

Faith-Based Initiatives: Sacred Deeds and Secular Dollars

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President Bush's call for government partnerships with faith-based organizations raised little rancor on the campaign trail. But now, as lawmakers attempt to hammer out specific legislation, a more heated debate has surfaced in social service, religious, and policymaking communities. Questions about the legal implications of such partnerships, the capacity and effectiveness of religious groups to deliver services, and the effect of these partnerships on religious life in America are at the heart of this debate. Even in the evangelical community, where strong support was expected, criticism abounds.

In May 2001, the Urban Institute's Center on Nonprofits and Philanthropy and Harvard University's Hauser Center for Nonprofit Organizations continued their series of seminars on current issues, bringing together religious leaders, government officials, social service providers, and researchers to examine the political and social questions sparked by the White House initiative. Participants discussed the ways in which the new proposals for government and faith-based cooperation differ from past practices and identified the initiatives' potential pitfalls and strengths.

Most participants agreed that there is not, and never has been, a strict wall preventing church and state from working together (see box). Government and faith-based organizations have a long history of cooperation, and some faith-based organizations, such as Catholic Charities, Lutheran Social Services, and United Jewish Communities, rely extensively on govern-

ment funding to deliver services. What sets the new proposals apart from past practice is that for the first time pervasively religious groups, such as churches, mosques, and synagogues, can receive government funds directly rather than through a nonprofit organization affiliated with the congregation. This departure charts untested waters in church-state relations and assures further debate.

Faith-Based Proposals on the Policy Table

The proposals to encourage greater cooperation between government and faith-based organizations are modeled after Charitable Choice—a little-known section of the 1996 welfare reform legislation. Charitable Choice gives religious congregations the right to compete with other charities for government funds without masking their religious character. The statute forbids the use of public funds for worship or proselytization, but stipulates that the government cannot impose conditions of funding that would force a group to alter its religious character (such as requiring a drug treatment center to remove religious symbols from the walls or prohibiting soup kitchen staff and patrons from praying together before meals).

Congress added the Charitable Choice provision to the welfare reform bill just before the legislation passed, leaving little room for debate or public controversy. Legislators have since extended Charitable Choice to the Community Services Block Grant Program (1998) and to drug treat-

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How Separate Are Church and State in the United States?

Despite the perception that the United States has strict rules dividing “church” and “state,” the separation is much less firm than generally thought. Government and religious organizations have a long record of cooperation. Beginning in the early 19th century, many states and localities provided direct subsidies and voucher-based fee income to religiously affiliated hospitals, orphanages, schools, and colleges rather than establishing public institutions. Some advocates of these practices argued that government subsidies of this kind promoted democratic values. Others strongly disagreed, following the views of Jefferson and Madison in arguing for a strict separation between church and state.

Over the years, the Supreme Court has been asked to interpret the First Amendment’s Establishment Clause and the relationship between church and state. In a landmark case, *Everson v. State Board* 1947, the Court ruled in a five-to-four decision that public funds could be used to transport students to parochial as well as public schools. The Court found that such funding was directed at the student, not at a particular type of school. This precedent opened the way for public funding of school lunches at parochial schools and student loans used at religiously affiliated colleges and universities.

In recent rulings, the Court has increasingly loosened its interpretation of the separation of church and state. For example, states are allowed to provide financial support for secular services on parochial school property (*Agostini v. Felton* 1997) and supply educational materials and computers for secular-oriented programs in parochial schools (*Mitchell v. Helms* 2000). Justice Sandra Day O’Connor’s concurrence in *Mitchell v. Helms* was the decisive vote, and her opinion in this case cautions that the state may not provide funds for religious indoctrination—a principle that resonates in the current debates on faith-based initiatives.

ment and prevention programs (2000). A few states, including Indiana, Michigan, New Jersey, and Texas, have sponsored Charitable Choice programs, but so far relatively few faith-based organizations have applied for government funds.

