the discipline of clear objectives, pre-specifying what others should expect, suggesting what was reasonable. In this area, as with motives, there is a real premium on remembering that an investment banker does not spend all day thinking about schools, and often, literally, does not know how to think about them (Are they "like factories?" Are kids "lazy?" Are teachers "incompetent?" and so on). Thus, superintendents should be ever ready to complete the sentence, "Schools are good business for you because...." The most successful relationships are those that are prepared (but not pre-empted) by school leaders.

There are not many tangibles that public schools can offer business and one that they can offer---visibility---isn't always welcome. In one city, a small group meets annually to parcel out leadership assignments for the various eleemosynary institutions: there, corporate publicity is considered bad form. Half the superintendents thought such credit was important to their corporate communities, half said not. In one city where it was important, the superintendent was also able to stir up some friendly rivalry to be the first to sponsor a million dollar project. In another place, accepting a check (for an amount equal to one hundredth of one percent of the district's budget), required a one-hour ceremony staged at a public board meeting.

MINI-FOUNDATIONS FOR SCHOOL BUILDINGS

The question of a local education foundation maintained by and for a single school building split the districts. Eight would allow it, twelve would not. There were good arguments on both sides. Those in favor saw it as a logical extension of school site autonomy and responsibility. Those against, cited confusion among potential donors and especially the equity consequences that would likely flow from the best endowed schools being best able to better their endowments. One approach---a matter of Los Angeles public policy---is to allow gifts to individual schools up to, say, $3,000 with larger amounts required to go to a district-wide fund.*

C. The Public School Players

Unless the superintendent takes the initiative and persists not much is likely to happen on a city-wide basis. But while they are pivotal, superintendents are not the only public school players. Other roles in the school enterprise can help. Business people frequently determine what they think of schools by what they think, for example, of teachers. In this section, we review the evidence developed by having talked with board members, business managers, teacher organization leaders, and others about business involvement in the schools. The most remarkable thing from those conversations is how little they know about the area and how little they were involved. All the superintendents seem to have reached the same conclusion: These cards are best played close to one's own vest.

1. Teacher Organizations**

What teachers might gain from private sector involvement ranges from another adult, part-time helping in the classroom, to sympathy for the demanding job of teaching, to allies in the struggle for better salaries. Our conversations with union people indicate that half feel that the business community is positive and supportive toward teachers. The sentiments of the other half ranged from indifference to hostility. Union apprehension about business involvement was scattered, with only a few places worried that volunteer tutors would displace union members or that schools would become mere job training appendages of corporations. The group most concerned about the prospect of public schools becoming (only) trade schools was that composed of education reporters from the city papers, one-third of whom expressed that apprehension.

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*Los Angeles Unified School District, "Gifts to Schools," memorandum No. 9, October 13, 1975, Office of the Associate Superintendent.

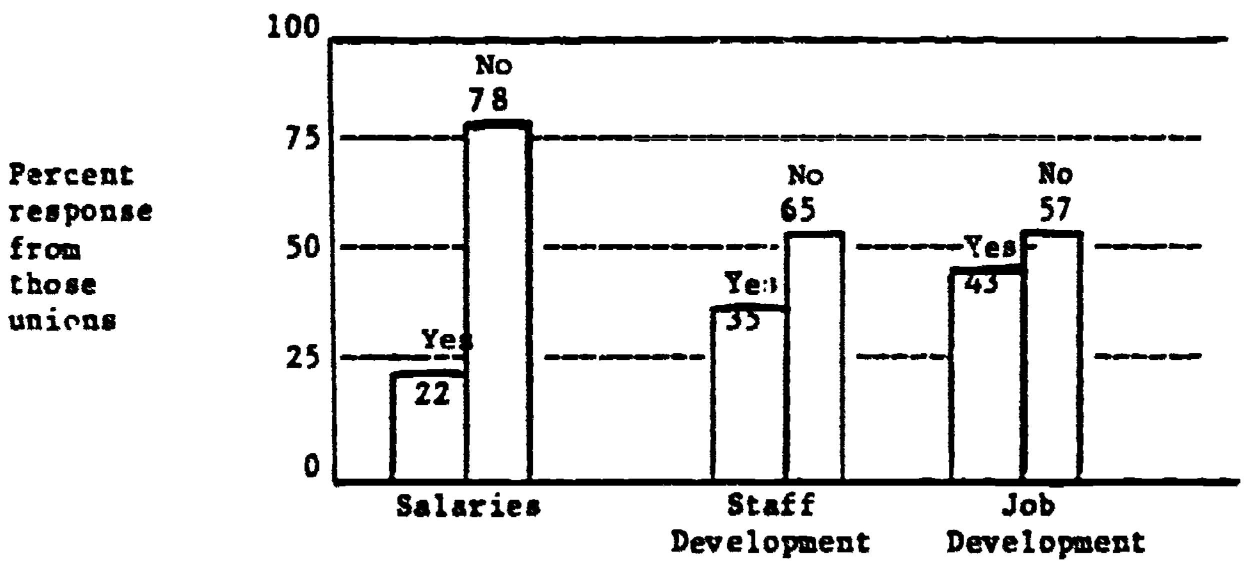
**The evidence for this section was collected by Jim Cantwell of Teachers College, Columbia University and is based on his own extensive analysis.

