

ruitful

# A Survey of Government-Funded Faith-Based Programs in 15 States

Collaborations

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**A Survey of Government-Funded**  
**Faith-Based Programs in 15 States**



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## EXECUTIVE OVERVIEW

From early 2001 to spring 2002, Hudson Institute researchers undertook an examination of faith-based contracting for social services in 15 states.<sup>1</sup> Researchers attempted to determine how many contracts each state (or local government agencies within the state) held with faith-based organizations (FBOs), including houses of worship, under the four federal social welfare programs regulated by the charitable choice guidelines.<sup>2</sup> The information gathered from this study was published in mid-2002 in the *Collaborations Catalogue: A Report on Charitable Choice Implementation in 15 States*. The study found 587 FBOs holding a total of 726 contracts totaling nearly \$124 million dollars.<sup>3</sup>

From April 2002 through June 2002, under contract with Hudson, the Bliss Institute, a non-partisan research unit at the University of Akron in Akron, Ohio, conducted a survey of the FBO contractors identified in the *Collaborations Catalogue* to assess how their relationship with government was faring. Contractors were asked about the genesis of the relationship, benefits of the collaboration, and any problems they had encountered. The survey also covered the FBOs' opinions about different aspects of charitable choice and their practices in complying with the charitable choice rules. In total, 389 faith-based contractors were interviewed.

The survey gets to the heart of several key, controversial issues regarding charitable choice. Will FBOs that take government funds compromise their religious character? Will FBOs adequately protect clients' civil liberties? Can FBOs find ways to navigate the charitable choice guidelines, remaining true to their faith and faithful to the law? Will religious groups lose their prophetic voice if they receive money from the state? Will services to clients suffer as FBOs invest time managing government "red tape"? In short, will such government-faith community collaborations actually work?

Much of the debate on these queries has been based on opinion, conjecture, and anecdote rather than hard data. This report seeks to remedy this lacunae with information "straight from the horse's mouth"—in-depth interviews with a wide variety of leaders of faith-based organizations engaged in government contracting under charitable choice.

### Key Findings

- ☞ Just over three-quarters of the contractors were faith-based nonprofits, the rest were congregations.
- ☞ These organizations varied significantly in their size and religious affiliation, though small groups dominated (56 percent have fewer than 15 employees) and 42 percent of the contractors identified themselves as Evangelicals.
- ☞ Over half (56 percent) were "new participants;" that is, they had only begun contracting after 1996 (when the charitable choice guidelines were passed).

-  Overall, the contractors indicated strong satisfaction in their relationship with government. Ninety-three percent stated that their experience had been “very” or “somewhat” positive and 92 percent said they would contract with government again in the future.
-  The contractors report few problems with government intrusiveness or with the applications process.
-  The most common complaint concerned the burdensomeness of government reporting requirements (29 percent said these were a “considerable” or “great” burden).
-  No one state stood out as a particularly “poor performer” in faith-based contracting and no systematic problems were uncovered.
-  The funding provided to these groups is making a significant impact. Eighty-seven percent of the faith-based contractors indicated that contract funds had enabled them to serve more clients. Sixty-eight percent reported that the contract had underwritten a new program; 76 percent said it allowed them to expand an existing program; and 65 percent said it enabled them to add a new component or enhanced service to an existing initiative.
-  Three-quarters of the contractors said that charitable choice’s promise to provide clients with a secular alternative was very important; sixty-seven percent indicate that charitable choice’s hiring protections are “very” or “somewhat” important to them.
-  Some three-quarters of the contractors agree on the importance of charitable choice’s attempt to create a level playing field for religious providers; and over 70 percent highly value the right charitable choice gives them to control their mission and governing board.
-  The faith-based contractors appear to be active in complying with the charitable choice rules and safeguarding the civil liberties of clients through numerous, explicit strategies. Seventy percent segregate their government funds from their private ones. Sixty percent provide specialized training on the charitable choice guidelines for staff and volunteers. Fifty-seven percent hold inherently religious activities at times separate from the government-funded programs.
-  Only nine percent of the faith-based contractors reported any clients leaving their program for an alternative one.
-  Less than six percent of the contractors agreed with commonly expressed fears, including that public money will compromise FBOs’ religious

mission, displace private funds, or limit FBOs' ability to criticize the government.

