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ABSTRACT

Since its founding in 1916, the goals of the Conference Board have been to improve the business enterprise system and to enhance the contribution of business to society. To accomplish this, the Conference Board sponsors forums and research to identify areas of concern and to stimulate the exchange of ideas among leading industry executives. The growing leadership role of the business community in primary and secondary school reform is the theme of the 1989 report. Contents include a letter from the board president, viewpoints of various chief executive officers on the role of business in educational reform, financial summary statements, and lists of the 1989 trustees and international counselors. (LMI)

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Mission of The Conference Board

Founded in 1916, The Conference Board's twofold purpose is to improve the business enterprise system and to enhance the contribution of business to society.

To accomplish this, The Conference Board strives to be the leading global business membership organization that enables senior executives from all industries to explore and exchange ideas of impact on business policy and practice. To support this activity, The Conference Board provides a variety of forums and a professionally managed research program that identifies and reports objectively on key areas of changing management concern, opportunity and action.

About This Annual Report

Throughout its 73-year history, The Conference Board has been most effective in objectively examining major policy issues and communicating business actions and concerns to the public. A striking example today is the business community's growing leadership role in revitalizing America's primary and secondary school system, the theme of this Annual Report . . . The Conference Board's educational track record is long and impressive. For over two decades, The Conference Board has provided leading-edge research, top-executive forums and productive communication channels for concerned business leaders and their companies.

from "The President's Letter"

**A Message
From
President Bush**



Barbara and I are delighted to send warm greetings to The Conference Board.

If the United States is not only to maintain but also to build upon its position in the world marketplace, our young people must receive the best possible preparation for the challenges of the future. The Conference Board has been a leader in the pursuit of excellence in education and has earned the gratitude of all Americans. The Board's support for our nation's schools helps parents to help their children

grow in knowledge and self-confidence. That is an important service to America's families and an invaluable contribution to America's future.

We are proud to commend you for such fine work and to wish you continued success in the years to come.

May 17, 1989

President's Letter



Preston Townley

My first year as president of The Conference Board has been enjoyable, educational and rewarding. It is a privilege to assume the leadership of an organization with such a splendid history and promising potential.

In fiscal 1989, The Conference Board generated revenues of \$18,700,000 and successfully finished the year with a modest surplus of \$47,000. This exceeded last year's outcome by \$38,000 and allowed a slight growth in combined fund balances to \$7,383,000.

Our challenge for the 1990s and beyond is clear: to improve our service to both business and the broader society we serve as distances shrink, global competition intensifies, and the enterprise system extends its reach.

During the past year, I have met with CEOs and business leaders throughout the U.S. and abroad to assure that we are in close touch with today's business demands and tomorrow's agenda. Our Trustees, International Counsellors and Associates have been most generous with their time and counsel. We are fortunate indeed to have such a remarkably dedicated group of people in support of the Board's programs. They have reinforced my own feeling that The Conference Board is a unique organization with a powerful role to play in helping global business meet the growing challenges ahead.

I have greatly benefited from the able guidance of our chairman, Jim Ferguson, and transitional help from my predecessor, Jim Mills. I look forward to working with Bob Mercer, our new chairman-elect.

A cross-section of Board management and key research personnel have spent long hours with me, conducting a strategic review of where we have been and where we should be going. The result has been a succinct mission statement (see inside cover of this Annual Report), structural changes, and the establishment of new priorities.

The Conference Board reaffirms its commitment to improving the business enterprise system—globally—and to helping assure its continuing contributions to the larger society. The Board's long-standing credibility properly positions us for this role. Objectivity, integrity and reliability have long been hallmarks of the Board. We will carefully protect our tradition of non-advocacy, a crucial factor in the Board's strength, reputation and effectiveness.

As the world economic environment swiftly changes, so must The Conference Board. The strategic review implemented this past year has yielded not only a redefinition of our mission but organizational changes that will help us serve business leaders and their companies more effectively.

We are instituting a new graphics-design system to give our publications and other printed materials a more cohesive, distinctive look. We have also made some major staff changes, designed to tighten our focus and improve our capabilities.

I am especially pleased to announce two outstanding additions to our management team. Dr. Leon Martel is our new Senior Vice President, Research. Gail Fosler is our new Chief Economist. Leon's academic, consulting and management experience provides him with an ideal background to lead our research program. He has served in a variety of top management positions at the Hudson Institute, having been Executive Vice President, Manager of the Institute's research program, and Acting President. Gail joins the Board after eleven years on Capitol Hill, recently as Deputy Staff Director and Chief Economist, Minority Staff, of the U.S. Senate

Committee on the Budget. She has been the principal economic policy advisor to Senator Pete Domenici (R-New Mexico) and an advisor and negotiator on key budget policy issues before Congress.

