

The Future of the General Education Board

A Report Submitted to the Trustees of

The General Education Board
and
The Rockefeller Foundation

by

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To the Trustees of

the General Education Board
and
The Rockefeller Foundation

At the meeting of the Board of Trustees of the General Education Board held on December 2, 1943, Mr. Douglas Freeman introduced the following resolution which was unanimously passed:

RESOLVED that in view of the fact that within a comparatively brief time, the funds of the General Education Board probably will be exhausted, the officers of the Board be, and they hereby are, directed to request The Rockefeller Foundation to discuss with this Board the continuance of the name, the southern program, and the basic work of the General Education Board with funds appropriated by the Foundation.

In accordance with the instructions contained in this resolution, the officers of the General Education Board have made, with the aid of counsel and in consultation with the chairman of the Board of the Foundation, an exploratory study of the situation; and our conclusions and recommendations are contained in the following paragraphs.

Why the Decision Seems Opportune Now

Although we assume that no changes in the present arrangements are contemplated until the considerable funds now at the disposal of the Board are exhausted, there seem to be compelling reasons why the decision as to the Board's future should be made now. If the Board is definitely to be terminated in three or four years when its funds are gone, that fact by itself would undoubtedly influence the character of our spending during this interval. We would undertake no new long-term, forward-looking plans, and our support would be given to the stabilization, in so far as it could be accomplished, of

projects which we have already started. In other words, if the decision is to terminate the Board in three or four years, we would spend our money one way; if the decision is to continue, we would spend it in quite another way.

While we do not pretend to speak for the Finance Committee, we assume that plans for investment would similarly be affected. A corporation that is on its way out must have its funds in a more or less liquid condition.

From every point of view Mr. Freeman's resolution seems to us timely and pertinent.

Why It Is Believed the General Education Board Should Be Continued

One need present no argument to establish the fact that the South, despite its known potentialities and its recognized achievements, lags seriously behind the rest of the United States in many essentials. Whether measured by available investment capital, effective economic opportunity, personal and public incomes, state and local political administration, health and social welfare, educational facilities - whatever the standard may be - the comparative position of the southern region is one of disadvantage. The presence of 10,000,000 Negroes in the population - the major part of the Negroes of the country - imposes burdens unequalled in other parts of the United States and handicaps many undertakings which are fundamental to the progress of the South.

While gratifying and truly significant advance has been made during the past forty years in the development of educational institutions in the South, the plain fact is that the need and the opportunity for the types of service the General Education Board has rendered, and under its charter is designed to render, have not substantially decreased during the life of this Board. They have changed as the result of important progress in certain respects and of retrogression in other respects. The retrogression has been

notable in the economic bases of southern life. The South is predominantly rural and agricultural. The introduction of farm machinery, the heavy loss and depletion of agricultural lands, and the drastic shrinkage of foreign markets for the leading cash crops of the area have dislocated and impoverished great numbers of the people and have restricted employment opportunities, private earnings and public revenues, with all the resultant limitations. Extensive readjustments in the economic life of the South, both agricultural and industrial, are now under way. The need for their intelligent guidance is paramount if the South is to find a basis for the support of its own cultural institutions; and it is only through the processes of developing and utilizing the requisite knowledge, i.e., the processes of research and education, that the goal will be achieved.

The by-products of the adverse conditions, under which the South has long struggled and which have been intensified during the past two decades, are found in the poverty and ignorance of large sections of the population at the lower levels, particularly among Negroes and the considerable body of white sharecroppers, tenants, laborers, and mill hands; in broken health and high death rates among them; in growing racial competition for jobs; in grave deficiencies in employment as well as in the social institutions which are supposed to serve the needs of all. The tasks implied by these facts are of sobering dimensions, but they must be faced in the interest of the whole nation as well as of the South.