- ✎ The principal problem uncovered by the survey, instead, concerned the fact that charitable choice language is not being inserted into the actual contract documents written with FBOs (only about half the groups indicated that their contracts specifically included the guidelines).

In summary, the survey findings offer surprising information on who is taking advantage of charitable choice; highlight the positive impact of government-faith collaboration on extending care for the poor; show that FBOs are making a concerted effort to comply with the charitable choice requirements, and indicate that faith-based contractors are satisfied with their relationship with government. Our findings dispel many of the critics' fears about charitable choice, but also suggest a few areas where improvement is clearly warranted.

## INTRODUCTION

Like mom and apple pie, compassion is not usually controversial. Good Samaritans of every color and creed, performing single or sustained acts of kindness among the poor and hurting, are appreciated. But throw government money into the picture and a heated debate begins. President Bush's faith-based initiative has unleashed such a debate, generating scores of media stories, dozens of conferences, millions of philanthropic research dollars, legislative proposals on Capital Hill, new courses on college campuses, and even a few books. For many, the topic raises fundamental questions about how best to serve low-income citizens, religious liberty and the separation of church and state, and the proper roles of the public and private sectors in addressing social problems.

Government funding of religious social service providers has a long history, especially at the state and local levels. This fact has caused some commentators to wonder just what is novel about this issue. But, indeed, there is much that is new. The landmark 1996 federal welfare reform law enacted new guidelines to regulate the relationship between faith-based organizations (FBOs) and government. Known as the "charitable choice" provisions, these new guidelines were crafted to address two specific problems: discrimination against some FBOs that desired to compete for public funding of their social service programs, and threats to the religious character of FBOs by the "strings" attached to some government funds.

Charitable choice creates a level playing field for FBOs and houses of worship to compete for public funding by insisting that government agencies not disqualify such groups from competition simply because they are religious. In addition, the guidelines protect the religious character of FBOs that obtain public contracts. Specifically, FBOs retain control over their governing board, may maintain a religious atmosphere in their facilities, and retain their right (from the 1964 Civil Rights Act) to consider faith in hiring decisions. Taken together, the provisions create a more faith-friendly climate for potential collaboration between public welfare agencies and FBOs.

The charitable choice guidelines also safeguard clients' civil rights. If a client does not wish to receive services from a faith-based group, the government must provide her an alternative. Moreover, FBOs that receive direct funding from government cannot make religious activities mandatory and they cannot spend public funds for purposes of "sectarian worship, instruction, or proselytization" (although they are free to use private dollars to underwrite such activities).<sup>4</sup>

Charitable choice passed with little fanfare in 1996, tied with the new national welfare program, Temporary Assistance to Needy Families (TANF). The guidelines (with slightly different wordings) were subsequently attached to additional federal social welfare programs: the Department of Labor's Welfare to Work initiative in 1997, the Community Services Block Grant (CSBG) in 1998, and the Substance Abuse and Mental Health Services Administration (SAMHSA) in 2000.

Although both major party presidential candidates in the 2000 election endorsed charitable choice, public attention increased dramatically once President Bush and the Congress made concrete proposals. Supporters of the “faith-based initiative” have asserted that putting public funds into the hands of competent FBOs is commonsense policy that will benefit the poor. Critics argue that sending tax dollars to such religious programs is unconstitutional. Debate has not fallen along familiar political lines. Rather, critics and defenders are found among Republicans and Democrats, liberals and conservatives, within and outside of the faith community.