We have also promoted other key people. Sal Vitale is our Senior Vice President, Operations, responsible for all of our production activities and management information systems. Since coming to the Board in 1986, Sal has significantly upgraded the Board's information and communications systems and capabilities.

Helen Axel is our new Executive Director of the Human Resources Research Group. She had directed the Board's innovative Work and Family Center and will now manage the Board's wide-ranging human resources program. Melissa Berman is our Executive Director, Planning and Product Development. She will work closely with me to bring a strategic approach to the Board's work. Melissa, who joined the Board in 1985, has developed the Board's targeted series of "Briefings" for CEOs and other senior executives.

I want to extend my special thanks to Al Sommers and Jim Brown, who have magnificently shouldered additional management burdens during this year of transition. I am deeply grateful to both of them.

Throughout its 73-year history, The Conference Board has been most effective in objectively examining major policy issues and communicating business actions and concerns to the public. A striking example today is the business community's growing leadership role in revitalizing America's primary and secondary school system, the theme of this Annual Report. Given my own background, first with leading corporations and most recently as a dean at a major university, I am acutely aware of the urgency of education reform. The connection between educational excellence and business competitiveness is fundamental.

The Conference Board's educational track record is long and impressive. For over two decades, The Conference Board has provided leading-edge research, top-executive forums and productive communication channels for concerned business

leaders and their companies. Indeed, a 1965 study, *Industry Aid to Education*, continues to be a widely-used primer by businesses planning their public education activities. Significantly, it was a 1987 Conference Board survey that first reported that education had vaulted to the top of business' high priority list. Our 1988 study, *Beyond Business/Education Partnerships*, examined emerging business strategies to build better partnerships.

On the following eight pages, we present a Conference Board update on the challenges facing business-education partnerships and the views of some of this country's most influential business leaders. We are also pleased to feature an analysis prepared especially for this Annual Report by Neal R. Peirce of the *National Journal*, one of our most insightful writers on education and other public policy issues. It includes a thoughtful action agenda for business.

There is now a broad working consensus that the success of our schools is intertwined with the success of business. More importantly, there is a mounting corporate determination to act.

The Conference Board can be an important force in the years ahead in helping strengthen business' ability to compete worldwide. Education reform, and other rapidly-emerging policy issues, will be at the heart of The Conference Board's agenda. I look forward to playing a very active role in this vital process.



Robert E. Mercer
Chairman-Elect
The Conference Board

Business and School Reform: Now We Must Do More

*By Dr. Leonard Lind
Conference Board Education Specialist*

Business-education partnerships have proliferated in the 1980s. Corporations have invested millions of dollars and countless hours in a determined effort to improve the quality of our primary and secondary schools.

Yet more than six years after publication of *A Nation at Risk*, which dramatically warned us that educational mediocrity was becoming a major threat to both business and society, little measurable progress has been made in improving the quality of education in our public schools. As David Kearns, chairman of Xerox, notes: "No other sector of U.S. society has absorbed more money while reaching fewer people with steadily declining service."

Our education dilemma is complex, beyond quick fixes and facile finger-pointing. Still, it is bitter irony that at a time of high-tech affluence, virtual full employment, and our highest level of mean educational achievement, our school systems continue to turn out so many "products" subject to recall.

Since 1983, the number of education partnerships has soared from about 42,000 to over 140,000, covering more than 40 percent of our public schools. Businesses and business organizations sponsor 60 percent of these programs. Most, however, are adopt-a-school projects, generally involving one company and one school. Only 26 percent of all business-education partnerships provide any direct aid to students, such as tutoring. Not surprisingly, these programs have done very little to generate true educational reform.

Conference Board research underscores another business concern: While many of these programs openly welcome business' financial contributions and management expertise, few allow business any role in decision-making. Indeed, a recent survey shows that

only 28 percent of all schools involved in partnerships invite their partners to participate in policy making.

The harsh reality is that after a decade of business efforts to improve the quality of education, our public schools remain in dire need of help. The latest study by the National Assessment of Educational Progress—better known as the Nation's Report Card—tells us that only 6 percent of all high school graduates read at an advanced level. Only 20 percent write at a "barely advanced" level. Each new national study unleashes not simply a new set of gee-whiz statistics but distressing warning signals to business. Recent surveys report that 70 percent of all high school students can't write a basic letter seeking employment and that over 60 percent of all 20-year-olds can't correctly add up their own lunch bills.

This literacy crisis is magnified by our still-rising dropout rate, which is twice the rate of our major competitors. The U.S. Department of Education reports that the number of functional illiterates is growing by 2.3 million a year. We are producing an annual crop of 850,000 dropouts and well over 150,000 "pushouts"—youngsters who somehow get high school diplomas without possessing even basic writing, reading or math skills.

