

From Statewide Education to Local Manpower Development: An Examination of the
Evolution of the Priorities of the North Carolina Fund

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Upon its establishment in July of 1963, the North Carolina Fund set out to attack North Carolina's staggering poverty problem with a dual focus on creating innovative and experimental statewide education programs and experimenting with a new, localized approach to anti-poverty policy known as community action. The early work of the Fund implies an almost singular initial emphasis on education, with statewide programs such as the Comprehensive School Improvement Project and the Learning Institute of North Carolina accounting for a large proportion of early Fund attention and expenditures. With the passage of the Economic Opportunity Act in 1964, however, new opportunities emerged for greater success of the community action approach, and an increased emphasis was placed on community action in the subsequent years. Concurrent with this greater focus on local community action, the Fund began to question the success of its statewide education programs, due in large part to institutional resistance to their implementation and the fact that they struggled to demonstrate any significant results during the short lifespan of the Fund. As a result of the perceived ineffectiveness these programs, the Fund, having already moved many of its resources to support of its community action programs across the state, decided that manpower programs would provide a greater return on their investment than education, and as such, moved to increase its support of manpower development. Thus, the Fund moved from an organization focused primarily on statewide education and committed to experimentation with local community action, to an organization focused primarily on community action with a strong emphasis on manpower development.

Education in North Carolina in the 1950s and 1960s was in a state of emergency. With over forty percent of the state's students failing to complete an eighth-grade

education and a dropout rate almost twenty percent above the national average, North Carolina's schools were in dire need of reform. Equally alarming were the skyrocketing poverty rates throughout the state, with more than 400,000 North Carolinians living in poverty in 1960.¹ Many people saw these two issues as inextricably linked, with poor education leading to poverty, and in turn, poverty precluding the possibility of a viable education. The state's increasing poverty levels were recognized as one of the most pressing issues of the day, and opinion polls showed that a vast majority of North Carolinians viewed education, or lack thereof, as poverty's leading cause.² Something needed to be done, and the man who would lead the fight against poverty by attacking the state's educational problems was Governor Terry Sanford.

One need look no further than the 1960 North Carolina gubernatorial election to understand the educational mandate that Sanford brought with him to Raleigh. Sanford's opponent in that year's Democratic primary, I. Beverly Lake, was the state's most prominent and outspoken segregationist in an era when taking a hard line on segregation and waging public battles with the NAACP seemed a reliable formula for political victory throughout the South. Sanford's victory over Lake and eventual triumph in the general election (which proved surprisingly close given the de facto one-party Southern political system that predominated in those days) can be seen as a direct result of his commitment to education. Recognizing failing public schools and high dropout rates among the state's poorest children as leading causes of the poverty experienced by a growing number of North Carolinians, Sanford stressed education reform throughout the campaign. In a pivotal speech in February of 1960, he announced his intentions to focus on education, stating, "If you help elect me governor, and when our four years of service

is done, I would want no higher tribute than for the citizens of North Carolina to say that I put education first.”³ On only one other occasion between 1957 and 1973 did a racial moderate defeat a strong segregationist in a gubernatorial race in the South, a strong testament to the importance of education as an issue to North Carolinian voters.⁴

Once elected, Governor Sanford began his efforts to better education almost immediately. He helped found the state community college system, created the North Carolina School of the Arts in Winston-Salem, and founded the Governor’s School, which served as a summer program for high school students with exceptional talents in arts and sciences. Early initiatives focused on increasing the number of teachers and bolstering teacher salaries throughout the state, and over Sanford’s term as governor, state expenditures on public schools almost doubled.⁵

Yet, it quickly became apparent to Sanford and his staff that simply pushing an educational agenda through the state legislature and improving the schools themselves was doing little to address the actual educational woes facing North Carolina. Allocating more money for books and teachers, they realized, did nothing to address the underlying social and cultural barriers that prohibited poor children from receiving a viable education. Looking back on his early years as governor, Sanford stated, “I knew that no matter how much we improved our public school system, poor children were still going to grow up and remain poor as long as they entered the first grade with a cultural handicap and kept falling behind until they dropped out in the eighth or ninth grade... tens of thousands of children move through our constantly improving school systems toward a childhood of inadequacy, and an adulthood of dependency and self-doubt.”⁶ If meaningful education was the key to breaking the “cycle of poverty,” as Sanford and his

administration earnestly believed it was, something new and innovative needed to be attempted.