President Bush’s proposal to expand Charitable Choice under his broader faith-based initiative could greatly increase participation. In addition to establishing the White House Office on Faith-Based and Community Initiatives, the administration has set up offices in five government agencies—the Departments of Education, Health and Human Services, Housing and Urban Development, Justice, and Labor—to identify barriers to government partnering with faith-based organizations and to encourage new arrangements.

President Bush’s proposed 2002 budget also earmarks funding for faith-based organizations. The Compassion Capital Fund, Bush’s largest budgeted faith-based initiative, allocates \$89 million to groups

wishing to expand or emulate model faith-based programs. The fund would allow states to use unspent welfare block grant funds to create a state income-tax credit that subsidizes private contributions to charities engaged in fighting poverty. In addition, the proposed 2002 budget earmarks funds for faith- and community-based groups in other areas, including \$67 million for programs that mentor children of prisoners; \$64 million to help strengthen fathers’ role in family life; and \$5 million to evaluate the effectiveness of faith-based prison prerelease programs. Of course, it is up to Congress to appropriate funding for these budget proposals, and much will depend on whether proponents can muster enough support.

Congress is also considering other faith-based legislation. The most sweeping proposal is the Community Solutions Act of 2001 (H.R. 7), introduced by Representatives J.C. Watts Jr. (R-OK), Tony P. Hall (D-OH), and Dennis J. Hastert

(R-IL). The bill, passed by the House on July 19, 2001, would give pervasively religious organizations the right to compete for federal grants and ensure that they are not required to abide by state and local anti-discrimination laws. It would also extend Charitable Choice to more areas of government and enact tax incentives that stimulate individual and corporate giving to faith-based groups.

Although not formally part of a faith-based initiative, The Savings Opportunity and Charitable Giving Act of 2001 (S. 592), introduced by Senators Rick Santorum (R-PA) and Joseph Lieberman (D-CT), proposes tax incentives for charitable giving. The bill, which is closely related to some proposals advanced by President Bush during his presidential campaign, would permit individuals who do not itemize their income taxes to deduct charitable contributions and would allow tax-free distributions from Individual Retirement Accounts (IRAs) for charitable pur-

poses. The bill's purpose is to stimulate charitable giving among individual donors rather than to create government-funded initiatives.

Points of Contention

In the course of the day-long roundtable, the discussion centered on four major questions: What are the legal implications of expanding church-state partnerships? Does the faith-based community have the capacity to deliver social services on a broad scale? Are faith-based programs more effective than secular programs? And will closer partnerships undermine the prophetic voice of religion in America? Differences in opinion quickly emerged.

What Are the Legal Implications?

Strong tensions surfaced as participants discussed the legal implications of the new faith-based initiatives. While a few critics dismissed the initiatives as simply unconstitutional and a violation of the First Amendment's Establishment Clause, many more participants expressed concern over specific legal issues: the difficulty of defining a "faith-based" organization, the selection of grantees among service providers of varying faiths, the process of auditing grantees, the possibility that clients might feel their beliefs are challenged or compromised in their efforts to obtain services, and the potential of these proposals to undermine civil rights laws mandating nondiscrimination in hiring.

The term "faith-based organization" is not well-defined. Some commentators see the term as a synonym for "religious"; others use the term to suggest a spiritual aspect of community life. The criteria for determining what constitutes a faith-based organization differ widely, and without a firm definition, attempts to establish

eligibility criteria are likely to create deep fault lines within the faith community. Some faith-based organizations worry that the proposed initiatives will pit one faith group against another as they vie for government funds. Others fear that funds will be directed to well-established Judeo-Christian faiths, leaving newer or controversial religions at a disadvantage. According to a recent study by the Pew Research Center, six in ten Americans favor government funding to Catholic, Protestant, and Jewish congregations, but fewer than four in ten favor public dollars going to Muslim, Buddhist, or Nation of Islam groups (see table). Proponents of the plan counter that the initiative's objective is not to define "faith-based" but to ensure that such organizations can compete on a level playing field with secular institutions.