Over the next decade, 75 percent of all new jobs will require not only a high school diploma but some college education as well. Yet our best current estimates suggest that at least 14 million Americans will simply not be prepared for the jobs we'll create between now and the beginning of the 21st century.

Fortunately, there are some promising, positive counter-trends. The growth of business-education partnerships has led to far better understanding among both educators and business executives, progress that could result in more productive partnerships in the years ahead.

The most effective business partnerships are those involving compacts, coalitions and collaborations. These are not go-it-alone projects but partnerships involving multiple companies and entire school systems. A major example is the goals-oriented Boston Compact which is being replicated in Baltimore, Cincinnati, Detroit, Seattle and other

RESEARCH REPORT FROM

Industry Aid to Education

WORLDWIDE PUBLIC AFFAIRS, INC.



The Conference Board



The Conference Board

Beyond Business/Education Partnerships: The Business Experience

Business executives, educators, government officials discuss the state of...

Keys to U.S. Competitiveness

Business executives, educators, government officials discuss the state of...

- research and tests
- science/math/science/math
- strengthening formal training
- international trade
- the globalization of U.S. technology



cities. Equally effective examples are found in Minneapolis and Chicago, leaders in testing school-based management and choice. Other cities have been experimenting with alternative schools, magnet schools and schools-within-a-school.

Business also has been successfully pioneering some very specialized education concepts. Rich's Academy in Atlanta and Foley's Academy in Houston, schools housed in department stores, have been strikingly successful in training the hard-to-educate. The Academy of Finance, initiated by American Express, provides financial courses and internships. It has become a model in preparing students for careers in the financial industry. Begun in 1982 in a New York City high school, it now enrolls more than 1600 students annually in 17 cities.

These and other programs are clear signals that success breeds success. Effective coalitions in one area stimulate business involvement and investment in other areas. We have seen this happen recently in Rochester, Louisville, Houston, Phoenix, Milwaukee, San Diego and many other cities.

There is a widespread recognition that business can make a difference by doing what it has always done best: delivering expertise in management, planning, organization and accounting. And perhaps most importantly, it can establish accountability in our schools.

Conference Board research suggests that business involvement in school reform is most effective when companies:

- *Institutionalize their educational commitment, anchoring it to ongoing company policies.*
- *Create an organized structure to manage all education activities.* An effective example is Boeing, where an executive committee provides a company-wide structure for all of the firm's educational programs.
- *Link education programs to human resources training, viewing expenditures as an investment in essential human capital.* As the Arco Foundation notes in its latest Annual Report: "Business survival in the long term depends on its willingness to help prepare young people for self-sufficient adulthood. A corporate contributions program based solely on charity and altruism will not produce the desired results."

Where business and education leaders have aggressively promoted education reform, there has been progress. But it is painfully clear that meaningful reform is going to require far-reaching change in every school system and every school. This also means changes in virtually every classroom, those crucial crucibles of learning on which our future rests. This will take time. As BellSouth's CEO John Clendenin, a Conference Board Trustee, notes, we face the paradox of two imperatives: "We must be patient but urgent about our patience."

Business has done fairly well so far. Now we must do more.

Business Leaders Stress Urgency Of Education Reform



"I'm deeply concerned when measuring the pace of improvements in education these past few years against the pace of change in technology and commerce. Changes in the latter, it seems, have advanced geometrically while improvements in education have advanced arithmetically. Yes, we're moving, but we're not moving fast enough. If we are to maintain our economic and political leadership worldwide, we clearly have to pick up the pace."

*John L. Clendenin
Chairman of the Board and CEO
BellSouth Corporation*

"In the last decade of the twentieth century, corporate America faces a simple choice: either help improve the quality of our schools or accept the fact that we will no longer be a global competitor. Those who decide to help must be willing to be advocates for the reform and rebuilding of our schools. They must also be willing to act, to invest their resources in the struggle for change. If that seems daunting, consider the alternative."

*J. Richard Munro
Chairman of the Board and CEO
Time inc.*



"America is failing to educate too many of its children. Why should business care? Because those youngsters will be the workers, suppliers, customers, and voters of the future—if they're prepared for those roles. If not, they'll be unable to participate fully in all the promise America has to offer. Business can help prevent this loss of human potential by teaming up with the schools to get the job done right. Let's do it—now!"

*Lodwick M. Cook
Chairman and CEO
ARCO*



“Today’s public education system is a failed monopoly—bureaucratic, rigid and in unsteady control of dissatisfied captive markets. Business will have to force the education reform agenda, or we’ll have to set it, ourselves.”