This need for an innovative approach to education manifested itself in the formulation of the North Carolina Fund, an organization whose origins can be traced back to Sanford's concerns about the cultural handicaps that hampered the educational opportunities of the poor. In his book, *But What About the People?*, Sanford discusses the impetus behind the Fund and identifies a visit to a school in a poor mountain town as the pivotal event in the Fund's early formulation. While visiting this mountain school with top aide John Ehle, Sanford got a firsthand look at the true problems that lay at the core of the state's educational deficiencies. Witnessing the underachievement of poor students relative to their more wealthy counterparts, Sanford came to the realization that, "improvement of schools wasn't enough. Not nearly enough. If school was to have any meaning for them, these children first had to be put in a position to understand why learning was important, to comprehend what school was all about. That was the only way they could break out of the cycle of poverty in which they were trapped."⁷

Recognizing that his early success at procuring additional state funds for education had earned him a reputation for heavy spending in the state legislature, and the unlikelihood of approval for yet more programs aimed at improving education, especially programs of such an experimental and unproven nature as those which he had in mind, Sanford looked outside of government to establish a vehicle that would enable his vision to become a reality. He wanted to afford the Fund the freedom to experiment that could only come in the absence of constant legislative scrutiny and interference, and as such, decided that a private organization, independent from state government, was necessary.

While providing the desired autonomy, this approach meant that Sanford would have to search elsewhere to find the funding he had grown accustomed to acquiring from state coffers.⁸

In his search for the requisite startup money, Sanford's vision of an experimental and innovative educational emphasis for the North Carolina Fund resonated with the Fund's eventual principal source of funding. The Ford Foundation had provided funding for educational initiatives such as the Great City Schools programs in the past and had recently funded experimental community-based anti-poverty initiatives in Oakland, New Haven, Philadelphia, and other urban communities known as "Gray Areas programs." Therefore, the Ford Foundation seemed a logical place for Sanford and his staff to find the type of money they would need to get the Fund off the ground.⁹ Recognizing their common interests in education and innovative experimentation, Sanford and his staff approached Ford Foundation president Henry Heald with a proposal for a large grant that would provide the bulk of the Fund's initial resources. After a series of meetings, the Ford Foundation agreed to provide \$7 million of the Fund's \$9.5 million in initial grants, with the express condition that \$2 million be spent on a major state-wide school improvement project for the first three grades.¹⁰

During these early planning stages, both Sanford and the Ford Foundation, the proverbial brains and wallet behind the establishment of the North Carolina Fund, seemed to agree that education was the major issue to be addressed. It should come as no surprise, then, that upon its official establishment in July of 1963, improving education was foremost among the Fund's stated goals. In fact, in its Articles of Incorporation, the Fund's primary stated objective was to: "Study Problems of improving the education,

economic opportunities, living environment, and general welfare of the people of North Carolina.”¹¹

While improving education seemed the primary issue to be addressed, the Fund had another overarching goal in mind from the beginning: to establish a system that engaged the poor in examining, figuring out, and addressing their own most pressing needs on a local level. The desire for this revolutionary approach can be traced back to Sanford’s initial meetings with the Ford Foundation and his intrigue with the community-based approach of the Gray Areas programs that they had funded. Mobilizing and engaging the poor in the fight against poverty was just the sort of innovative idea that Sanford and his staff wanted to experiment with, and, as such, they decided to do just that. Reflecting this dual focus on education and a localized community-based approach, the Fund asserted in its very first public statement of purpose that, “Some of our projects will be statewide. Others will be comprehensive, experimental programs to be conducted in approximately ten communities which represent a good cross section of the state and its problems.”¹²

These “comprehensive, experimental programs” to be conducted on the local level were to manifest themselves in what would become known as Community Action Programs (CAPs) instituted in a number of communities throughout the state. The idea was that the Fund would provide initial financial, technical, and organizational support in the creation of these CAPs and; once they were established, each would operate rather independently in crafting and implementing experimental programs to address its own localized needs. By funding CAPs across the state, in both urban and rural communities, the Fund hoped to create a system in which individualized local innovation and

experimentation could flourish in a way that was not possible from a centralized body that churned out largely homogenous statewide policy.