The problem is therefore two-fold. First, there is the challenge to knowledge and its application in respect to the fundamental economic dislocation in the South; and second, there is the challenge to wisdom and imagination in meeting the inevitable consequences of this dislocation. This statement may

be somewhat oversimplified, because the laws of cause and effect work in curious and unpredictable ways. But there can be little doubt as to the soundness of the Board's program: (1) dealing with a better utilization of the South's resources - its agriculture, land tenure and use, forestry, fisheries - as a means of providing a better life for the people; and (2) dealing with immediate practical problems such as education, nutrition and housing. Perhaps the greatest single opportunity of the immediate future is in forwarding agricultural, vocational and general education at lower levels among the inarticulate masses of the colored people of the South.

No private agency or foundation is as well known, as influential, or as widely respected in the South as the General Education Board. Perhaps no single area of the nation has been so greatly influenced by a foundation. In a peculiar sense the Board has become part of the web of southern education and of southern life. By working with regularly constituted agencies and institutions, by dealing realistically and helpfully with timely opportunities to advance long-term objectives, by backing sound leadership when it appears, by assistance in the development of personnel in key posts and agencies, by the avoidance of doctrinaire methods and publicity and of frothy movements, and by staying in the background, the Board has won a place for itself that is perhaps unique in American philanthropy.

The job we started out to do forty years ago is far from completed. While in great ferment, the situation is full of hope and opportunity. It does not seem to us that we can wisely stop now. We are a stabilizing influence in the field and we have much in the way of leadership and experience to offer. A southern educator recently remarked: "It would indeed be a great loss to the rural people of the South - Negro and white - should the General Education

Board cease to visit us, to counsel with us, and to help strengthen our youth in the big days ahead."

There are five divisions in The Rockefeller Foundation. The General Education Board and the Foundation are now so closely integrated that there are in effect six divisions that come under the general supervision of the President who serves both institutions. If the trustees were to tell the President that in the interests of economy, for example, it was necessary to sacrifice one of these six divisions, it would never occur to him to select the General Education Board as the first to be eliminated.

The Finances of the General Education Board

In the forty-two years of its existence the General Education Board has spent \$267,660,451.90. Of this amount, \$146,768,605.45 has come from principal, and \$120,891,846.45 has come from income.

As of the date of this report, the free balance of the General Education Board's funds available for future appropriation amounts to \$17,336,233. Of this total, \$16,952,244 is in the principal account, and \$383,989 is in the income account. The securities of the General Education Board are, for the most part, in a liquid condition (cash and Government bonds) and are not apt to be greatly affected by changes in the market.

The income of the General Education Board over the last five years is as follows:

1939	\$1,033,443.31
1940	\$1,062,187.91
1941	\$1,032,408.33
1942	\$1,043,429.70
1943	\$ 779,318.61

The appropriations of the Board over the last five years are as follows:

1939	\$3,822,943
1940	\$6,529,816
1941	\$2,690,578
1942	\$2,236,172
1943	\$2,584,276

The yearly average of appropriations over the last five years is \$3,572,757.

If the Board were to continue its present annual rate of expenditure, its existing funds would last approximately five years. This, however, does not take income into consideration - an uncertain amount due to the increasingly liquid condition of our funds and the consequent low rate of yield. With an income stabilized at the present figure or perhaps increased, larger expenditures could be financed from the Board's present assets over a period of the next four or five years.

Essential Conditions to the Continuance
of the General Education Board

1. The name "General Education Board" is a great asset. It has a trade-mark value based on forty years of successful operation. In the South it means far more than does the name of The Rockefeller Foundation. In the words of the State Agent in Arkansas: "The General Education Board is a household word from Negro cabins on the bayou to university halls and State Departments of Education in every state capitol in the South." It would seem clear, therefore, that if the work is to be continued, it should be continued under the name of the General Education Board.

2. The charter of the General Education Board was secured by special act of Congress in 1902. In the preparation of this report, consideration has been given to the idea that the General Education Board might be made a legal branch or division of The Rockefeller Foundation, retaining the name "General Education Board." The charter of The Rockefeller Foundation, however, was secured in New York State, and Mr. Debevoise - very correctly, it seems to us - believes that a Congressional corporation cannot wisely be placed under the dominance of a New York State corporation. ?