The prospect of experience breeding sympathy and eventually support is an important gain for teachers whose day-to-day work is cut off from other adults, poorly understood and thus poorly supported by the general public. In one city, a local utility had successfully trained minority high school drop-outs for clerical jobs. The company prided itself on having done "what the public schools couldn't" although they omitted to mention their training program's cash stipends for participation, residential setting, trainer-trainee ratio of one-to-three, and ability to discharge those who faltered. More recently, the same company sought to meet its affirmative action goals by promoting some of those previously trained clerks to management positions. When they discovered that the otherwise competent people couldn't pass objective examinations for management positions, they also discovered, as their CEO admitted to the school superintendent, "...the difference between training and education."

In general, union leaders were no more or less able than others to put a dollar value on private sector contributions. Half could think of no tangible outcomes to date, from private sector involvement but those who could identified the following positive outcomes.

Figure 2

Percent of Teacher Organizations Reporting Positive Effects of Corporate Involvement on Salaries, Staff Development, and Job Satisfaction



It is encouraging to note the several places that credit business help with salary increases. A similar point can be made about the staff development and job satisfaction areas. American business invests something like $30 billion annually in employee training (Bob Brown, "Twelve Reasons for Business Partnerships with Schools," SCHOOL ADMINISTRATOR, October 1983). For all improvement or development activities (including staff development) urban districts spend $41.84 per pupil per year. (The figure is 1.62 percent of total current expenditures. Rural districts devote less than half as much per pupil to improvement, 0.75 percent. Cf, ERS, "Local School District Budget Items by Type of Community," SPECTRUM, Journal of School Research and Information, Arlington, Educational Research Service, Vol 1, n 3, Fall 1983, Table 1, "ERS Local School Budget Profiles, 1982-3: Expenditures and Income Distribution Among Reporting Districts, by Type of Community.") The activities most often cited in this area are limited in duration and scope and are functionally a long way from the core technology of teaching. Tours of industrial plants for teachers, summer jobs, and workshops on office procedures are far less significant than six-week paid sabbaticals to retrain and upgrade high school teachers, as in one exemplary project supported, inter alia, by business in one city.

Superintendents put a high priority on increases in teachers' salaries, those salaries account for the bulk of school budgets, and education succeeds or fails on the teachers' effort. Despite that, two-thirds of the teachers' organizations we talked with were uninvolved with business. Only two cities had a collaborative approach to business—both were among the most successful in attracting financial and personal support. (Two local teacher organizations have begun a foundation, four more were thinking about that, most were unaware that the NEA already has a national foundation.) Teacher attitudes toward business (stereotypically, labor attitudes toward management) do not explain their lack of participation. Teacher leaders were not hostile toward business involvement. Some seemed reserved but most generally welcomed this kind of prospective assistance. The explanation for their peripheral role may lie between their own passivity and someone else, probably the superintendent, making tactical decisions about how welcome teacher union leaders are at lunch in an executive dining room. The fact remains that teachers are now the most unanimously unionized part of the American labor force. But without union participation it is difficult to see how this movement can be a truly potent political coalition. In only one city were the union leaders confident that they knew and understood the people on the other side of the table. As the maturity of teacher groups catches up with their success, they will probably be more assertive in making the case for the schools in which their interests are both deep and unique. Doing that need not compromise the independence of labor. If superintendents are unwilling to give away the schools for "T-shirts and pencils with a corporate logo," neither will teacher leaders compromise their ability to get the next salary increase by having worked collaboratively now with business folks.

2. School Business Administrators*

One superintendent liked to make the point that he ran the biggest food service operation and the biggest transportation network in the city. Where public school budgets run into scores of millions of dollars the system's business administrator has a big responsibility. In talking with the top person for business administration, we found that only one in five had any idea of how much money was involved in private sector contributions. Many said, "Ask the superintendent" and frequently that happened in cities where the superintendent had named the business manager in response to the same question. This general unawareness is in sharp contrast to their mastery of the other, big ticket revenue sources which simply makes the point about how little seems to be directly involved. About half the business managers believed that private sector involvement had not so far affected revenue generation in their cities.