As the Fund began its operations in late 1963, therefore, it had two paramount objectives in mind: improve education throughout the state, and experiment with a community-based approach through the support of a small number of CAPs. While this dual focus existed from the beginning, and an effort to establish CAPs across the state was begun almost immediately, an examination of the Fund's early work lends credence to the idea of an almost singular initial emphasis on education.

Initiated in 1964 as one of the Fund's very first programs, the Comprehensive School Improvement Program (CSIP) was seen as the most promising vehicle to achieve the stated goal of improved statewide education through innovation, and, consequently, received much of the Fund's early attention and money. Established with a \$2 million grant from the Fund to the North Carolina Department of Public Instruction, CSIP was launched with the aim of improving public education through the first three grades. Reflecting the experimental predisposition of the Fund's founders, the program attempted to find ways for teachers across the state to collaborate and share innovative teaching practices. The program involved 298 teams of teachers working in 228 elementary schools across the state and reached over 25,000 students.¹³

In addition, the Learning Institute of North Carolina (LINC), launched the same year as CSIP, served as a means to forge cooperative partnerships between a number of the state's universities and the North Carolina Board of Education in order to share technical assistance and information in an attempt to improve the state's schools. As a research and development oriented agency, LINC was intended to contribute to the

improvement of education at all levels. In addition, it oversaw the administration of the North Carolina Advancement School, a residential school for underachieving eighth graders that Sanford hoped would address his concerns about alarming dropout rates. Sharing the burden with Duke University, the University of North Carolina, and the State Board of Education, the Fund contributed grants of between \$300,000 and \$350,000 to the funding of LINC's operations each year.¹⁴

The fact that CSIP and LINC were two of the Fund's first initiatives, both launched within a year of the Fund's establishment, is strong evidence of the initial focus on statewide experimental education programs and partnerships hinted at by Sanford and the Ford Foundation during the planning stages. An examination of resource allocation during these early years provides still more compelling evidence. During the first three years of its existence, nearly forty percent of the Fund's discretionary spending, that is to say, spending beyond the \$2 million which was explicitly earmarked for education under the Ford Foundation grant, was spent on education programs.¹⁵ In contrast, the area receiving the next largest proportion of the Fund's resources over this same period, jobs and manpower development, received just over ten percent of this discretionary spending. The conspicuous absence of community action among those programs receiving substantial funding during these early years is most likely a result of the slow nature with which the Fund's CAPs were established.

If the fact that CSIP and LINC were the earliest major initiatives undertaken by the Fund provides a good indication of an initial emphasis on statewide education, the fact that no other major education programs emerged after this first year provides an equally compelling indication of a shift in emphasis thereafter. Had the Fund maintained

its commitment to improving statewide education through experimental programs, one would expect to see new educational initiatives emerging throughout the Fund's lifespan. This did not happen, however, and as funding slowly dried up for CSIP and LINC in the Fund's later years, there was no attempt to find new statewide education programs to take their place.

This shift away from the early emphasis on statewide education can be seen as a direct result of the general experimental and adaptive nature of the Fund. The autonomy afforded by its status as a private non-profit organization and its commitment to experimenting with demonstration projects and making policy adjustments based on the evaluation and effectiveness of these projects allowed the Fund to easily adapt to the changing landscape of poverty and poverty policy both in North Carolina and throughout the nation. More specifically, the Fund was able to react to the perceived ineffectiveness of its statewide educational initiatives and take advantage of the opportunities presented by the national movement toward community action embodied in President Johnson's War on Poverty.