Several key issues are at the heart of the controversy. Will FBOs that take government funds compromise their religious or spiritual character? Will FBOs adequately protect clients’ civil liberties? Can FBOs find ways to navigate the charitable choice guidelines, remaining true to their faith but also faithful to the law? Will religious groups lose their prophetic voice if they receive money from the state? Will services to clients suffer as FBOs invest time dealing with government “red tape”? In short, will such government-faith community collaborations actually work?

**O**ur findings offer surprising information on who is taking advantage of charitable choice; highlight the positive impact of government-faith collaboration on extending care for the poor; show that FBOs are making a concerted effort to comply with charitable choice requirements; and indicate that faith-based contractors are satisfied with their relationship with government. Overall, the survey dispels many of the critics’ fears about charitable choice, but also suggests a few areas where improvement is clearly warranted.

Many words have been spoken and much ink spilled over these and related queries. But much of this debate has been based on opinion, conjecture, and anecdote rather than hard data. This report seeks to remedy this lacunae with information “straight from the horse’s mouth”—in-depth interviews with a wide variety of leaders of faith-based organizations engaged in government contracting under charitable choice. Our survey of nearly 400 such leaders addresses the most pressing questions of the debate.

Our findings offer surprising information on who is taking advantage of charitable choice; highlight the positive impact of government-faith collaboration on extending care for the poor; show that FBOs are making a concerted effort to comply with charitable choice requirements; and indicate that faith-based contractors are, overwhelmingly, satisfied with their relationship with government. Overall, the survey dispels many of the critics' fears about charitable choice, but also suggests a few areas where improvement is clearly warranted.

## ABOUT THE STUDY AND AUTHORS

The Hudson Institute's Faith in Communities initiative, and associated scholars with the Center for Public Justice, have been examining the issue of government-faith collaboration since 1996. The co-author of this report, Amy Sherman, has published the first two major studies tracking the implementation of charitable choice (*The Growing Impact of Charitable Choice* [Center for Public Justice, 2000] and *Collaborations Catalogue: A Report on Charitable Choice Implementation in 15 States* [Hudson Institute, 2002]). Both reports sought to identify who was contracting with government under charitable choice, where such partnerships were forming, and what services were being offered. 587 faith-based contractors holding 726 current or recent contracts were identified in the *Collaborations Catalogue*. Leaders of these FBOs were the target of the present study, which seeks to gain understanding about how they are faring in their relationship with government.<sup>5</sup>

For this work, Hudson turned to co-author John C. Green of the Bliss Institute, a non-partisan research unit at the University of Akron in Akron, Ohio. Green has developed considerable expertise over the last two decades in surveying leaders of religious groups from a wide range of faith traditions. Best known for his work on religion and public affairs, he has published widely in scholarly and popular venues, and is widely quoted in the press. For this study, Green developed the questionnaire, directed the survey, and analyzed the data.

## THE SURVEY

In the spring of 2002, the Survey Research Center at the University of Akron surveyed 587 leaders of FBOs with government contracts under federal programs regulated by charitable choice. This list included all of the organizations with such contracts in 15 states derived from the *Collaborations Catalogue*. (The fifteen states under study were: Arkansas, California, Colorado, Florida, Illinois, Indiana, Massachusetts, Michigan, Mississippi, New York, Ohio, Oklahoma, Texas, Virginia, and Wisconsin.) A total of 359 interviews were completed by telephone and an additional 30 interviews were completed by mail, for a grand total of 389. Thus, two-thirds of the original list of contacts was successfully interviewed. If the 90 individuals with whom no contact was made were excluded (due to wrong telephone numbers), the response rate was 78 percent. The margin of error in this survey is plus or minus 5 percent.