The most controversial provision of the faith-based proposals concerns the prospect of funding groups that permit discrimination in hiring and employment practices on the basis of religion. Research shows that this issue also troubles many Americans. Nearly 80 percent of survey respondents oppose giving government funds to organizations that discriminate on religious grounds (see table). Currently, religious organizations, such as churches, mosques, and synagogues, are exempted from laws that forbid the hiring and firing of employees on the basis of religion or adherence to religious tenets. Charitable Choice allows religious organizations to retain this exemption in competing for grants and contracts and providing government-subsidized services. Critics question the legality of granting public subsidies to programs that discriminate on the basis of religion and fear that such precedents could weaken the antidiscrimination laws fought for by civil rights leaders. Sup-

porters see the main goal as improving service outcomes and argue that the hiring exemption is necessary to preserve the unique "faith" element of the service.

The issue of waivers prompted additional discussion. Participants worried that states might exempt faith-based organizations from particularly costly or onerous requirements, such as hiring a medical doctor at a drug treatment center. If offered extensively, such waivers could help religious organizations deliver services at lower costs than secular organizations and might give them an unfair competitive advantage over other faith-based and secular organizations that do not, or cannot, take advantage of the exemption. Critics contend that extensive use of such waivers might lower quality and undermine standards.

Does the Faith Community Have Sufficient Capacity?

Although the administration supports expanding faith-based partnerships, it has provided little guidance on how to implement these programs. H.R. 7 would make religious organizations subject to the same regulatory and accounting standards as other non-governmental organizations, but it does not specify how the government will apply these standards or who will be responsible for enforcing them.

Many religious leaders worry that the majority of faith-based groups lack adequate infrastructure and experience to meet government funding requirements. Indeed, most social ministries of local congregations operate with very limited staff or rely on volunteers (Chaves 1999; Printz 1998; and Cnaan 1997). In many instances, these organizations do not have the capacity to identify funding opportunities, write proposals, manage multiple funding streams, report their

TABLE 1. Who Should Be Eligible for Government Funds?

Do you favor or oppose funding for	Percentage who said		
	Favor	Oppose	Don't Know
Charitable religious organizations	69	26	5
Individual houses of worship	60	35	5
Groups that encourage religious conversion	32	59	9
Groups that only hire people of their faith	18	78	4
Catholic churches	62	32	6
Protestant churches	61	31	8
Jewish synagogues	58	34	8
Evangelical Christian churches	52	35	13
Mormon churches	51	41	8
Muslim mosques	38	46	16
Buddhist temples	38	46	16
Nation of Islam	29	53	18
The Church of Scientology	26	52	22

Source: National survey conducted March 5–18, 2001. Pew Research Center for the People and the Press.

activities to funders, and deliver their social service programs. Capacity issues can be particularly acute in lower-income neighborhoods—where assistance is often needed most.

The intrusion of government auditors into a religious group's financial affairs also poses concerns. If a congregation commingles its funds with government funds, the government would have the right to review all financial records. Some participants view such audits as a doorway to increasing government involvement in church operations. One way to address this concern is to keep government funds for social service programs in separate accounts or to establish a separate nonprofit 501(c)3 organization, a common practice among large religious congregations that undertake economic development and social service activities. As long as congregations separate the finances of public activities from those of religious

activities, the government can audit only funds related to government grants and contracts.

But even if congregations separate their funding streams, the line between service provision and worship can be fuzzy. What constitutes proselytizing and how can regulators distinguish whether government funds are used inappropriately? Will government funds be substituted for other sources of income? For example, if a congregation begins to receive government dollars to support its service delivery programs, the congregation can use the money previously allocated for service delivery for other activities, such as for worship services or building repairs. Determining which pool of money supports which activities can be problematic.