Though instrumental in shaping the initial educational focus of the Fund, Sanford was convinced that community action would eventually prove to be its most valuable tool. In fact, in a surprisingly prophetic pamphlet written in 1963, Sanford stated, "While the Fund does not minimize the value of statewide action to find better ways to educate and motivate our people, and indeed the first grant from the Fund will probably go to a statewide experiment, we have a hunch significant results are more likely to come from experimental programs in a number of carefully selected communities."¹⁶ Sanford's "hunch," it turns out, was correct; and with the passage of the Economic Opportunity Act

in August of 1964, it became clear that community action was to be inextricably woven into the national War on Poverty, a development that provided promising new prospects for the Fund's existing CAPs.

Having received active consultation from Fund director George Esser, Ford Foundation head of domestic affairs and Gray Areas pioneer Paul Ylvisaker, and numerous other leaders of the community action movement, Johnson and his staff decided to include a massive nationwide community action initiative in the Economic Opportunity Act.¹⁷ This development ensured that CAPs throughout the nation would be created and funded with federal money. Thanks to the innovation and foresight of the Fund, however, it had already established seven CAPs throughout the state and, upon receiving the news of the passage of the Economic Opportunity Act, quickly approved the creation of four more. As Sanford would later remark, "The Economic Opportunity Act came in August of 1964 so we had about three months when we were ahead of the game."¹⁸ The North Carolina Fund was on the leading edge of the community action movement; and when it turned out that community action would no longer be an experimental demonstration program, but rather, the national standard, Fund policy makers jumped at the creative opportunities that this provided them.

Many of the community action movement pioneers viewed its acceptance as national poverty policy with quite a bit of trepidation. They believed in the community-based approach because it was flexible and experimental. With the federal government now involved, they feared, experimentation would not be tolerated, and regimented regulations and policies would hamper the flexibility and localized individualism that had formed the very basis for the appeal of community action.¹⁹

The Fund did not echo these concerns, but rather, delighted in the new national prominence of community action. Having already established a commitment to CAPs in North Carolina, the Fund recognized the unique opportunity for more, not less, experimentation that the new influx of federal dollars provided. With the federal government now obliged to provide funding for the basic operations and functions of the state's CAP's, the Fund could use its resources to develop more experimental and innovative programs on the local level, an appealing prospect for obvious reasons. Discussing these new opportunities, Sanford would later say, "Because of the resources that became available through the [Economic Opportunity] Act, we got a lot more things done than we could have done with just private resources."²⁰

The Fund had been instrumental in shaping Johnson's new national poverty policy, both through its examples as the first statewide organization to experiment with community action, and through active input during the policy making process. Therefore, there was almost a sense of obligation to see these ideas through to completion and give them every chance possible to succeed. The Fund's resulting addition of four new CAPs and further commitment to more experimentation in all of its communities meant a much greater commitment of resources than initially planned. Not spending more time and money on community action in the wake of the new federal policy and the creative opportunities it afforded would have been foolish, and, as such, there seems to have been an increasingly larger emphasis placed on funding and developing of the state's CAPs after 1964.

Examination of expenditures on community action after 1964 lends further credence to the idea of an increasing focus on CAPs. Between 1964 and 1965,

approximately \$2.2 million was spent on the Fund's 11 CAPs. The following year, roughly \$4.2 million was spent on the same 11 CAPs, almost doubling the previous year's expenditures.²¹ These numbers reflect drastic increases in both federal spending and Fund expenditures on CAPs over this two-year period.

Further reflecting this newfound emphasis on CAPs, the Fund's modified Statement of Objectives released by the board of directors in 1965 heavily stressed a community-based approach. This Statement of Objectives does not once mention education, or any other specific issues for that matter, but instead, emphasizes the need to "Help the poor show that they can be effective not only in identifying their own needs and opportunities, but in participating in the decision-making process of the entire community."²² The striking difference between the education-laden Articles of Incorporation and the CAP emphasis of the Statement of Objectives, released just two years later, indicates that a fundamental shift in priorities and approach to programming had occurred.

