

The Power of Money: Funding, Advocacy, and Durham's UOCI, 1966-1970

Sarah Rankin
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In January of 1966 the United Organizations for Community Improvement (UOCI), an antipoverty group in Durham, North Carolina, received its state charter as an independent nonprofit organization. UOCI was an outgrowth of Durham's local Community Action Agency (CAA), Operation Breakthrough (OBT). This federally funded arm of Lyndon Johnson's War on Poverty had had marked success in organizing Durham's poor since its own creation in 1964. Yet many involved, including key Operation Breakthrough staff members, community leaders, and the staff of the North Carolina Fund, OBT's primary nongovernmental funding source, believed that it was necessary to create an independent organization that could carry on the organizing and advocacy work pioneered by OBT without the constraints that came with federal funding. UOCI landed at the center of some of the most racially charged conflicts to occur in Durham in the 1960s, and made significant progress in advancing the cause of economic justice in Durham. Despite these clear achievements, the conviction of so many at the time that these actions were only possible because of UOCI's independence prompts the question: Was freedom from federal funding necessary for UOCI?

There are a number of possible explanations of how freedom from federal constraints affected UOCI. The organization may have had more freedom of action without the oversight of the Community Action Program (CAP) staff in the federal Office for Economic Opportunity (OEO), which had regional offices that answered to the central office in Washington, D.C. It may also be true that UOCI's community organization mission was more successful because the organization was viewed as independent; community members may have responded more positively than they would have to a government entity. Even if neither of these hypotheses are

true, it is still possible that UOCI's independence served the needs of Durham's poor in more subtle ways. Operation Breakthrough was not at all shy about participating in controversial activities, but UOCI, with its more radical public image, might have served to draw some critical attention away from the more politically vulnerable CAA. In addition, because of the North Carolina Fund's support of the concept of an independent antipoverty organization, it is possible that the total funding provided for antipoverty programs in Durham increased because of the existence of UOCI.

An analysis of the activities of UOCI and Operation Breakthrough in the context of the policies constraining CAAs and nonprofit organizations shows that the actual, explicit policy constraints on the federally funded community action agencies were surprisingly unrestrictive, especially when compared to the political restraints on charitable nonprofit organizations. However, the changing political climate eventually did mean that community action agencies were restricted politically, if not legally, in what they could do. Meanwhile, however, changes in the federal tax laws meant that finding funding outside the federal government for certain types of activities became difficult as well. In the end, even an independent organization like UOCI could not sustain its advocacy operations.

Origins of UOCI

The story of UOCI begins with the story of Operation Breakthrough. In the summer of 1964 the North Carolina Fund, which had been established a year earlier by Governor Terry Sanford with funding from the Ford Foundation and two North Carolina foundations, approved Durham's application for funding for a local community agency to fight poverty. North Carolina Fund officials had solicited the application from Robert Foust, head of the Durham Community Planning Council and future executive director of Operation Breakthrough. Foust, together with

Durham's mayor, county manager, and chamber of commerce president, convened a committee to generate the application.¹ This coalition of Durham residents included moderates and liberals who wanted to create an agency that would be based on providing opportunities for individual self-improvement. Most of the original board members of OBT were white.²

Just after the Fund approved OBT's application, in August of 1964, Congress passed the Economic Opportunity Act (EOA), which, among other things, provided funding for local antipoverty agencies by creating the federal Community Action Program. North Carolina Fund officials responded to the passage of OEA by requiring organizations to which it had committed funding to apply for CAA status and funding as well. Operation Breakthrough submitted a revised proposal, which was approved by the end of 1964. The revisions were due to the requirements in the EOA that CAAs implement "maximum feasible participation" of the poor in their activities and policy making. OBT responded to these requirements by pledging that at least one-third of its board would be low-income residents, and by including in its plan of action a designation of target areas for community organizing.³ These changes provided the roots of Operation Breakthrough's organization of community councils in its designated Target Areas. The community councils would eventually become the United Organizations for Community Improvement.

The community councils were first organized in the summer of 1965 by Howard Fuller, a Breakthrough employee who had been hired as the community organizer for Target Area A, which encompassed the neighborhood of Hayti. Hayti was the traditional stronghold of Durham's distinctive black middle class, but also included large sections of substandard housing and grinding black poverty. Fuller, along with five college students from the North Carolina Volunteers Program (another North Carolina Fund endeavor), began knocking on doors in

Hayti. Ostensibly, they were recruiting children for a summer camp program run by N.C. Volunteers, but, at the same time, they were asking residents about their problems and creating the nucleus for the neighborhood councils. The major concern of four of the five community councils created in Hayti that summer was the condition of housing, an issue which would be a stalwart of UOCI activities in the years to come and one with the potential of confrontation with some of Durham's major power centers: wealthy landlords and the city's housing agencies.⁴