Half the districts had guidelines about private sector involvement. The need for those guidelines is signalled by the fact that one-third of the districts had turned down gifts or declined to enter into various kinds of relationships offered by business.

Cultivating the business community might be assisted by the presence of someone who "speaks the language" of business yet few school business managers are involved in that (two-thirds have been in their present posts for five years or less). Half belong to civic groups but 80 percent say they do not participate in fund raising for the schools. As a group, they know school vendors (people who sell paint and bleachers and paper) but not the more general corporate community. Thus, these interactions tended to be episodic and narrow---transportation studies, task forces on non-certified employee compensation, and so on.

3. School Board Members**

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*This section is based on interviews and analysis conducted by Ed Devine of Teachers College, Columbia University.

**This section is based on interviews and analysis conducted by Charlotte Rea, a Klingenstein Fellow at Teachers College, Columbia University.

In each city, we asked the superintendent to identify that board member who was the most helpful and/or knowledgeable about the business community and its relations to the schools. Given the way that they were selected, it is not surprising that three-fourths of the interviewed board members describe themselves as actively involved with school-business facilitation. That this group should be so concerned does not invalidate the superintendents' earlier generalization about their boards as wholes. We have already commented on the multiple factors which diminish the likelihood that board members—even the most inclined and best positioned board members---could bridge school interests to business interests and vice versa. Not much of that happens. But board members do play a role in articulating or representing the concerns of business. Ninety percent of the board members interviewed tagged student failures (illiterate graduates, ill-trained job applicants) as the number one corporate concern. Board members believed that was a symptom of business concern about the supply of school graduates able and willing to take both low-level and more technically demanding jobs.

Half the board members said that the decay of inner cities was the wellspring of corporate motivation. In that there is also an element of pragmatic self-interest.

The approaches used, or not, in the cities vary so widely that they cannot accurately be summarized. The most consistent findings have to do with the dominance of superintendents in this process and the lack of systematic accounting for what appears to be the small amounts of money that are involved.

III. Some Consequences

A. Effects on Schools

The two most important consequences of the current flurry of involvement are first, the prospect for an improved political alliance, and second, how little money is involved.

One indication of how different this is from earlier efforts has to do with the topical area most affected by private sector involvement. Five years ago, schools would unanimously have said "vocational education." Seven cities still described that as the chief target. Nine said that the general academic program, especially up-grading standards---was the concentration. (Computers were mentioned so frequently that one wonders if schools could ever get into this area without business help.

They could. One also wonders how long it will be before schools are criticized for having the wrong computers just as they have always been criticized for having the "wrong" machinery for vocational training. But without public willingness to support capital budgets adequate to keep pace, schools will always be unfairly criticized and left dependent on others' charity.) While school officials described corporate assistance as being evenly distributed, the Council on Financial Aid to Education reports that "...283 of the corporate officials said their firms provided assistance to secondary schools, while 157 said that their companies sponsored programs aiding elementary schools." (Ranbom, "Survey Finds Significant Corporate Interest...," EDUCATION WEEK, February 1, 1984, p 5). The emphasis reverses the resources currently allocated between the two levels.

This analysis began with an intention to test the relative importance of "equity" versus "excellence" as objects of private assistance. A work-experience program for adolescent Vietnamese boat children is not the same thing as buying lab apparatus for an honors-level chemistry class. But only an inconclusive handful of superintendents responded to our request that they categorize the "equity/excellence" thrust of private sector involvement in their districts.

In assessing the outcomes, to date, of private sector involvement, it is nice to be able to recognize both the prospect for a long term, significant coalition and the amount of money, services, and goods the schools would not otherwise have. Together, they are significant and welcome. But, we wondered, at what price were they extended? No, they seem not to have tilted urban public schools from their equity purposes but were there other things that needed safeguarding?

First, we were concerned about poaching on instructional decisions. The quality or outcomes of schooling are an appropriate concern of all members of the public: it is less clear that everyone should be able to dictate <u>how</u> those outcomes should be achieved. A third of the cities reported business poaching on the instructional prerogatives of the school (almost always around the teaching of capitalism). Some of it was amusing (an executive who reads about hemisphericity in an airline magazine and returns to town intent on redressing left brain dominance among children by May 15th.) Some of the poaching provided a good platform for business people to learn about the complexity of schooling and the plain good work of school people. In general though, this is <u>not</u> a matter of business capturing the schools and, as one board member put it "Educating for the moment, not for the future."