The major challenge in this survey was reaching these very busy people. We are deeply grateful for the time and efforts the respondents gave to this undertaking. Some people

we contacted refused to participate in the survey because they did not regard their organization as “faith-based,” despite the fact that government officials defined their organizations in that fashion. Other individuals refused to participate because they did not believe their organization had a government contract.<sup>6</sup>

Overall, the characteristics of the FBOs interviewed closely resembled the original list from the *Collaborations Catalogue*, suggesting no significant bias in the results. The fifteen states were originally selected for their geographic location, size, and ethnic diversity. They also represent states with a wide range of welfare implementation efforts and differing client profiles (large versus small caseloads, primarily urban versus predominantly rural, etc.). States like California, New York, and Illinois were selected in part because of the presence there of major metropolitan centers with very large welfare caseloads (New York City, Chicago, Los Angeles). Thus, given the wide variety of states chosen, the survey covers the range of experiences with charitable choice. Nonetheless, the results may not be completely representative of the nation as a whole.

## **CHARACTERISTICS OF THE FAITH-BASED CONTRACTORS SURVEYED**

Table 1 (see next page) offers a description of some of the basic characteristics of the faith-based contractors surveyed. Seventy-eight percent of the organizations were nonprofit agencies associated with various religious traditions and 22 percent were congregations. Thus, nonprofits outnumbered congregations almost four-to-one in the fifteen states under study.

### *Affiliation*

The religious affiliation of the respondents was diverse, especially among the nonprofits. About one-sixth of the nonprofits were directly connected with an evangelical Protestant denomination (such as the Southern Baptist Convention or the Assemblies of God). Almost as many were nondenominational organizations, most of which were clearly part of the evangelical Protestant tradition. Another one-tenth was part of the Salvation Army, an evangelical denomination with a special mission to carry out charitable programs. If these three groups were combined, then just over 40 percent of the nonprofits surveyed were associated with evangelical Protestantism.

Nonprofits directly linked to historically black Protestant denominations (such as the Church of God in Christ and the African Methodist Episcopal) made up two percent of the total, and mainline Protestant denominations (such as the United Methodist and the Evangelical Lutheran Church in America) accounted for another one-tenth. Ecumenical groups were twice as numerous, at 20 percent of all the nonprofits. A large proportion of these ecumenical nonprofits derived their principal support from mainline Protestant denominations. This category also includes the tiny number of groups from outside the Judeo-Christian tradition. Roman Catholic nonprofits, principally Catholic Charities, made up more than one-quarter of the total and were the single largest kind of nonprofit. Jewish groups rounded out the picture with three percent.

The congregations had a different religious profile. Here almost one-third were churches in evangelical denominations, and almost one-quarter were nondenominational evangelical churches. Historically black Protestant denominations made up about one-eighth, and mainline Protestant churches also accounted for nearly one-third of the congregations. Ecumenical and Catholic congregations combined for the remaining five percent of the total.

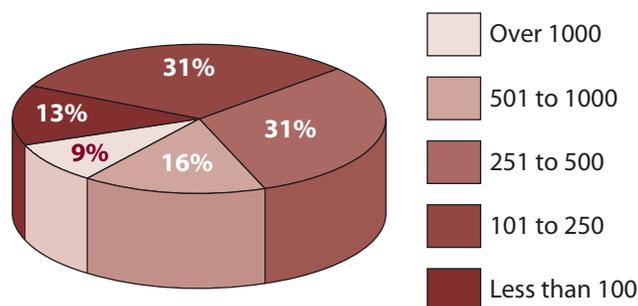
**Table 1: Organizational Characteristics**