In addition to this intensified focus on community action that emerged after 1964, the Fund began to evaluate and question the worth of the statewide educational programs in which it had invested so much of its early effort. In a 1966 report summarizing the findings of a thorough review intended to evaluate the Fund's progress to date, the Ford Foundation expressed considerable skepticism regarding the effectiveness of CSIP and suggested that more return on their investment might be achieved by focusing on alternative areas of concern. Noting that CSIP was successful in certain instances, yet lacked the flexibility necessary to meet individualized school needs, the report states, "The CSIP appeared to be a very limited experiment -- quite helpful as far as it goes, but

not going very far -- and hardly 'comprehensive' in any sense of the word."²³ In conjunction with this expression of displeasure with the perceived progress of CSIP, the Ford Foundation recommended that the Fund allocate more of its resources to assisting local CAPs to do a more effective job with the present services that they provided, such as employment, vocational training, legal aid, and housing. They also urged the Fund to take a more active role in helping local communities tackle some of the more sensitive issues they faced, such as race, civic participation, and welfare services.²⁴

Echoing the concerns raised in the Ford Foundation's review, an internal memo from the Fund's director of research, Michael Brooks, to George Esser written just a few months later urged a complete reevaluation of the Fund's priorities. Noting the large proportion of the Fund's grants that had been spent on educational programs to date (nearly forty percent) and questioning the effectiveness and results of these programs, Brooks called for a fundamental reprioritization of the Fund's allocation of resources. He argued that statewide educational programs, especially LINC, were not providing a satisfactory return on the Fund's disproportionately large investment in them, and that much of this money could be better spent on alternative programs, such as planning and organization on the local level, and services such as employment and manpower development programs.²⁵

The Ford Foundation's and Brooks's criticisms of the Fund's direction and priorities, delivered almost simultaneously in late 1966 and early 1967, were strikingly similar. The call for a greater focus on aid to local CAP's incorporated in both of their recommendations reflected the new emphasis on community action and the desire to realize the potential of this approach by affording it the resources it would need to be

successful. Both the Ford review and the memo from Brooks also expressed dissatisfaction with the progress and results of CSIP and LINC, the Fund's two primary education programs, a perception that would prove instrumental in the Fund's movement away from an educational emphasis. This perceived ineffectiveness of the Fund's statewide education initiatives can be attributed to two distinct factors: structural resistance to changes in, and experimentation with, the state's public schools, and the particular nature of education as a long term solution to poverty, with few visible short term payoffs.

The politics of the North Carolina public school system presented a significant impediment to the success of any experimental statewide changes in curriculum or teaching methods. Some of the greatest resistance came from the teachers themselves. Before CSIP could begin its experimentation, there needed to be extensive research on teachers and teaching methods throughout the state to determine which approaches were most effective. The goal of CSIP, after all, was to determine which teaching methods produced the best results and replicate those methods in classrooms across North Carolina. Therefore, it makes sense that a major research initiative such as this was a necessary initial component.

At the time, however, there was a large emphasis being placed on the idea that teachers be paid according to merit, which was to be determined based on teaching productivity and classroom effectiveness.²⁶ Teachers, therefore, were adamantly opposed to any extensive probing that might expose their shortcomings, and hence reduce their salaries. In addition, some state programs also provided additional money for entire school systems that were deemed to be particularly effective.²⁷ The result of this

incentive-based system was that local school administrators, under pressure from their teachers and out of concern for their own budgets, did not like the idea of extensive research into the effectiveness of their practices. As such, they voiced their concerns to the State Board of Public Instruction, which, in turn, effectively blocked the implementation of CSIP's research efforts. As Bill Flowers, the Fund's director of education, later remarked in a review CSIP completed after the Fund's dissolution, "Close analysis and comparison of classroom groups was discouraged from the top administrators of the Department of Public Instruction."²⁸