Many observers attribute Operation Breakthrough's successful organization efforts directly to Fuller, a black man with a master's degree in social work who moved to Durham from Cleveland, Ohio, to take the organizing job. Fuller's academic credentials and his previous position with the Urban League, a moderate national African American group, may have made him acceptable to the white power brokers who determined Operation Breakthrough's hiring in its early years.⁵ His gifts as an organizer were not as evident in his resume; indeed, Fuller himself says that he was not aware of his organizing skills before coming to Durham, and that he "was just trying a lot of stuff that made sense. We would just throw it out there and go from there."⁶ Nonetheless, Operation Breakthrough's emerging success in organizing and empowering the poor can be directly credited to Howard Fuller.

A 1968 history of UOCI describes Fuller's conviction that the neighborhood councils needed to make a break from the CAA:

It took Howard Fuller about five months from his arrival in Durham in May 1965 to realize that community organization could not continue indefinitely as an adjunct to the federally-financed Operation Breakthrough. This was true, he felt, because much of the Breakthrough staff – below the level of director – was "racist" and because OEO restrictions would eventually hamstring the type of political activity essential to effective organization.⁷

The reference to “racism” in the OBT staff probably refers to tensions that were developing between the mostly white Breakthrough staff who were involved in the service delivery side of the organization and Fuller’s almost entirely black community organizing staff.⁸ A philosophical divide over the optimal focus of OBT also existed at the level of the board, although it did not break down completely on race lines; many of the original board members still believed that Operation Breakthrough should be focusing on individuals rather than on activism. Indeed, some board members owned substandard housing property in the very neighborhoods in which the councils were acting, and were in a position to lose financially if some of the community councils’ concerns about the enforcement of Durham’s housing code were addressed.⁹

Many on the North Carolina Fund staff were also convinced of the necessity of creating an independent antipoverty agency in Durham. A staff memo to the N.C. Fund board argued that “when the community action agency exists alone, in virtually every case, it is inherently unable to play the dual role essential for the community action process: the insistent spokesman for the poor and the official representative of the community in the antipoverty effort.”¹⁰ At the same time that it was monitoring and encouraging the development of UOCI, the N.C. Fund was also shepherding the creation of another independent, grassroots antipoverty agency in rural North Carolina, the People’s Program on Poverty. In some ways, however, it seems that the North Carolina Fund’s interest was more in establishing an organization that was separate from Operation Breakthrough than in ensuring that that organization was freed from federal constraints; as part of their argument for creating UOCI, staff members emphasized OEO’s interest in “poor people’s corporations” and raised the possibility of UOCI pursuing federal funding.¹¹

UOCI was incorporated in the winter of 1966 and held its first major organizational meeting as an independent entity in May. Rubye Gattis, a single mother who had been president of one of the Hayti councils, was elected president of the organization. For a year, the fledgling organization had no independent funding and continued to operate under the auspices of Operation Breakthrough.¹² After an internal controversy in which black staff members, most prominently Nathan Garrett, the Fund's controller and later its deputy director, fought hard for UOCI funding, the N.C. Fund finally approved a \$78,000 grant to the organization in March, 1967.¹³ On receiving the funding, UOCI hired Ben Ruffin as executive director of the organization and Patrick Thomas as his assistant. Both men were former Operation Breakthrough staff members.¹⁴ UOCI was finally ready to stretch its wings.

UOCI's Activities

As outlined in its funding proposal to the North Carolina Fund, UOCI planned to take part in two categories of activities. The first set of activities was a series of economic "self-help" endeavors designed to allow poor people to ease their economic burden. Among these were a credit union, which accepted deposits from the community and made low-interest loans to community members, and a buying club, which purchased a retail license and sold goods to members at low prices.¹⁵ The buying club, which sold mostly eggs, chickens, vegetables, and fruits, was more successful than the credit union, which, according to the North Carolina Fund's Pat Wallace, "never really got off the ground."¹⁶ At one point, Nathan Garrett, calculated that the credit union would need \$1 million in deposits to be sustainable; it is not clear how high the deposit level actually rose, but by 1969 the cumulative total of credit union loans was just slightly over \$5,000.¹⁷

UOCI's economic activities were quickly overshadowed by its more high-profile adventures in advocacy. The organization's confrontational stance toward those in power in Durham was apparent even before its official incorporation. Immediately following their first organizational meeting, in May, 1966, a portion of the 350 UOCI members attending that meeting marched into downtown Durham to protest the Durham school board's decision not to accept federal funding for Neighborhood Youth Corps and Headstart programs in the district. The board eventually reversed its decision, and UOCI claimed victory in the skirmish.¹⁸