<b>Type of Group</b>	<b>All</b>	<b>Nonprofits</b>	<b>Congregations</b>
	<b>100%</b>	78%	22%
<b>Religious affiliation</b>			
Evangelical Protestant	<b>21%</b>	16%	39%
Nondenominational Prot.	<b>16%</b>	14%	24%
Salvation Army	<b>8%</b>	11%	—
Mainline Protestant	<b>14%</b>	10%	32%
Ecumenical	<b>17%</b>	20%	3%
Catholic	<b>22%</b>	27%	2%
Jewish	<b>2%</b>	3%	0%
<b>Date Founded</b>			
After 1990	<b>20%</b>	23%	10%
1980-1990	<b>17%</b>	22%	24%
Before 1980	<b>63%</b>	55%	66%
<b>Paid Staff</b>			
0	<b>4%</b>	3%	8%
1-5	<b>28%</b>	22%	48%
6-10	<b>14%</b>	12%	19%
11-15	<b>10%</b>	10%	8%
16-50	<b>20%</b>	22%	13%
51-100	<b>8%</b>	9%	4%
Over 100	<b>7%</b>	22%	0%
<b>Annual Budget</b>			
Less than \$100,000	<b>14%</b>	12%	20%
\$100,000 to \$249,999	<b>20%</b>	14%	41%
\$250,000 to \$499,999	<b>16%</b>	15%	20%
\$500,000 to \$999,999	<b>14%</b>	16%	11%
\$1,000,000 to \$4,999,999	<b>22%</b>	25%	8%
Over \$5,000,000	<b>15%</b>	19%	0%
<b>Number of Volunteers</b>			
0 to 5	<b>21%</b>	15%	42%
6 to 10	<b>13%</b>	11%	21%
11 to 25	<b>19%</b>	20%	18%
26 to 50	<b>14%</b>	16%	9%
51 to 100	<b>11%</b>	11%	9%
101 to 500	<b>12%</b>	16%	1%
Over 500	<b>10%</b>	13%	0%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

Figure 1A provides some additional information on the congregations in this study. Most of these congregations were small and medium-sized. About one-eighth had less than 100 members, and about one-third each were found in the 101 to 250 member and the 251 to 500 member categories. Twenty-five percent had more than 500 members. Nine percent of the congregations examined were very large, with more than 1000 members.

**Figure 1A: Size of Congregations**



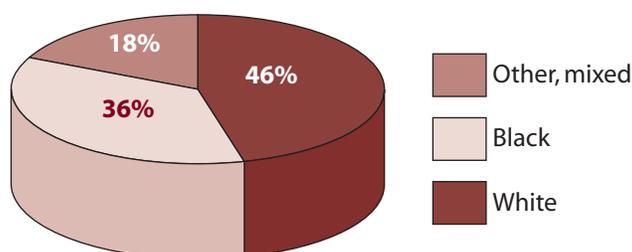
Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

As Figure 1B indicates, there was also considerable ethnic diversity among the congregations. Although congregations in the historically black Protestant denominations made up a small portion of the total, many of the other congregations (including evangelical congregations) were predominantly minority. For instance, more than one-third of all

**M**inority churches were more active in government contracting than were white congregations.

the churches were composed principally of African-American members, and nearly one-fifth (18 percent) were predominantly Hispanic, Asian, Native American, or ethnically mixed congregations. Less than one-half of the congregations were predominantly white. Thus, minority churches were more active in government contracting than were white congregations.

**Figure 1B: Ethnicity of Congregations**



Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

The religious diversity of the nonprofits and the Protestant tendency of the congregations combined to produce a wide spectrum of religious groups associated with social service contracts in the fifteen states studied. Overall, evangelical Protestants made up about two-fifths of all the groups; historically black denominations and mainline Protestants one-sixth; ecumenical organizations a little more than one-sixth; and Catholics and Jews almost one-quarter of the total.

### *Age*

About 20 percent of these organizations were founded after 1990 and slightly fewer between 1980 and 1990. Thus, almost two-thirds were in existence before 1980, a pattern that is especially strong for congregations.

### *Size*

These organizations varied enormously in size. One measure of size is the number of paid staff. Overall, about one-third of the FBOs surveyed employed less than five staff and only about one-sixth had more than fifty; in short, nearly 50 percent fell between five and fifty staff members. The congregations tended to have fewer staff members than the nonprofits, with more than 50 percent reporting five or fewer employees, and none exceeding one hundred. Nonprofits covered a broader range, with almost as many having below five employees (25 percent) as having over one hundred employees (22 percent).