In addition to this resistance to extensive research, this merit-based system naturally caused teachers and administrators alike to resist the types of experimentation that were central to CSIP's philosophy. Experimentation meant uncertain results, and, therefore, the possibility of decreased effectiveness and less money.²⁹ By linking school funding and teacher salaries to results and effectiveness, the very nature of North Carolina's public school system caused teachers and administrators to view CSIP's research initiatives and experimental programs with a great deal of skepticism, and, hence, oppose their implementation. As Flowers wrote, "Presumption that all professional educators are just waiting for change is an unrealistic position. Public acceptance of educational change may be more easily attained than professional acceptance."³⁰

The State Department of Public Instruction was not merely getting pressure from local teachers and school boards, however. Rather, CSIP seemed to represent a serious threat to a number of other interests throughout the state. Teacher training colleges would be forced to modify their methods and curricula, and major textbook companies risked the exclusion of their books were some of CSIP's changes instituted statewide. In

addition, agencies and groups on the federal level had pressured school administrators, both on the local and state level, to include certain areas of interest in their curricula in the past, an influence that would be jeopardized if CSIP were to gain a loud voice in curriculum choice.³¹ CSIP was endeavoring to improve education throughout the state by eliminating the ineffective, inefficient, and outmoded teaching practices that were ingrained in the state's educational system. A number of powerful groups existed, however, that benefited from the status quo, and many of these groups had the ear of the State Department of Public Instruction.

In response to these pressures, the Department of Public Instruction, led by superintendent Charles F. Carroll, put up a number of roadblocks that impeded the initial success of CSIP. The most effective of these tactics proved to be delaying implementation of a number of the program's key initiatives. Most notably, Carroll was instrumental in delaying the appointment of key CSIP staff members. For instance, the grant for CSIP from the Fund to the Department of Public Instruction was issued in November of 1963. Yet Carroll did not appoint a director for the program until November of 1964, a full year later; and when he finally did, it was with considerable resistance and only after several meetings with a frustrated Esser and other top Fund officials. Furthering his delay tactics, Carroll waited until August of 1965 before the first staff member was employed.³² In addition to dragging his heels on hiring CSIP staff, Carroll effectively delayed the appropriation of money to fund the research project. This took so long that by the time any significant progress was made, CSIP was already so far into its operational lifespan that a comprehensive research project was no longer appropriate.³³

Carroll did not like the idea of a private organization like the Fund having a voice in statewide education, especially through the implementation of a program that was to be run by his department. In addition, he felt enormous pressure from groups, both inside and outside of the state public school system, that felt threatened by CSIP's plans to overhaul the state's schools and disrupt the status quo from which they benefited. Therefore, he and the rest of the State Department of Public Instruction provided a significant structural hindrance to the success of CSIP. Carroll never overtly expressed his dislike of CSIP or its objectives, and it is quite possible that he actually liked the innovation that it would bring to the state's ailing public schools. He was, however, as Flowers describes him, "a politician trapped in an educator's job," and his power was derived from maintaining the status quo, a predicament that drove him to resist the types of changes inherent in CSIP.³⁴

In addition to this structural resistance that proved instrumental in preventing CSIP from reaching its full potential, problems inherent in the concept of education as an approach to ameliorating poverty helped create the perception that CSIP was a failure. The particular nature of education policy does not lend itself to the demonstration of immediate results, and, as such, improvement was quite difficult to see in the short term. For instance, one of the primary goals of CSIP was to address high dropout rates throughout the state by improving education in the first three grades. Therefore, the true success of the program could not be accurately evaluated until the students who received its benefits, those in the first three grades, were old enough that an examination of their progress relative to others was possible. Truly accurate assessment of the results and success of any education initiative takes at least a decade to cultivate. In his review of

CSIP, Flowers stresses this idea, stating, “Change in the public school curriculum does not occur quickly, nor are results of demonstrations apparent soon after introduction of an experimental effort such as the North Carolina Comprehensive School Improvement Project.”³⁵

Not only was the Fund’s most powerful tool for statewide education reform being purposefully undermined by institutional forces on the local, state, and federal level, but even the strides that CSIP was making in spite of these hurdles were nearly impossible to identify in such a short period of time. The only evidence available to gauge its effectiveness was anecdotal; and though a lot of this feedback was positive, much of it came from teachers and administrators who were resistant to the program in the first place.³⁶ These factors combined to create the perception that the Fund’s statewide education programs were largely ineffective. Regardless of the actual value of the programs, this perception caused many critics to call for a shifting of resources to local community action as opposed to statewide programs, and to areas of concern that could provide better results and a greater return on the Fund’s investment than education.