This symbolic victory was not quite the beginning of UOCI's protest activities, and it was certainly not the end. Another major conflict, the so-called "Greenberg controversy," actually predated the school board fight, having begun in the summer of 1965. A landlord named Abe Greenberg bought a number of dilapidated houses in Durham's Edgemont neighborhood and promptly raised the rent on all of them. Members of the Edgemont Community Council wrote letters of protest to Greenberg and to Durham mayor Wense Grabarek, noting that the structures in question did not meet city housing codes. There was no response from either party, and the issue was disregarded for a time.¹⁹ In the spring of 1966, with the official creation of UOCI, the issue reemerged. Contact with Greenberg and Grabarek again produced no results, and in June UOCI members began to picket Greenberg's office in downtown Durham and eventually his home.²⁰ In early July UOCI packed a City Council meeting with members demanding that the city enforce its housing code. Julius Corpening, chair of Operation Breakthrough's board, finally brokered an agreement in which Greenberg promised to bring the houses up to code within ninety days. By October, the houses were not repaired and ECC members were threatening a rent strike. The City Council's decision to extend Greenberg's deadline in the face of more than one hundred silently protesting black Durham residents was a bitter disappointment for many.²¹

The picketing in the Greenberg controversy caused the first in a series of scandals for Operation Breakthrough. Howard Fuller had authorized the use of Breakthrough vehicles to transport picketers, and local media disapprovingly seized on OBT's role in the affair.²² The Office of Economic Opportunity cleared Operation Breakthrough of any violations in the incident but soon issued stricter restrictions on the use of CAA vehicles.²³ Operation Breakthrough argued that those involved in the dispute were UOCI members, and that UOCI's independence meant that OBT should not be held responsible for UOCI members' actions. Nonetheless, as this incident demonstrated, the affairs of Operation Breakthrough and UOCI were intertwined. This was particularly true during the course of the Greenberg controversy, which played out before UOCI received its funding from the North Carolina Fund and while it was still very dependent on OBT for support.

The Greenberg dispute did not reach a satisfactory resolution, but UOCI members were ready for the next battle. It came over another housing-related issue: the siting of a new public housing project in Durham. The dispute stemmed originally from the Durham Redevelopment Agency's eviction of residents to make way for the construction of a freeway through the Hayti neighborhood. UOCI members began meeting with the director of the Redevelopment Agency in the spring of 1966, hoping to prevent the relocations. They had limited success in postponing the evictions and reducing the rents that residents were paying to the Redevelopment Agency, but soon realized that they could not stop the relocations altogether.²⁴

Durham was experiencing an extremely tight housing market, and finding housing was especially difficult for poor black residents, who could not locate in many of the city's neighborhoods because of racially restrictive housing covenants. In part because of the need to relocate residents who were being displaced by the freeway, the Redevelopment Agency and

Housing Authority proposed a new public housing project for a site on Bacon Street in southeast Durham. Sensitized to the issue of housing and already in a dispute with the Housing Authority (the Authority had evicted a black tenant who had been organizing other single mothers to lobby for child care; the legal case that arose resulted in a U.S. Supreme Court decision on the rights of public housing tenants), UOCI protested the location of the new project. They felt that too much of the city's public housing was already located in the southeast, and that the Housing Authority was trying to create a "ghetto" and restrict blacks from living in other areas of the city.²⁵

The resistance to the Bacon Street project, which was perplexing to the city's white power structure, soon became fraught with the racial tensions that were playing out across the United States in the summer of 1967. At a packed City Council meeting on July 17, Howard Fuller warned the council that blacks were "frustrated." The next morning, the headline in the *Durham Morning Herald* was "ANOTHER 'NEWARK' THREATENED HERE," a reference to the contemporaneous race riots in Newark, New Jersey, the worst the country had seen since those in Watts. On the evening of the 19th, a UOCI meeting was held at St. Joseph's AME Church in Hayti. The meeting turned into a march downtown to city hall, where Ben Ruffin, UOCI's director, spoke. While the march was largely peaceful, six car and store windows were broken by members of the crowd. The destruction of property was prominently featured in the next day's newspapers, and the city's near-hysterical reaction – Mayor Grabarek asked the state to send members of the National Guard to patrol Durham's streets – led to another march the following evening. This march was also attended by local members of the Ku Klux Klan, and in the course of the evening, Ruffin was struck and injured by a thrown bottle.²⁶

The end result of this series of tense July evenings was the formation by the city of a special commission, the Carleton Committee, to discuss with UOCI the concerns of the poor

black community. In the following months, UOCI and Carleton Committee representatives met with the Housing Authority, the Redevelopment Agency, the Chamber of Commerce, the city Public Works Committee, the school board, the police department, the Recreation Advisory Committee, Duke Power, and the Durham Merchants Association. (UOCI members at these meetings were officially representing the “Citizens Action Committee,” an ad hoc group formed because of the concern that the meetings might jeopardize UOCI’s nonprofit status.) Some of the meetings were more productive than others. Many of the agencies simply promised to consider UOCI’s demands or to send them along the proper channels. Some, like Duke Power and the Merchants Association, promised cooperation. Others, like the school board, were openly hostile. To UOCI’s demand that the schools hire more black employees, one board member replied, “The Court says hire the best qualified. That means hire white.”²⁷