There was similar variation in the size of the organizations' operating budgets. Overall, 14 percent of these groups reported an annual budget of less than \$100,000 while 15 percent exceeded \$5 million. Roughly the same proportion fell in each of the ranges of \$100,000 to \$249,999; \$250,000 to \$499,999; \$500,000 to \$1 million, and \$1 million to \$5 million. As with paid staff, congregations tended to have smaller budgets than the nonprofits, with approximately 60 percent reporting an annual budget of less than \$250,000—compared to 25 percent of the nonprofits.

### *Volunteers*

Many of the faith-based contractors use volunteers to carry out their programs, supplementing and amplifying their paid staffs. The number of volunteers enlisted varies greatly among the groups, no doubt reflecting the kinds of services offered. (Indeed, these data must be viewed with some caution because the organizations surveyed counted volunteers in somewhat different ways.) Overall, one-third of the organizations reported 10 or fewer volunteers per year, two-thirds reported 50 or less, and one-third more than 50. Congregations had markedly fewer volunteers, with nearly two-thirds reporting 10 or fewer, and just one percent claiming more than 100. Nonprofits tended to have more volunteers, with more than one-quarter reporting 100 or more—and many of the largest nonprofits claiming thousands of volunteers on an annual basis.

### *Finances*

Table 2 provides information on the degree to which FBOs rely on government funding. Overall, nearly one-half of the groups receive 50 percent or more of their funds from public sources. As one might expect, the figures for congregations are much lower than those for nonprofits: 76 percent receive less than one-tenth of their total revenues

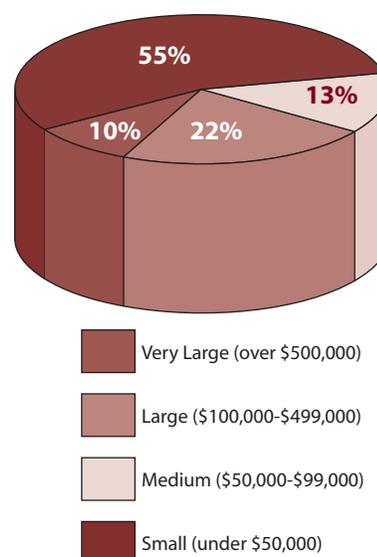
from the government. Only 11 percent rely on government to provide more than half of the operating budget. The nonprofits are more varied in their reliance on government funds. Just one-fifth receives ten percent or less of their total revenue from public sources, and the same proportion obtain 75 percent of their funds from the government.

**Table 2: Reliance on Government Funding**

	All	Nonprofits	Congregations
<b>% total budget from government funds</b>			
Less than 10%	<b>33%</b>	21%	76%
10% to 24%	<b>12%</b>	14%	6%
25% to 49%	<b>17%</b>	20%	7%
50% to 74%	<b>20%</b>	25%	5%
75% to 99%	<b>14%</b>	17%	6%
100%	<b>4%</b>	4%	0%
<b>% program budget from government funds</b>			
Less than 25%	<b>18%</b>	14%	33%
25% to 49%	<b>15%</b>	17%	8%
50% to 74%	<b>22%</b>	25%	10%
75% to 99%	<b>27%</b>	28%	22%
100%	<b>18%</b>	15%	28%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

**Figure 2: Size of Contracts**



Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

## CHARACTERISTICS OF GOVERNMENT CONTRACTS

Table 3 (see next page) reports the characteristics of the government social service contracts these organizations held at the time of the study.<sup>7</sup> More than nine of every ten contractors had just a single contract, and those with multiple contracts were heavily concentrated among the nonprofits. Although the size of the contracts varied, most were relatively small (see Figure 2). For example, more than one-half of the contracts were under \$50,000 and less than one-tenth were greater than \$500,000. Congregations tended to hold more of the smaller contracts, with 70 percent at \$50,000 or less. Indeed, the very large contracts were concentrated among the nonprofits. It is worth noting, however, that a majority of the nonprofits held contracts of less than \$50,000 as well.

