

N.C.

CONTINUED FROM PAGE 6

some areas the Ku Klux Klan wasn't far behind them.

"It was furious," says George Autry, of Manpower Development, now MDC Inc., a Chapel Hill think tank. "People were threatened, and some of our people were shot at."

Some of the verbal shots came from high vantage points. In 1967, James Gardner, then a member of Congress and more recently a Republican candidate for governor, railed at the Fund as "a political action machine meddling in the affairs of local communities."

Gardner asked the foundations to suspend the fund's grants.

If the headlines are any indication, the Fund's staff expended much energy countering Gardner's attacks. Local government leaders sometimes took their complaints directly to Charles Babcock.

"He would call me in, and I'd explain," Esser says, "and he'd say 'full speed ahead.'" Bondurant recalls that Babcock would "stand right beside George Esser and say, 'Keep going, fella.'"

Other resistance was more subtle. Many counties were reluctant to get into programs such as surplus food distribution.

"I remember a county that distributed food one day per month from 11 a.m. to 1 p.m. from a rather remote warehouse," Esser says. "They made it just as hard as they could."

But the Fund had the momentum it needed. It had become a formidable grant maker, given the size of the original grant and the additional money it attracted directly to the communities.

By 1967, the Fund's spin-offs were forming: the N.C. Manpower Development Corp., the Low Income Housing Development Corp., the Foundation for Community Development.

MANY FACES

The legacy of the North Carolina Fund has many faces, with varying degrees of tangibility.

A Headstart program in the northwest mountain area; a community college program to match people with scarce resources in the Coastal Plain; racial sensitivity training for police officers in a city; a day care center, a food bank, a home winterization program in any number of locations. All go back, directly or indirectly, to that five-year incubator.

Of the 11 original community mobilization organizations, 10 are still in place.

Other trail marks are as varied as the landscape:

- Bill Bondurant recalls that the Fund's baseline poverty data was very useful when he worked with Gov. James Holshouser's Republican administration in 1974.

- The Fund started the state's only two rural public transportation systems.

- It created the first scholarships for master's degrees in public administration in the state.

"What we're probably reminded of the most at the [Reynolds] foundation is the people working in communities all over the state who got their start with the Fund," Tom Lambeth says.

Nathan Garrett, the Durham accountant, says "I honestly think the most important legacy is that cadre of people who work in the spin-off corporations.

"We had a very positive impact on the whole of race relations in North Carolina, because of the way George and the staff decided to do business."

SPIN-OFFS

The first order of business at the close of the Fund's five years was the direct spin-offs. While the community action agencies were firmly in place in many communities, the movement needed groups that could act more like clearinghouses.

The manpower development structure that the Fund spawned has become MDC Inc., a workforce think tank for the entire South.

It serves as an example. Its job is to work with private business and government to find ways to improve the skills a changing workforce needs and to match people with work.

It was the catalyst for the governor's Commission on Workforce Preparedness. And it is stretching its data-gathering and advocacy roles beyond North Carolina, into a South that is slowly realizing the short-sightedness of selling cheap labor, cheap land and low taxes to migrating industries.

George Autry sees MDC foremost as an effective public-private partnership.

"Innovation doesn't normally come from government," he says. "The job of government is to do the same thing it did last year, and do it better."

A big part of the success of the anti-poverty approach in North Carolina was having three entities that matter, instead of two: government-business partnership, the universities and the nonprofit sector.

MDC now gets 75 percent of its funding from private sources.

FOUNDATION SIGNIFICANCE

Key Fund players are convinced it significantly affected the direction of the Reynolds and Babcock foundations and their grantmaking.

"It changed permanently the focus of these two foundations, and, by example, the face of philanthropy in North Carolina in general," Autry says. "Starting with the Fund, the foundations went gradually from being passive benefactors to those who came to them with needs, to being more risk-taking, more proactive in finding the needs and going after them."

Says Bondurant, formerly of the Babcock Foundation: "It gave urgency and focus to things the foundation could do in successive years. It refined our interest in these issues."

Without the Fund, he says, "we would not have been able to get our arms around these issues."

Lambeth of the Reynolds Foundation says the Fund "had a great impact on public-private partnerships in the state. It got us involved in poverty and leadership development issues that we have continued

to be heavily involved in."

Part of the turbulence of the Fund years was the challenge of managing the windfall of funding.

"We monitored the way organizations were spending money, and made them aware we were interested in how they spent it," Esser says. "We sought to influence their choices, and we let them know when we thought they needed to change."

"We were the first organization in North Carolina that approached grant-making from a strategic point of view."

LEARNING PROCESS

For many elements of the Fund, the anti-poverty campaign was a hit-and-miss learning process.

Ed Stewart was a teacher when he went to work summers for the Fund starting in 1965. He worked in manpower training to create jobs in six Eastern North Carolina counties. Today he directs UDI Community Development Corp., which started in 1969 as United Durham Inc.

"To be honest with you, we failed in a couple of earlier ventures because we were trying to do too much," Stewart says. "We were trying to improve the livelihood of people

who haven't had access because of the color of their skin, and we went after people problems with emotion rather than a businesslike approach."

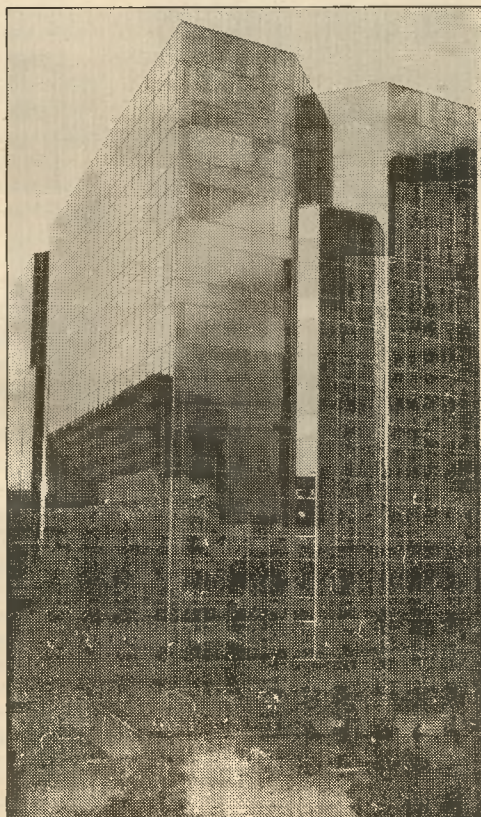
UDI's main focus is a 91-acre industrial park located about a mile from the Research Triangle Park. It was put there to draw minority-owned businesses, manufacturers who would want to be near RTP. Its 14 businesses employ about 600 people.

Stewart is upfront about UDI's failure to persuade minority-owned businesses to relocate: The park has just one. He emphasizes, however, that UDI has stuck by its intent — to work only with companies thoroughly committed to equal employment opportunity, and to involve low income people in its decision-making.

A \$1 million sewer system, financed publicly and privately, is in place. That park is at about half capacity. And Stewart remains determined that minority business owners who want to manufacture on the fringe of Research Triangle Park will find it attractive.

His is one of hundreds of front lines, big and complex, small and simple, struggling to break the cycle.

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