In October the City Council voted against pursuing the Bacon Street site, a victory for UOCI.²⁸ But the group had moved on to other concerns, including a new conflict with the Housing Authority. In December the Housing Authority raised the rents of a number of tenants and then refused to justify or systematically explain the rent increases. In response, tenants from four housing projects withheld their December rents, placing them in a trust fund established by a local lawyer. In early January, once a list of demands from the tenants alerted the Housing Authority to what was happening, the Authority sued UOCI, Operation Breakthrough, and the North Carolina Fund, gaining a restraining order from a superior court judge requiring the three organizations to “cease and desist soliciting, persuading, or advising any tenants occupying dwelling units owned by the Plaintiff under leases with the Plaintiff, to refrain from, avoid, or delay their payment of rent, and from collecting or attempting to collect any such rent from said tenants for any purpose.”²⁹ Operation Breakthrough and the N.C. Fund denied any involvement

(somewhat more convincingly on the part of the N.C. Fund), and UOCI maintained that its only role was “of an advisory nature.” Under legal pressure and threat of eviction, the tenants quickly ended the strike and the lawsuit was settled, but the willingness of the Housing Authority to go after all three organizations demonstrated that UOCI was not seen as fully independent by the organizations with which it interacted.³⁰

By mid-1968, a grassroots organization that had begun with twin goals of economic advancement and political advocacy had become notorious in white Durham for its activities in the latter category. The determination of Fuller and others to create an organization that was not beholden to federal funds had certainly resulted in a vocal advocate for the poor. But how much of UOCI’s activity would have been prevented by federal policies?

Regulatory Constraints

When the OEO’s Community Action Program was first organized, the guidelines published by CAP for the individual Community Action Agencies were, if anything, designed to push local organizations into being more radical than was their initial inclination. As we have seen, this was the case in Durham, where the planned moderate, service-delivery model added an element of community organizing in order to fulfill the requirements of maximum feasible participation. The original circulated draft of OEO’s call for applications included a strongly worded requirement that applicants “attach a statement describing the ways in which the maximum feasible opportunity to participate in program development, conduct, and administration will be provided to residents of the area and members of the groups to be served,” including preparation of the application, program direction, policy making, and participation as program employees.³¹

Meanwhile, the draft included only four ineligible expenditures: sectarian instruction or religious worship or practice; general aid to elementary or secondary education in any school or school system; “any activity for which expenditure was made or obligation incurred prior to the date of approval of a grant or contract by the OEO;” and “the construction of buildings and for the purchase of real property or motor vehicles except where they can be demonstrated to be essential to the carrying out of the proposed program.”³² A 1965 CAP guide for applicants again emphasized the importance of maximum feasible participation, and included two categories of additional ineligible expenditures: “any activity for which a fee is charged to beneficiaries or recipients of service in connection with the activity, except where the fee schedule has specifically been approved in advance by OEO” and “any partisan political activity intended to further the election or defeat of any candidate for public office.”³³

The restriction on partisan political activity echoed the requirements of another regulation affecting government-funded entities: the federal legislation known as the Hatch Act. The Hatch Act prohibited partisan political activity by any officer or employee of a government agency. It was more restrictive than the political restrictions on CAAs by OEO, because it not only restricted the use of federal funds but also restricted the private activities of government employees. Until late in 1966, the Hatch Act did not apply to agencies funded by the OEO; in 1965 the House had considered but rejected an amendment extending the Act to cover such organizations, demonstrating Congress’s belief that they were not already covered.³⁴ In December of 1966, however – just as the Greenberg controversy in Durham was dying down – the OEO issued a CAP memo notifying CAAs that amendments to the EOA extended the Hatch Act to “many of the employees of private agencies administering programs financed under the EOA.” In order to be covered, individuals had to be engaged in fulfilling duties having to do

with the CAA, and their position with the CAA had to be their primary job. The memo emphasized that the restriction only covered partisan political activities, meaning that campaigning for individuals in nonpartisan races and support of local referenda was not restricted.³⁵

Operation Breakthrough and UOCI members were aware of the restrictions on political activities and consciously used the separate status of the two organizations to justify their actions. According to Lonnie Wilson, an OBT employee:

We told people, “Okay, I’m a resident of North Durham. I’m a member of the council. So I can speak as a member of the council, and a member of Target Area B. I’m an employee of Operation Breakthrough but I’m also a member of my community.” And so a lot of the work was disguised by saying this is UOCI’s doing, but we still worked to organize the people and to mobilize the people.³⁶

This quote speaks to a willingness on the part of Operation Breakthrough to use UOCI to deflect attention from its activities, as well as to a certain uncertainty about what political activities were and weren’t allowed under CAP regulations.