*David T. Kearns
Chairman of the Board
Xerox Corporation*

“The time has come for the business community to join forces with educators and accept the responsibility for building a quality education system by investing in academic enrichment programs. Business must serve as the catalyst to ensure a better education for future generations while also guaranteeing a qualified workforce.”

*James L. Ketelsen
Chairman of the Board and CEO
Tenneco Inc.*



“We as manufacturers have a huge stake in education. Would you believe maybe survival? I know what factory workers in Japan and Korea can do. I’ve seen them. I also see what we’re getting from our schools, and I’m scared. Everybody can get the same technology today, but if you don’t have people who are smarter than the robots they work with, the game is over. You are simply not going to compete.”

*Lee A. Iacocca
Chairman of the Board
Chrysler Corporation*



“The question for us is not *whether* to become involved, but *how*. There is simply too much at stake, for business and students alike, for us to sit back and hope that America’s education problems will solve themselves. Each of us must change our priorities and accept some of the leadership responsibility with active, sustained corporate participation in education. To do less cheats our children and grandchildren and places this country at serious risk.”

*Louis V. Gerstner Jr.
Chairman of the Board and CEO
RJR Nabisco*



From Tokenism to System Change: Business' Next Move

By Neal R. Peirce



Neal Peirce writes the nation's first and only nationally syndicated newspaper column on state and local affairs, appearing in papers coast to coast. He is a founder and contributing editor of *National Journal* and wrote a dozen books on the states and regions of the U.S., culminating in 1983 with *The Book of America. Inside 50 States Today*.

An unusual message greeted the nation's biggest teacher union meeting in San Diego last March. The Chrysler Corporation, said Chairman Lee Iacocca, had taken "a hell of a risk" when it decided to replace its hopelessly antiquated assembly plant, on Detroit's east side, with a new plant set on adjacent inner-city land.

Why the risk? Because, Iacocca told delegates to the National Education Association's meeting, the new plant "will come on-line in just two years and we'll immediately have to compete with the most productive plants in Japan and Korea and Europe. And that will take skilled workers equal to those overseas." The problem? "We'll be drawing our work force," said Iacocca, "from a city where the daily school attendance rate is now below 75 percent, and where barely half the students who enter high school graduate." And the Detroit workers will be competing

"against a Japanese work force that has *no* illiteracy problems, and whose math and science skills are way, way beyond ours."

Chrysler's social conscience had been pricked, its chairman explained: 3,000 people work in the 80-year-old Jefferson Plant, Chrysler's oldest. To close it down would have added to Detroit's already plenteous economic woes. "But we'll be getting our employees," he went on, "from a school system that is almost bankrupt, run by a board that once voted themselves personal chauffeurs and paid those drivers more than they paid the teachers in the schools." And a system, Iacocca said, that spends 70 percent of its budget on support services and less than 30 percent on education. Chrysler, he added, could never be run that way: "If I had half of my people doing administrative or support work, I'd be out of business. I'd give it 60 days. No more."

Such are the problems that American industry today faces as it tries to draw a work force from graduates of the nation's deeply troubled public school systems. The litany of problems starts with ossified bureaucracies and uninspired school boards and goes on to high truancy rates, poverty, drugs, low achievement levels, illiteracy, teacher shortages, sometimes even school corruption scandals. An average of 3,800 American teenagers drop out of school *each day*.

An avalanche of state school reforms followed the 1983 *Nation At Risk* report. Standards were raised: more course requirements in such areas as mathematics, computer science and foreign language; minimum competency tests to graduate from high school; elimination of "social promotion" from grade to grade. Over the bitter opposition of education unions, teacher competency tests were mandated. Test scores were ordered not just to diagnose individual student performance but how well entire schools perform.

What did it all amount to? Analyzing various test results, education expert Jack Brizius estimates the reforms amounted at most to a 5 percent increase in the schools' effectiveness. If that constitutes a real gain, then business can claim a measure of credit.

Business leaders were important allies in getting the big education reform packages through the legislatures in California, Florida and many other states.

But dropout rates remain scandalous. As for inner city, heavily minority schools, the Carnegie Foundation for the Advancement of Teaching last year reported that most of the school reform efforts of the '80s have been "largely irrelevant."

And the problems of quality are in no way limited to schools in big cities or physically isolated rural areas. Repeated surveys have shown American students performing poorly in international comparisons of competence in mathematics, science and language. Pick your reason: decades of mind-numbing, saturation television; the atomized American family, with more and more single-parent households; a general decline of the work ethic. We are getting a less competent, less competitive work force just when the globalized economy demands more of us. Suddenly most of the candidates for advanced scientific degrees in our universities turn out to be foreigners. Business complains it must spend billions a year to compensate for the basic education the schools should have given young Americans, but didn't.