Given the limited capacity of many religious congregations and deep-seated concerns about government intrusion, many participants supported developing capacity-

building programs and technical assistance for faith-based organizations. Such government-sponsored programs could help religious groups acquire the necessary management, financial, and reporting skills. Other participants, however, noted that such assistance could be considered preferential treatment if these programs were not made available to secular charities.

Are Faith-based Programs More Effective than Secular Ones?

Expanding Charitable Choice would make 350,000 houses of worship eligible to compete for government funds. However, the Bush administration's proposed budget requests modest levels of new funding for narrowly targeted programs. Thus, greater competition for existing funds could simply redivide the pie into smaller pieces. Whether that competition would produce better program outcomes remains to be seen.

Even if the proposed tax incentives succeeded in boosting private giving to supplement government funds, there is little evidence that faith-based groups do a better job than secular organizations in social service provision (Goodstein 2001). Research is under way on the capacity and effectiveness of faith-based programs, but this new area of research will entail a sharp learning curve. How do you measure "faith"? What are appropriate outcomes of "success"? As one participant noted, the research designs for these early evaluations are likely to be "messy" and "difficult to analyze."

Will Religion's Prophetic Voice Be Silenced?

The harshest critics of the new faith-based initiatives assert that these pro-

grams are less about faith than about further shifting the responsibility for social service provision from the federal government to community-based groups. They caution that the new faith-based initiatives could be a Trojan horse for the faith community—an appealing way to expand its social ministries, but filled with unknown dangers. Houses of worship that find themselves mired in red tape, unable to deliver quality services, or dependent on federal dollars to continue their programs could lose their ability to speak out against social injustices and moral concerns. Without this prophetic voice, religious organizations stand to lose their unique place as a critic and check on government. “Speaking truth to those in power”—or using the pulpit to advocate for change—has a long history and tradition in U.S. church-state relations. As one participant stated, “Would the civil rights movement have developed if religious leaders had relied on government funds? Would black ministers have challenged discriminatory practices so boldly, and if they had, could the government have silenced their opposition simply by snapping its purse strings?”

Taking the Next Steps

Research and experience have not firmly established the potential gains or pitfalls in expanding Charitable Choice. Evidence of discrimination against faith-based providers is not well documented, and many faith-based groups have continued the

time-tested pattern of creating a separate 501(c)3 nonprofit organization to receive and administer government funds. Receiving government support directly under the provisions of Charitable Choice raises administrative, and possibly legal, challenges for the faith community. How many congregations and other faith-based groups will choose to forge this new ground remains to be seen.

President Bush’s foray into expanding faith-based policies has sparked serious and thoughtful discourse on church-state relations. The questions surfacing reflect a host of political, philosophical, and religious differences about ways to help the poor and address social issues. They also reflect the practical realities of organizational capacity, leadership, and political power.

Along with policymakers, two groups have important roles to play in framing the outcomes. Researchers need to provide systematic analysis of the capacity and effectiveness of faith-based programs and move the debate beyond anecdotal evidence. The faith community needs to explore the ways they can work together to expand capacity and give voice to common concerns. Religious leaders, because of denominational and philosophical differences, do not always speak with one voice, but they can encourage and facilitate debate and dialogue, essential ingredients in our democratic system of government.

Religion has played an important role in American history, and the current debates on church-state relations

represent a new chapter. Further discussion of faith-based initiatives will reveal not only the strengths and weaknesses of these new arrangements, but also the political compromises necessary to gain support for such measures. As one participant noted, “If not Charitable Choice, then what?” The real challenge is to create public policy that can build on the traditions of church-state relations in the United States, preserve the unique religious character of congregations, and protect the civil rights and personal freedoms of those being served. More fundamentally, today’s faith-based debates provide an opportunity to engage the public in a dialogue about the kinds of policies and programs that can systematically and effectively address the needs of the poor and alleviate poverty.

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