More CAP memos followed. In June of 1967, a month before the tumultuous protests and ensuing advocacy in Durham, OEO issued two CAP memos. The first addressed riots, noting that the 1966 amendments to the EOA forbade the payment of OEO funds to anyone who had been convicted of “inciting, promoting, or carrying on a riot” or to any activity resulting in “material damage to property or injury to persons.”³⁷ This was the provision under which Howard Fuller was accused of misconduct after the events of July 17 through 19 in Durham. While Sargent Shriver, head of the OEO, initially supported Fuller, he eventually yielded to pressure and withdrew the portion of Fuller’s salary that was paid with OEO funds. George Esser, head of the North Carolina Fund, supported Fuller, as did a large number of prominent

Durham citizens, white and black, who believed that Fuller had done more to contain the crowd than to incite it. Operation Breakthrough was eventually cleared of misconduct by OEO.³⁸

The restrictions contained in CAP Memo 65 probably provide the strongest argument that UOCI was acting in ways that would have been anathema to the CAP, except that, given the institutional interrelationships between UOCI and OBT, it is difficult to see how OBT could have been cleared of the charge of supporting destruction of property without also clearing UOCI. It is important to note, as well, that no criminal charges stemmed from the incident. Still, some observers, including Pat Wallace of the North Carolina Fund, thought that a significant part of UOCI's effectiveness was the unstated, implicit threat of violence; if the organization had relied on federal funds, that implied threat may have been defused.³⁹

The other CAP memo issued in June, 1967, was an explication of the limits on lobbying activities by CAAs. This memo acknowledged the necessity of CAA involvement in government processes: "Many of the problems which cause or aggravate poverty are bound up with harsh or outmoded laws. Others can be most effectively attacked by the passage of new legislation. CA is thus inevitably concerned with the shape of the laws which affect the poor." However, there were some restrictions on lobbying activities for CAAs. Project funds could not be used to support:

- Activities which disrupted the orderly conduct of business by Congress or any other legislative body.
- Any demonstration, rally, or picketing aimed at family or home of a member of a legislative body for the purpose of influencing his actions as a member of that body.
- Any advertising campaign carried on through commercial media for purpose of influencing the passage or defeat of legislation.
- Campaigns of letter writing or other mass communication or visits to members of Congress or state legislatures for purposes of influencing action on legislation.⁴⁰

UOCI's activities did not flagrantly violate any of these restrictions. The organization's tactic of packing Durham City Council meetings, while certainly disconcerting for many council

members, was aimed at participation in the meetings, not disruption of them. Its demonstrations were generally held in downtown Durham, not outside legislators' homes. (While the organization was not averse to picketing homes, its targets – Greenberg and Stith – were not members of any legislative body.) It did not engage in any advertising or letter writing campaigns. Most of its “lobbying” activity was aimed at the conduct of city agencies, not at advancing specific pieces of legislation.

The CAP limitations on lobbying activity were in some ways not nearly as restrictive as the limitations placed on all charitable nonprofits. UOCI was such a nonprofit, and its funding from the North Carolina Fund was contingent upon its maintaining its nonprofit status.⁴¹ IRS regulations stated that charitable nonprofits could devote “no substantial part” of their activities to influencing legislation. The IRS regulation was broad and vague, and there was little available in the way of a definition of “no substantial part.”⁴² It was because of a fear that the meetings in the summer and fall of 1967 might violate the IRS regulations that UOCI created the Citizens Action Committee to participate in those meetings. CAC was a transparent front for UOCI, however; if UOCI had been challenged on the basis of its lobbying activity – there is no evidence that it ever was – it is unlikely that the CAC device would have afforded it much protection. Although UOCI was willing to skirt the edges of the restrictions on charitable organizations, the receipt of money from the North Carolina Fund was in this arena possibly more restrictive than federal funding would have been.

Had the policy environment remained static, it might be fair to say that UOCI gained nothing but its N.C. Fund grant by incorporating as a separate organization. But as community action programs were implemented across the country, the destabilizing potential of their organizing goals became apparent. Mayors of some cities with community action programs were

complaining as early as January, 1965, and by September President Johnson's budget director was warning him, "Many mayors assert that the CAP is setting up a competing political organization in their own backyards... we ought not to be in the business of organizing the poor politically."⁴³ Mayor Richard Daley of Chicago was more pungent, telling a Johnson staffer, "What in the hell are you people doing? Does the President know he's putting M-O-N-E-Y in the hands of subversives?"⁴⁴ As the War on Poverty progressed, publicized "scandals" and complaints about OEO programs grew, from "radical" community organizing techniques in Syracuse, to financial improprieties in New York City, to resistance to any steps towards integration in Mississippi. At the same time, the liberal consensus behind the civil rights movement was splintering, and many African Americans were moving toward "black power" strategies that mainstream whites found very frightening. The popular image of community action as a supporter of such strategies was becoming politically problematic for the OEO.