If there is any good news, it is that leaders of grass roots America—leaders in business, in state houses and city halls, in neighborhoods, service organizations, in community foundations—have begun, over the course of the '80s, to understand that American education is in deep trouble. And that it's *their* problem, not one they dare shuck off to "professionals."

Business intervention on behalf of the schools is critically important. The public schools have been losing their immediate, traditional constituency: a big, middle class parent corps. Today, notes Michael Usdan of the Institute for Educational Leadership, only 25 percent of adults have children in the public schools. In some Northeastern and Midwestern cities, it's less than 12 percent. The aging of society and the advent of 'gray power' exacerbate the threat for education.

On top of that comes the racial division. In a

country still dominated by Anglo voters, schools are becoming more black, Hispanic and Asian.

"Partnerships"—adopt-a-school programs, mentoring programs, gifts of equipment—became the trademark of business outreach to schools in the '80s. Leonard Lund of The Conference Board cites what may be the ultimate example in Houston, where the number of business-education partnerships mushroomed from 17 in 1980-81 to 425 in 1986-87, ultimately involving 209 businesses and business organizations and more than 1,900 business people working with 89 high schools and middle schools.

There *is* value in such programs: when a business person tutors or mentors a kid from a troubled background, when a class gets to visit and ask questions at a business workplace, there is a start at bridging some of the deep social chasms within our society. Partnerships can open business peoples' eyes to conditions in the schools.

But the partnerships have been coming in for a lot of criticism. And with some justification. Many of the business-school contacts are superficial or transitory. Even if they're meaningful, notes Peter Goldberg, formerly of the Primerica Foundation, "It takes a long time to count to a million by ones." Partnerships can even be counterproductive, he argues, if they're seen as a substitute for adequate public support and funding of the schools: "Corporations can just walk away. They're not accountable."

One of the earliest and most incisive critics of '80s-style school partnerships, Ted Kolderie of the University of Minnesota's Humphrey Institute, faults business for "fuzzy altruism" in place of "a tough-minded, though sympathetic, thinking through of the situation of this large, complex, and troubled public enterprise." Kolderie suggests much business activity with the schools "is roughly the equivalent of doing your daughter's homework. It is a kindness, but a misdirected kindness." Or in the words of Steve Nielsen of Pacific Northwest Bell: "The crime that we have committed as a group of business people, generally speaking, is that we get involved in the cursory, low-level activities . . . partnering things that

are nice, fun, easy, and cheap." It's comfortable, but "it isn't the answer."

Still run like a 1920s industrial enterprise with interchangeable teachers standing in front of interchangeable students going through the rote motions of learning, American education desperately needs personalization, customizing, and updating.

One is compelled to agree with former Primerica Chairman William Woods:de: "*We need to focus on systemic change if we are to assure lasting, meaningful improvements.*"

Here are some provisional ideas of what that change might incorporate:

- *Make Head Start universal.* This program demonstrably helps disadvantaged kids gain an early sense of self-worth that launches them into grade school on a sound path and translates into lower levels of school dropout, teenage pregnancy and juvenile delinquency years later. Business should be in Washington demanding Head Start be expanded from one in five eligible kids to five in five. Head Start centers should also be encouraged to impart life and parenting skills to "at risk" children—and their parents.
- *Slim down big central school bureaucracies.* Often numbering in the thousands of workers, engaged in fastidious micro-management of the schools, the bureaucracies stifle innovation and divert precious resources from the front lines: the schools themselves.
- *Encourage school-based management.* More and more we are learning that the most promising model for school improvement, even in impoverished areas, is school-based management and shared decision-making among principals, teachers, parents and community leaders. School boards, superintendents and unions instinctively resist decentralized management because it means diminution of their authority and control. American business, which has learned that its own operations demand decentralization and substantive delegated decision-making, should lobby hard to help principals and teachers achieve a like measure of autonomy.

The nation's most radical decentralization experiment is about to be launched in Chicago, where

popularly-elected, parent-led local councils will be empowered to hire and fire principals, guide staff appointments, set curriculums and develop education improvement packages for *each* of Chicago's 593 public schools. Repeated strikes and disgust with the central bureaucracy led to the reform, pushed through the Illinois legislature by a rare coalition of neighborhood-based school reformers and top business forces including Chicago United.