The issue that emerged as the most promising to replace education as the primary focus of the organization in its latter years was manpower development. Having increased attention and resource allocation to CAPs after 1964, Fund officials identified employment as the most pressing need of the state’s poor on a local level. As field workers were sent to local communities to analyze and evaluate the problems facing poor families, they came to the overwhelming conclusion that employment and job creation were first among the needs of the poor; and investment in these types of programs would yield the best and most tangible results.³⁷

These findings are not surprising when one examines the limited job opportunities available to the state's poorest citizens. Throughout the last quarter of the nineteenth century and the first third of the twentieth, the national economy was making a strong move away from agriculture and towards manufacturing industries, and North Carolina proved to be significantly slower than the rest of the nation in responding to this shift. North Carolina's economy was significantly behind the times, and this resulted in devastating ramifications for the state's working poor. By 1965, nearly sixty percent of the state's manufacturing workers were employed in industries with declining employment nationwide, and the three manufacturing jobs that the state attracted with the greatest frequency, namely apparel, furniture, and textiles, all had incredibly low average hourly earnings. The result of these trends was that North Carolina ranked last in the nation in average hourly earnings of manufacturing workers and ranked 43rd in the nation in per capita income in 1965.³⁸

Further investigation reveals that lack of adequate job training was a leading cause of the state's failure to adapt to the new manufacturing economy. A comprehensive Fund survey of approximately 11,000 low-income families throughout the state revealed that only eighteen percent of working respondents had ever received any job training. The same survey showed that approximately sixty percent of respondents would take advantage of job training opportunities if presented with them.³⁹ This gap between those desiring job training and those who actually received it is quite startling and went a long way to identifying job training as a potential source of significant improvement in the wages earned by the state's working poor.

In addition, public opinion also seems to have been a contributing factor to the identification of job training and employment as the state's most pressing issues during the Fund's latter years. While a 1968 survey indicates that a majority of North Carolinians identified lack of education as the leading cause of poverty, a majority of those surveyed in the same poll were also of the opinion that jobs and job training were the most important factors that could lift them out of poverty.⁴⁰ These statistics seem to indicate a fundamental difference in what the poor perceived to be the causes and the solutions to the poverty problem, a difference that Sanford and his associates had not accounted for when crafting the initial educational emphasis of the Fund. The poor, it seems, agreed with Sanford that poor education was the primary cause of the perpetual poverty that plagued the state. Yet, they did not see improvement of education as the best way to cure the ills that a poor educational system had caused. Rather, they felt, job training and creation were the best ways to escape from poverty; and, once they had successfully escaped, the cultural impediments to viable education would disappear, and the cycle would be broken.

Thus, when field workers visited the local communities in which the Fund had established CAPs, they found not only major problems with outdated local economies that prevented many families from earning sufficient wages, but also the perception among the poor that addressing this problem was their greatest need, and that the best way to do so was through job training and manpower development programs. As many Fund officials grew frustrated with the progress and results of its statewide education programs, optimism seemed to spread throughout the Fund that manpower development could succeed where education had failed.