By 1967, conservatives in Congress who were opposed to the very existence of the OEO had seemingly lined up enough votes to kill the program entirely when it came up for reappropriation. At the last minute, a compromise was brokered when Congresswoman Edith Green of Oregon, a longstanding community action opponent, introduced an amendment that gave local governments that were unhappy with the policies and operation of the CAAs in their community the option of taking them over and running them. This dramatic reinforcement of the principle of local control brought support back to the CA program, and Congress reauthorized, and increased, OEO's funding.⁴⁵ The effect on the power dynamic between local governments and private CAAs was profound; CAAs like Operation Breakthrough now had a significant disincentive to participate in any activities that might alienate their local governments.

FCD and the Struggle for Funding

Many observers assert that, as a result of the Green amendment, Operation Breakthrough's focus moved away from community organizing and towards an exclusive concern with service delivery.⁴⁶ It was at this point that the existence of UOCI could have become a true asset to the cause of poor people in Durham. However, UOCI was finding that its independence did not mean that it escaped the difficulty of finding funding for its political activities. Its direct support from the North Carolina Fund ended in April, 1968, not long before the dissolution of the Fund itself. The plan was for the organization to find funding elsewhere.

One source was the Foundation for Community Development, which had been created in 1967 by the North Carolina Fund to carry on its activities, particularly in support of community organizing and economic development. FCD did support UOCI through 1969, as it supported a number of other community organizing efforts throughout the state that were modeled on UOCI, but FCD was on shaky financial footing and mired in a number of controversies of its own. Like UOCI, FCD as an organization was entirely black, and FCD staff members (including Howard Fuller) were linked to a number of skirmishes in North Carolina between law enforcement officials and (supposed) black militants. Soon, FCD was receiving as much negative press in Durham as UOCI ever had. Moreover, it was running out of money; by the end of 1969, with the funding from the North Carolina Fund entirely spent, FCD was desperate for an infusion of financial support. The Ford Foundation had indicated interest, and hope was high that they would provide substantial support to FCD, some of which would certainly go to help UOCI. Without the Ford support, FCD would go out of business.⁴⁷

At this point, one last federal regulation reared its head. The Tax Reform Act of 1969, which came into effect at the beginning of 1970, placed strict limits on the political actions of

private foundations. Prior to 1970, foundations had been limited by the same “no substantial part” language that had limited all nonprofits. After 1970, foundations were prohibited from making any expenditures on political lobbying (except on “self-defense” issues) or making grants to organizations which spent the money on lobbying. If violated, the prohibitions carried stiff financial penalties and the possibility of losing nonprofit designation entirely. The Ford Foundation was understandably concerned about providing funding for FCD’s community organizing efforts in light of the new regulations. George Esser, who had been the director of the N.C. Fund and was now acting as a liaison between FCD and Ford, composed a long memorandum in which he concluded that the new law’s prohibition on lobbying legislative bodies was particularly problematic for the kinds of local activities undertaken by UOCI and other groups supported by FCD, because the lack of separation of powers at the local level meant that potentially any contact with local government-related agencies was prohibited. Esser also concluded that, as foundations, both Ford and FCD were subjected to the law’s restrictions.⁴⁸ On January 13, FCD suspended funding to the nine community organizations it had been supporting in order to avoid violating the law. Esser helped broker a three-month grant of \$90,000 for FCD from Ford to keep the organization running while it decided on a course of action to take.⁴⁹

The new political restrictions were discussed at FCD’s board meeting on February 6. Nathan Garrett, FCD’s director, explained to board members that the organization would have to cease its organizing activities as they were currently structured and could certainly not expect support for those activities from Ford. The board found the situation dire. The group agreed that the new act was “discriminatory against the poor and the black.” Said one board member, “community organization is like a motor in an automobile, and we’ve lost our motor.” Another lamented, “What’s been legal seems to have always been bad for us folks anyways.” There was

some support for a motion to disband the organization entirely, but the motion ultimately failed.⁵⁰ Instead, over the course of the next month, FCD did the only thing it could do; it cut all funds for community organizing efforts from its proposal to Ford, leaving only some funds to be spent on leadership training. The focus of the grant proposal was shifted to FCD's economic development efforts, which were already being supported by two federal grants. Ford supported FCD to the tune of nearly \$1 million over the next two years.⁵¹