- *Create semi-permanent business education reform groups, ready to cooperate closely with other reform forces.* To push for successful implementation of the Chicago decentralization effort, the city's business leaders have created a new organization—Leadership for Quality Education (LQE). It will market the reform with advertising and public relations, train principals and even support field workers out selling neighborhood residents on the need to vote in the first round of local school council elections in October 1989. Headed by Joseph Reed, a respected AT&T regional vice president, LQE is working hand in glove with leading Chicago foundations, education study groups and neighborhood activists behind the school reform. "You need a permanent organization to make this work," says Reed—to tap business resources and encourage quality implementation school by school. "And," he adds, to "prevent the existing political system from compromising the entire process."
- *Broaden "Compact" arrangements to include neighborhoods.* The much-heralded "Boston Compact" of 1982, since emulated in such cities as Detroit, Seattle, Cincinnati and Baltimore, started with a simple idea: that businesses should guarantee inner city public school graduates a first shot at entry-level jobs. But only with a kind of quid pro quo—if a city's school system commits itself to radically improved academic performance, starting with sharply increased student attendance

The Boston Compact has led to real-world jobs for hundreds of kids, mostly black and Hispanic. But it's failed to reduce the dropout rate. There may be a better chance for success in Baltimore, where the Greater Baltimore Committee, the business partner, has an ally notably missing in Boston: a determined

neighborhood organization—BUILD (Baltimoreans United in Leadership Development), a predominantly black, church-oriented coalition. Working with parents, children, teachers and their unions, BUILD is promising to deliver what no business or school board can—the street-level community, parents included, for radically improved education

Both the Greater Baltimore Committee and BUILD, it's worth noting, are committed to press for thorough-going reform and change in Baltimore's failing schools. High school graduates are guaranteed preferential job interviews with three corporations. And in 1988, the offer was ratcheted up even more: a "CollegeBound" program, funded with some \$25 million in business and philanthropic money, to ensure college for any Baltimore graduating senior.

- *Hang tough for accountability.* What made the Boston Compact different was its compact, or mutual responsibility, feature. In 1989 the Boston business community almost withdrew from the compact, because the schools have failed to improve their performance as they promised.

- *Push for "choice" models, but don't consider them a panacea.* Minnesota is leading the parade of states now moving to a "choice" model—letting parents decide to which public school they would like to send their child. Some 20 states in all are considering the same change. Education Secretary Lauro F. Cavazos has put the resources of the Bush administration behind a nationwide push for "choice."

Business, which thrives in its private enterprise "choice" environment, ought to be a major backer of choice. Why? Marketplace choice mechanisms are known to promote competitiveness and quality; there's no reason a failing school should be kept in business. A school does not have to equal a school building; entrepreneurial groups of teachers, with their own fresh educational philosophy, should be permitted to start "charter schools" within existing school buildings—and in time replace failing schools.

"Choice" plans need very careful preparation. Parents need quality information systems—not just the test grades of schools they're considering, but varying academic specialties and educational

approaches. Safeguards against resegregating children by race are essential. Slots in more desirable schools need to be allocated by lot, not by the academic records of the kids applying, or even by how early they submitted their application.

But "choice" may be a way business leaders can make an especially important outreach. Compared to business leaders' overwhelmingly comfortable middle class backgrounds, today's public schools are increasingly filled with minority latchkey kids. Upper- and middle-class kids have choice through private schools or moving to a preferred suburb, only the poor have to accept the monopoly system's assignment. In the name of the free enterprise system, they deserve a better break.

Business' final obligation and opportunity is simple:

- *Fight for adequate funds for the public schools.* Money can't and won't solve everything.

Decentralization, reorganization, "choice" may be critical. But in the long run poorly funded schools will produce poorly trained children, and a failing America.

**Summary Statement
of Financial Position
(All Funds Combined)**

	May 31	
	1989	1988
<i>Assets</i>		
Cash	\$ 14,211	\$ 109,630
Investments-at cost (approximates market)	12,167,168	11,978,279
Accounts Receivable	1,739,246	1,617,360
Furniture, Equipment & Leasehold Improvements-at cost, less allowance for depreciation and amortization	1,432,351	1,432,143
Deferred Charges and Other Assets	438,261	324,841
TOTAL	\$15,791,237	\$15,462,253

Liabilities and Fund Balances

Accounts Payable and Other Liabilities	\$ 1,674,812	\$ 1,622,019
Advance Payments—special projects, conferences, etc.	536,242	562,653
Deferred Subscription Revenue	6,197,473	5,941,697
Fund Balances:		
Operating Fund	-	-
Reserve Fund	6,604,659	6,557,833
Development Fund	750,000	750,000
Restricted Gifts Fund	28,051	28,051
	<u>7,382,710</u>	<u>7,335,884</u>
TOTAL	\$15,791,237	\$15,462,253

Note The above information was extracted from the Audited Financial Statements, which are available upon request