Another idea which was explored was to surrender the Congressional charter and reincorporate in New York, the purpose of the reincorporation being the protection of the name. But counsel feels - and again we completely agree - that such action would be impolitic, and would not give the protection to the name which exists under the present charter as a result of years of nationwide use.

If, therefore, the decision is made to continue the work of the General Education Board, we are faced with necessity of continuing the Congressional corporation as a legally independent entity.

3. If the General Education Board is continued as a legally independent entity, with support from The Rockefeller Foundation, it would seem advisable that every possible step should be taken to tie the two organizations together in a single administrative unit. Much has been accomplished in this direction as a result of the common presidency of the two organizations; but with a new setup, it would seem that still further progress could be made along this line.

Recommendations

On the basis of the foregoing statements the following recommendations are presented for the consideration of the Trustees:

1. That as long as it continues to have funds of its own, the General Education Board be operated as at present. Counsel believes that it would be inadvisable to scrape the bottom of the Board's treasury completely clean, and suggests the wisdom of leaving in the Board's account from \$200,000 to \$300,000 of its own funds.
2. That when the Board's funds are exhausted (or practically so) The Rockefeller Foundation finance the continuance of its work. Under this arrangement the relationship of the Board to the Foundation would be very much like the relationship of the International Health Division (formerly the International Health Board) to the Foundation. Once each year the Board of Scientific Directors of the International Health Division presents to the Foundation a request for a round sum to cover its program. In years past this sum has ranged from \$2,000,000 to \$3,150,000. Similarly the General Education Board could submit each year a request for funds, backed by the same type of supporting data that the International Health Division presents. The Trustees of the Foundation would, of course, be free to deny the application if they so desired, but there would be an implication of support unless reasons were presented to the contrary.

3. That the board of trustees of the General Education Board be reconstituted and the number of trustees be reduced to nine. Under the charter of the General Education Board the trustees "shall be not less than nine and not more than seventeen." The work of the General Education Board in the South is becoming more and more a specialized problem in which a considerable degree of personal knowledge and acquaintanceship is desirable on the part of the trustees. The activities of the International Health Division took on a new lease of life when in 1928 a small, compact board of scientific directors was substituted for the old board of trustees.* Similarly, in relation to the General Education Board, it would seem that a small group of men more intimately acquainted with the problems of the South - men of the type of Mr. Freeman and President McCain - would be in a better position to guide the activities of the Board.

However, in order that the General Education Board and The Rockefeller Foundation may be closely integrated, it is suggested that the President of the Foundation should be the Chairman of the Board of the General Education Board, serving without compensation, and that among the other trustees of the General Education Board should be the Chairman of the Board of The Rockefeller Foundation and perhaps the Treasurer. There is precedent for this in the fact that

*Before 1928 the old International Health Board had its own separate board of trustees.

under the by-laws of the Foundation the President is ex officio a member of the Board of Scientific Directors of the International Health Division.

4. That the title of "President" of the General Education Board be abolished and that the administrative head of the Board be called "Director." This would put him on a par with the directors of the divisions of The Rockefeller Foundation. As a matter of fact, the Board never had the title "President" until 1917. Before that the executive head was called the Secretary, a title which Dr. Buttrick used.
5. That the General Education Board authorize the Foundation to handle its funds and, by checks in its (the Board's) name, make all payments for its account. This same arrangement now exists between the Foundation and the China Medical Board. If this could be done, it would obviate separate accounting staffs between The Rockefeller Foundation and the General Education Board.
6. That the Director of the General Education Board present an annual report of the work of the Board just as the Board has done over many years. The head of the International Health Division always makes an annual report for his division because the material which he handles is so technical that it cannot easily be included within the regular report of The Rockefeller Foundation except in a very general way.

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Again we would emphasize that we do not contemplate that these changes which we are suggesting would be put in force until the funds of the General Education Board are exhausted.

Respectfully submitted,

Raymond B. Fosdick