Conclusion

FCD's permanent shift away from community organizing left UOCI without its best prospect for funding its own advocacy efforts. In response, the organization continued to shift away from the advocacy which had been its hallmark and towards a program of economic activity, including a boycott of Durham businesses in 1968 and a major partnership with FCD to create black community capitalist efforts in Durham in the early 1970s. Individuals connected with the organization also took a more direct role in political activities for a time; Ann Atwater, a UOCI organizer, became an officer of the local Democratic Party in 1968.⁵²

UOCI's independence from federal funding could have allowed it to act in a much more radical fashion than Operation Breakthrough once the Green amendment limited the extent of the controversy Breakthrough was willing to undertake. But without an alternative source of funding for its organizing and advocacy efforts, UOCI was forced to move toward activities for which it could find funding. Thus, the irony of the creation of UOCI is that its most radical political actions took place while it was still entwined with the federally funded Operation Breakthrough, and that when true independence was needed and achieved, its political impact on Durham receded.

¹ Mosely, Samuel. *Poverty Politics and Political Transformations in North Carolina: A Comparative Case Study of Three Cities*. Ohio State University Ph.D. dissertation: 1989

² Gioia, Chris. “*How to Get Out of Hell by Raising It*”: *Race and Politics in Durham’s War on Poverty*. University of North Carolina BA thesis: April, 1996 (14). Gioia’s title is an allusion to one of the original evaluations of UOCI, written for the North Carolina Fund by Patricia Wallace in 1967.

³ Ibid, 7-8. Gioia makes a strong argument that the OEO’s position on maximum feasible participation pushed the North Carolina Fund and OBT into a more representative structure, although Nathan Garrett, at various times the Fund’s controller and deputy director, believes that the North Carolina Fund placed an emphasis on representation of the poor from the beginning of its operations. (Nathan Garrett, interview with the author, 12/2/02.)

⁴ Greene, Christina. “*Our Separate Ways*”: *Women and the Black Freedom Movement in Durham, North Carolina, 1940s-1970s*. Duke University PhD thesis: 1996 (254); Howard, Bertie and Steve Redburn. “UOCI: Black Political Power in Durham, 1968.” July, 1968 (8-9). Folder 4563, North Carolina Fund Papers #4710, General and Literary Manuscripts, Wilson Library, University of North Carolina at Chapel Hill (hereafter “N.C. Fund Papers.”) The fifth council, located in a public housing project, was most concerned with day care.

⁵ Greene, 234.

⁶ Mosely, 180-81.

⁷ Howard, 12.

⁸ Young, Paige. Untitled document on race issue and OBT (2). Folder 4422, N.C. Fund Papers.

⁹ Davidson, Osha Gray. *The Best of Enemies: Race and Redemption in the New South*. New York: Scribner, 1996. Also, Young, Paige, “Breakthrough – Participation of the Poor on the Board,” (3). Folder 4422, N.C. Fund Papers. Young describes one black landlord on the board who owned houses in “slum” areas and had “no intention to improve them, and as far as he’s concerned, other owners are within their rights not to, either.”

¹⁰ Grant transmittal to NC Fund Board, 3/23/67 (3). Folder 4561, N.C. Fund Papers.

¹¹ Ibid, 5,9.

¹² “Minority groups and the poor: their role in the community action process,” 5/5/67 (12). Folder 4433, N.C. Fund Papers.

¹³ Letter, George Esser to Ben Ruffin, 4/7/67. Folder 4574, N.C. Fund Papers.

¹⁴ Howard, 45.

¹⁵ “UOCI Description and History.” Folder 4561 N.C. Fund Papers.

¹⁶ Howard, 40.

¹⁷ Nathan Garrett to Elise Cunningham and Howard Fuller, 11/28/66. Folder 4574, N.C. Fund Papers; “Information sheet for captains in the UOCI fund-raising drive,” April, 1969. Folder 447, N.C. Fund Papers.

¹⁸ “UOCI Description and History”; Davidson, 171.

¹⁹ Wallace, Patricia. “How to Get out of Hell by Raising It: The Case of Durham.” North Carolina Fund: May, 1967 (7). Folder 4562, N.C. Fund Papers. Wallace attributes the Edgemont Community Council’s quiescence in the fall of 1965 and winter of 1966 to the fact that the neighborhood was going through a racial transformation, as more and more black residents moved to Edgemont. When the letters were written in the summer of 1965, the ECC was mostly white; when the issue resurfaced in the spring of 1966, the council was all black.