**Statement of
Revenue and
Expenses**
(All Funds Combined)

Year Ended May 31

1989 1988

Revenue

Subscriptions	\$11,056,369	\$11,156,817
Grants & Contracts	544,551	257,006
Fee Paid Services	1,219,276	998,740
Conferences & Meetings	3,838,528	3,679,203
Sale of Publications	574,018	445,795
Investment Income	1,031,167	1,070,559
Advertising Income	273,485	158,405
Other	189,635	237,759
TOTAL	18,727,029	18,004,284

Expenses

Compensation	9,502,228	9,457,324
Purchased Services	1,844,489	1,700,524
Auditing & Legal	133,373	105,244
Travel	589,714	598,674
Meeting Location Costs	1,151,484	1,034,702
Outside Printing	1,350,703	1,295,010
Paper & Supplies	330,350	356,553
Postage	1,077,954	1,059,730
Depreciation & Amortization	377,517	386,960
Books, Periodicals & Services	143,177	168,194
Rent-Equipment	382,436	219,559
Rent-Space	994,601	941,086
Maintenance & Repairs	210,530	219,504
Insurance	52,380	75,382
Telephone & Telegraph	276,060	282,280
Other	263,207	94,746
TOTAL	18,680,203	17,995,472

**EXCESS OF REVENUE OVER
EXPENSES**

\$ 45,826 \$ 8,812

Note: The above information was extracted from the Audited Financial Statements, which are available upon request.

The Conference Board and Education**Trustees**

The business and affairs of The Conference Board are managed by 31 Trustees, including the President. Trustees are experienced business leaders from major organizations that support the Board as Associates. Their function with The Conference Board is comparable to that of directors of commercial enterprises.

Chairman

James L. Ferguson (until September 28, 1989)
Chairman and CEO
(Retired)
General Foods Corporation

Co-Chairman

Robert E. Mercer
Chairman-elect
September 28, 1989
Retired Chairman of the Board and CEO
The Goodyear Tire & Rubber Company

Vice Chairmen

Alfred Herrhausen
Spokesman for the Board of Managing Directors
Deutsche Bank AG

Charles F. Knight (until September 28, 1989)
Chairman and CEO
Emerson Electric Co

Richard M. Morrow
Chairman of the Board and CEO
Amoco Corporation

Howard P. Allen
Chairman of the Board, President and CEO
Southern California Edison Company

Michael R. Angus
Chairman
Unilever PLC

Edward A. Brennan
Chairman of the Board, President and CEO
Sears, Roebuck and Co

Raymond E. Cartledge
Chairman, President and CEO
Union Camp Corporation

Kaspar V. Cassani
Former Vice Chairman
International Business Machines Corporation

Claude Castonguay
Chairman of the Board and CEO
The Laurentian Group Corporation

John I. Ciendamm
Chairman of the Board and CEO
BellSouth Corporation

Kenneth I. Deri
Chairman and CEO
Chevron Corporation

Rhys T. Eyton
Chairman and CEO
Canadian Airlines International Ltd

Edward L. Hennessy, Jr
Chairman of the Board and CEO
Allied-Signal Inc

Larry D. Hoerner
Chairman and CEO
Peat Marwick Main & Co

Allen F. Jacobson
Chairman of the Board and CEO
3M Company

William S. Lee
Chairman and CEO
Duke Power Company

Agustin F. Legorreta
Chairman
Corporativo Inverlat, S. A. de C. V.

Charles A. Lynch
Chairman of the Executive Committee
Levolor Lorentzen Inc

Harold T. Miller
Chairman and CEO
Houghton Mifflin Company

James R. Nimnger
President
The Conference Board of Canada

Paul F. Oreffice
Chairman
The Dow Chemical Company

David M. Roderick
Retired Chairman and CEO
USX Corporation

John B. Schwemm
Chairman
R. R. Donnelley & Sons Company

John G. Smale
Chairman and CEO
The Procter & Gamble Company

Malcolm T. Stamper
Vice Chairman
The Boeing Company

Preston Townley
President and CEO
The Conference Board, Inc

Joseph D. Williams
Chairman and CEO
Warner-Lambert Company

Joseph H. Williams
Chairman and CEO
The Williams Companies

Stephen M. Wolf
Chairman, President and CEO
United Air Lines, Inc.

Trustee Nominees to be presented to the Annual Meeting, September 28, 1989

Melvin Howard
Vice Chairman of the Board
Xerox Corporation

William R. Howell
Chairman of the Board and CEO
J. C. Penney Company, Inc

Kevin P. Kavanagh
President and CEO
The Great-West Life Assurance Company

Hamish Maxwell
Chairman and CEO
Philip Morris Companies Inc

John B. Reid, A.O.
Chairman
James Hardie Industries Limited

Charles S. Sanford, Jr
Chairman and CEO
Bankers Trust Company

International Counsellors

International Counsellors are leaders of international scope and outlook who are critical links in The Conference Board's global network and whose counsel and participation assist the Board in its planning and development. They are appointed by the President.