Several superintendents were concerned not to create governance channels parallel to all those they already have---for sure, school boards, but also multiple agencies within state and federal governments. Only two places described any sort of implicit deal or expectation of a contract in return for a grant. Considering that more than 80 percent of current urban district expenditures are tied up in salaries, retirement, and fringes and that the balance is already committed among traditional school vendors, there is not much in any case to attract business. (ERS, "Local School District Budget Items by Type of Community," Ibid.) Capturing even a big public school system isn't going to add market share to a multi-national's balance sheet. Two other superintendents were concerned about "back door" marketing to kids. In general the advice was to be ready to walk away from money.

B. Conclusion

SERVICES, SYMPATHY AND NO SCANDALS

One way to summarize the current state of public school/private sector interaction in the big cities is with regard to services, sympathy, and no scandals. The schools have gotten many discrete projects, materials, and in-kind contributions that they would not otherwise have had. In addition to services, in some places there is a useful and new amount of sympathy for the exceptional things schools are expected to do with painfully limited resources.

Will the current array of transactions yield something more stable and more significant? Will it mature from services and sympathy to sanctioning and even supporting more money for public schools? Whether the current generation of transactions can yield that may seem unfair; most projects probably owe their existence to the chance conjuction of a resource from the private side and a problem from the public side. Despite that, this is a fragile historical moment for public schools in general and especially for urban schools. In economic terms, there is no necessary reason for the business community to support public schools. When a manufacturer is dissatisfied with an existing queue of job applicants, the least certain and most cumbersome response is to upgrade the skills of the entire pool from which only a few will be selected. Recent history demonstrates some other solutions: (1) move the operation to a better pool; (2) redesign the job including by robotics; (3) get out of hard to maintain, labor intensive businesses; and/or (4) buy education from an alternate, more "efficient" vendor. In a more general sense, the business community may well decide that the best policy involves "breaking the monopoly (sic) of the public schools," using the competition of a publicly funded, privately run set of alternate schools to improve education. The pressures for tuition tax credits and vouchers reinforce that. The attractiveness of all of those solutions is determined by the attractiveness of the existing system. Unless it does a good job at the current generation of transactions, there may not be another.

Because the private sector has other paths to similar goals, this crop of transactions is very important. That concern is heightened by recalling the small amounts that are involved. In the aggregate, the total is not great, and that sum is coming from large numbers of firms and individuals, each with limited stakes but high expectations.

The major danger signal is in the project mode of these transactions. Superintendents and school people have become wary of Federal and state improvement projects. With less stability and commitment and far fewer resources, the same cautions should apply here. On this analysis many of the activities now being supported have many of the following features.

(1) They seldom deal with classroom teaching or with the instructional core that determines the success of schooling. Like most mini-grants and teacher-of-the-year awards, they are slated for not much more than some notoriety and some temporary effect.

(2) They are short-term episodes, seldom sustained long enough to make a difference in the lives of individuals or (especially not) in the career of organizations.

(3) They are often targeted on particular schools and while that makes sense in terms of a critical mass, it isolates and diffuses any more systemic possibilities.

(4) Similarly, the project purposes are often narrowly drawn. While that fosters accountability, it also risks trivializing the outcomes.

(5) Finally, we consistently remarked at the modest to very modest size of these projects. Few organizations on the private side would expect to re-tool with a half percent of annual expenditures. We are risking serious disappointment in the outcomes that can be realized, given current levels of investment. For experience to mature in to political support, the experience had better be successful.

Obviously, cities vary in the extent to which their efforts are peripheral, temporary, narrow, or insubstantial. But the accuracy of the adjectives measures the gravity of the risk. The difference can be understood in comparison to the <u>endowment</u> for school improvement recently announced in Boston. There, the Bank of Boston has given a $1.5 million endowment, the largest gift of its kind ever for a public school system, the income from which will permanently support school improvement in Boston. (Geraldine McCarty, "Boston Bank Sets $1.5 Million Endowment for City's Schools," EDUCATION WEEK, February 15, 1984, p 6.) For school people, the challenge is to find ways to direct, aggregate, augment, and stabilize the many small efforts that are now or may prospectively be available. On that transformed base, a new coalition can be built.

Appendix: Methods

This analysis was conducted during the 1983-4 academic year and relied on telephone interviews, document review, and comments from respondents based on a draft of the report circulated for that purpose. The cities were selected to represent the large urban systems of the United Stated. Telephone interviews of as much as an hour were conducted with superintendents, teacher union officials, board members, school business administrators, special project officers for private sector involvement, and newspaper writers dealing with education. As noted in the text, I had the able assistance of three doctoral students at Teachers College, Jim Cantwell, Ed Devine and Charlotte Rea.

I am grateful to all those who helped with this research, especially the school officials who took time to further our understanding of the problems and potentials of an important development in American public schooling. Scott Miller and Richard Johnson at the Exxon Education Foundation provided the encouragement, support, and criticisms that made this work possible and I am as grateful to them for their help as I am solely responsible of these results.