²⁰ Ibid. Protestors downtown carried signs saying, “GREENBERG, MY ROOF LEAKS,” “GREENBERG, FIX OUR HOUSES,” and “GREENBERG, MY HOUSE DOESN’T HAVE SCREENS.” At Greenberg’s home, protestors carried signs reading, among other things, “YOUR NEIGHBOR IS A SLUMLORD.” The racial character of the protest – and the protestors’ willingness to alienate Durham’s black elite – was expressed when UOCI members also picketed the house of Tom Stith president of black Southeastern Business College. These signs read,

“STITH, ARE YOU BLACK OR WHITE?” and “UNCLE TOM STITH.” Stith had tried to mediate the dispute, possibly because Greenberg had supported him in a recent campaign for local office.

²¹ Davidson, 182.

²² Ibid, 176.

²³ Howard, 17.

²⁴ Ibid, 19.

²⁵ Strange, John. “The Politics of Protest – the Case of Durham.” November, 1968 (16). Folder 7422, N.C. Fund Papers.

²⁶ Davidson, 199.

²⁷ “UOCI – 12/20/67.” Folder 4562, N.C. Fund Papers.

²⁸ Howard, 36.

²⁹ Watson, Vernaline. “The Durham Rent Strike.” 7/22/68 (4). Folder 7456, N.C. Fund Papers.

³⁰ Ibid, 6-7.

³¹ Office for Economic Opportunity. “Guide to Community Action Program Grants Authorized under Sections 204 and 205 of Title II-A, Economic Opportunity Act of 1964 [Draft for Discussion only].” 1964 (F-4). Folder 797, N.C. Fund Papers.

³² Ibid

³³ Office for Economic Opportunity. “Community Action Program Guide, Feb 1965, Volume 1: Instructions for Applicant.” February, 1965 (16). Folder 824, N.C. Fund Papers. The “maximum feasible participation” activities encouraged in this guide included formation of ‘grass-roots involvement’ committees, surveys by neighborhood workers, formation of citizen forums or block clubs, block elections, petitions, and referendums, newsletters and newspapers, and meetings of neighborhood leaders.

³⁴ Legal opinion, McKissick & Burt to North Carolina Fund, 8/4/66. Folder 315, N.C. Fund Papers. McKissick and Burt noted that even if the Hatch Act were amended to include groups receiving OEO funding, the North Carolina Fund itself, which also received direct OEO funding, would probably fall under an exemption for research, educational, and cultural institutions.

³⁵ “CAP Memo No. 50-A Re: Restrictions on Political Activities – Effect of New Legislation.” 12/1/66. Folder 315, N.C. Fund Papers.

³⁶ Gioia, 16.

³⁷ CAP Memo No. 65. Explanation of EOA Amendment Section 1201, 6/8/67. Folder 318, N.C. Fund Papers.

³⁸ Howard, 65; more than 25 letters of support for Fuller written to the North Carolina Fund can be found in Folder 319 of the N.C. Fund Papers.

³⁹ Howard, 60.

⁴⁰ CAP memo 66. Policy Guidance on Lobbying Activities, 6/10/67. Folder 318, N.C. Fund Papers.

⁴¹ Letter, George Esser to Ben Ruffin, 4/7/67. Folder 4574, N.C. Fund Papers.

⁴² In 1975, the IRS addressed this uncertainty by allowing charitable nonprofits to “opt in” to a classification which would allow their lobbying activities to be evaluated on the basis of the proportional amount spent on the activities, with clear guidelines on how much could be spent. The loss of charitable status generally means that donors to an organization cannot take deductions for those donations on their income taxes; in this case, the North Carolina Fund, as a public foundation, was also restricted in the kinds of organizations it could disburse its funds to, and could have gotten into trouble of its own if it had given money to a group that had lost its charitable status.

⁴³ Lemann, Nicholas. *The Promised Land: The Great Black Migration and How it Changed America*. New York: Knopf, 1991. (165)

⁴⁴ Ibid, 167.

⁴⁵ Matusow, Allen. *The Unravelling of America: A History of Liberalism in the 1960s*. New York: Harper & Row, 1984. (269)

⁴⁶ Mosely, 184.

⁴⁷ Price, Hugh. "FCD: A Unique Experiment in Community Development." March, 1972 (2). Folder 887, N.C. Fund Papers.

⁴⁸ Memo, George Esser to Nathan Garrett (director of FCD), 1/3/70. Folder 896, N.C. Fund Papers.

⁴⁹ Grant transmittal, Ford Foundation, for grant approved 3/17/70 (3). Folder 897, N.C. Fund Papers.

⁵⁰ FCD board notes taken by Lucy Watkins, 2/6/70. Folder 844, N.C. Fund Papers.

⁵¹ Nathan Garrett, who was executive director of FCD until 1971, attributes the final dissolution of FCD to the Ford Foundation's attempt to turn FCD into a community development corporation rather than a resource for other community organizations. When FCD's board rejected that vision for the organization, it was then "just a matter of winding down its affairs." (Garrett interview.)

⁵² Mosely, 186.