Umberto Agnelli

Chairman

Fiat Auto

Italy

Tage Andersen

*Managing Director and
CEO*

Den Danske Bank

Denmark

Johan H. Andresen

Chairman

The Tiedemanns Group

Norway

Michael R. Angus

Chairman

Unilever PLC

United Kingdom

Andres Boulton

Director General

H. I. Boulton & Co., S. A.

Venezuela

Donal S. A. Carroll

Chairman and CEO

Carroll Industries PLC

Ireland

Yannis S. Costopoulos

Chairman of the Board

Credit Bank

Greece

Niall Crowley

Chairman

Allied Irish Banks Limited

Ireland

Nejat F. Eczacıbasi

Chairman of the Board

Eczacıbasi Holding

Turkey

Abraham Friedmann

Chairman of the Council

The Public Investments

Council (P.I.C.)

Israel

Eugenio Garza Lagüera

Chairman

Grupo Visa, S. A.

Mexico

Peter J. Grant

Chairman

Sun Life Assurance

Society PLC

United Kingdom

J. Gerhard Heiberg

Chairman

Aker A S

Norway

Alfred Heirhausen

Spokesman for the Board

of Managing Directors

Deutsche Bank AG

Federal Republic of

Germany

Sir Trevor Holdsworth

Chairman

British Satellite

Broadcasting Ltd

United Kingdom

Jaakko Ihamuotila

President

Neste OY

Finland

Axel Iveroth

Chairman

AIM AB

Sweden

Antonia A. Johnson

Chairman of the Board

A Johnson & Co., H.A.B.

Sweden

Dietrich Karner

Chairman and CEO

Erste Allgemeine

Versicherungs-AG

Austria

Karlheinz Kaske

President and CEO

Siemens AG

Federal Republic of

Germany

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Director

CSR Ltd

Australia

Ib Kruse

Partner

A. P. Moller Companies

Denmark

Ivan Lansberg H.

President

Joracai

Venezuela

Jaakko Lassila

Chairman and CEO

Kansallis-Osake-Pankki

Finland

Agustin F. Legorreta

Chairman

Corporativo Inverlat,

S. A. de C. V.

Mexico

Fernando Leniz C.

Chairman

SOPROLE

Chile

T. S. Lin

Chairman

Tatung Company

Taiwan

Brian T. Loton

Managing Director and

CEO

The Broken Hill

Proprietary Company

Limited

Australia

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Chairman, Board of

Management

AKZO N.V.

The Netherlands

Alberto C. Motta

President

Motta Internacional, S. A.

Panama

Sukum Navapan

Chairman

Navatancee Group of

Companies

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Roelot J. Nelissen

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Managing Directors

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The Netherlands

Sulman S. Olayan

Chairman

The Olayan Group

Saudi Arabia

Curt G. Olsson

Chairman

Skandinaviska Enskilda

Banken

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Chairman of the Board

Industrie Pirelli S.p.A.

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President and Chairman

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Stephan Schmidheiny

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Johannes Semler

Mercedes-Automobil-

Holding AG

Federal Republic of

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Henkel KGaA
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Solvay & Cie S.A.
Belgium*

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*President of the Executive
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Switzerland
Switzerland
Washington SyCip
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The SGV Group
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*Chairman
Banque Bruxelles Lambert
S A
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Rene Thomas
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Chairman of the Advisory
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Trans-Philippines
Investment Corp
Philippines*

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Federal Republic of
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Count Rene Boel
*Honorary Chairman
Solvay & Cie S A
Belgium*

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Empresa El Mercurio
Chile*

Kurt Hansen
*Honorary Chairman of
the Supervisory Board
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Federal Republic of
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New Zealand*

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*Honorary Chairman
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Switzerland*

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*Senior Adviser to the
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Japan*

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*Former Chairman
Royal Dutch Petroleum
Company
The Netherlands*

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A. P. Moller Companies
Denmark*

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*Former Chairman
Elders IXL Limited
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Tatsuzo Mizukami
*Senior Adviser to the Board
Mitsui & Co., Ltd.
Japan*

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*Deputy Chairman
Inchcape PLC
United Kingdom
Egon Overbeck
Former Chairman of the
Management Board
Mannesmann AG
Federal Republic of
Germany*

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*Former Chairman,
Supervisory Board
NV Philips'
Gloeilampenfabrieken
The Netherlands*

H F. van den Hoven
*Former Chairman
Unilever N.V
The Netherlands*

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*Retired Chairman
Australia and New Zealand
Banking Group Limited
Australia*

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*Chairman of the
Supervisory Board
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