Reflecting this optimism that a sustained manpower development program on the local and state level would yield better returns on Fund investments, Fund research economist David Sewell issued an extensive report arguing that the benefit-cost ratio of the types of vocational training programs embodied in manpower development far exceeded that of educational programs, which yielded few actual improvements on relatively large investments. Referring to various studies administered under the Manpower Development and Training Act of 1962 on the effectiveness of various anti-poverty programs being employed in the War on Poverty, Sewell wrote, “Contrary to expectations, there is little in these evaluations to justify optimism about the value of educational expenditures in general in ameliorating poverty and its related conditions. However, expenditures on vocational training are thought to constitute an exception to the general rule.”⁴¹ One specific study conducted by the Institute for Defense Analyses concluded that vocational training programs, “are quite promising for alleviating poverty... the private returns to retrained workers are apparently substantial... and training programs are a relatively inexpensive way to raise the income of lower income families.”⁴²

Studies such as the ones contained in Sewell’s report gave the Fund a good indication that manpower development would provide greater and more tangible results than general education, and do so relatively quickly and inexpensively. Therefore, having identified job training as a more pressing need than education and confident that it would provide greater returns on investment, the Fund moved to allocate more resources to the establishment and support of extensive statewide and local manpower development programs.

Established in 1967 as the Fund's most extensive manpower program, the Manpower Development Corporation was a statewide organization that coordinated efforts between local CAPs, industry, state government, and the poor themselves in an attempt to improve human capital and help North Carolina's working poor earn better wages.⁴³ The Fund's first manpower initiative, Manpower Development Through Community Effort, established two years earlier, focused solely on the local level by sending field workers out to many of the state's communities to help the local poor find better employment by utilizing local resources.⁴⁴

The results of this increased focus on, and optimism about, manpower development as the most promising cure for the state's poverty problems can be seen in the increase of funds allocated to these programs in the Fund's later years. Whereas almost nothing was spent on statewide education after the initial grants for LINC and CSIP, there was a marked increase in expenditures on the Fund's manpower initiatives after 1967. The Fund spent only \$20,745 on local manpower programs administered by its 11 CAPs in 1965. That figure increased to \$145,088 in 1966 and jumped to \$1.18 million in 1967.⁴⁵ This represents a staggering 5,500 percent increase over this two year period. In addition to this increase in spending on local manpower initiatives, total Fund expenditures on manpower development programs, both state and local, increased significantly after 1966. Whereas only ten percent of total Fund expenditures was allocated to manpower development through 1966,⁴⁶ an examination of the final distribution of resources after the Fund's dissolution reveals that, throughout the Fund's total lifespan, 43.7 percent of all expenditures went to fund manpower programs.⁴⁷ This

provides further evidence that, between 1966 and 1971, a fundamental change in the Fund's priorities had occurred, and a resultant reallocation of resources took place.

Probably the most pronounced indication of this change in priorities and resource allocation can be seen in what happened after the Fund shut down its operations. By 1971, CSIP had only spent \$2.9 million of its allotted \$4 million grant, leaving a surplus of over \$1 million.⁴⁸ Realizing that, due to both institutional resistance within state government and a lack of demonstrated results, CSIP could not be viably maintained in the absence of the Fund, Fund administrators decided to use these surplus funds for a program they deemed more sustainable. After careful consideration, they decided to allocate these funds to the MDC, a program that survived for decades after the Fund shut its doors.⁴⁹ This simultaneous abandonment of CSIP and investment in the long-term survival of MDC is powerful evidence of the underlying shift in priorities that took place in the Fund's later years.

The landscape of poverty and anti-poverty policy, on both the state and national level, changed significantly between 1963 and 1971, and the intentionally flexible and adaptable North Carolina Fund was able to change along with it. As a result, the Fund that began in 1963 with a primary focus on statewide education evolved into the Fund that ended with a primary focus on local community action and manpower development.

¹ *North Carolina Education Statistics*, North Carolina Fund Papers, Manuscripts Department, University of North Carolina at Chapel Hill, Southern Historical Collection # 4710 (hereafter referred to as NC Fund Papers), Folder #7615.

² *Quayle Opinion Poll*, NC Fund Papers, Folder #343-351.

³ Covington, Howard E. and Marion A. Ellis. *Terry Sanford: Politics, Progress, and Outrageous Ambitions*. Durham, NC: Duke University Press, 1999, p. 213.

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