Government contracts were only one source of funding for the programs carried out by these organizations. For 82 percent of the FBOs, the contracts covered less than the total program cost. As Table 2 above shows, the contracts covered 100 percent of the costs of the contracted social service program for less than one-fifth of the groups. In other words, mixed funding was most common; approximately 80 percent of the FBOs held

**Table 3: Contract Characteristics**

	All	Nonprofits	Congregations
<b>Number of Contracts</b>			
Single	<b>92%</b>	90%	99%
Multiple	<b>8%</b>	10%	1%
<b>Amount of Contracts</b>			
\$10,000 or less	<b>20%</b>	15%	38%
\$10,000 to \$49,999	<b>35%</b>	36%	32%
\$50,000 to \$99,999	<b>13%</b>	14%	10%
\$100,000 to \$249,999	<b>13%</b>	15%	9%
\$250,000 to \$499,999	<b>9%</b>	9%	9%
\$500,000 to \$1,000,000	<b>4%</b>	5%	0%
Over \$1,000,000	<b>5%</b>	6%	4%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

contracts that paid for less than the total cost of the program. Though some critics worry that FBOs might pursue government funding for selfish gain (i.e., primarily to increase their organization’s resources rather than primarily to offer services), in fact many FBOs are in effect subsidizing the government’s anti-poverty efforts. Our data reveal extensive public-private partnerships in social service contracts in the fifteen states studied.

***New versus Old Participants***

Over half of the FBOs surveyed became active in government contracting only after 1996, when the charitable choice guidelines were passed (see Table 4). Overall, one-fifth of the respondents were involved in their very first contract. Forty-four percent of the FBOs studied had considerable experience with government contracting and had been engaged in such since prior to 1996—some for decades. Once again, there was a sharp difference between congregations and nonprofits. Almost one-half of the congregations were in their first contract ever, and nearly as many had experience only back to 1996. A mere ten percent had been active before 1996. The nonprofits showed nearly an opposite pattern: just one-eighth of the respondents were in their first contract, one-third had contracts since 1996, and more than one-half had been active before then. For purposes of subsequent analysis, we will define groups with contracts since 1996 as “new participants” in social service contracting, and groups active before 1996 as “old participants.”

**Table 4:  
Experience with Government Contracting**

	All
First Contract ever	20%
Contracts since 1996	35%
Contracts before 1996	44%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

just one-eighth of the respondents were in their first contract, one-third had contracts since 1996, and more than one-half had been active before then. For purposes of subsequent analysis, we will define groups with contracts since 1996 as “new participants” in social service contracting, and groups active before 1996 as “old participants.”

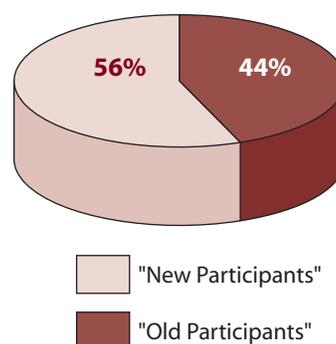
## CHARACTERISTICS OF THE PROGRAMS

### Number of Clients

Both the size of the organization and the contract amount are related to the number of clients served by the organization. Table 5 lists the number of reported clients served (or expected to be served) under the contracts in place at the time of the study. Overall, a little more than one-third of the groups served 100 or fewer clients in a year; one-fifth served 101 to 500 clients; one-eighth served 501 to 1,500 clients, about one-sixth assisted 1,501 to 5,000 clients, and another one-sixth over 5,000 clients. As with reported volunteers, the over 5,000 category contains many large organizations that served very large numbers of clients on an annual basis.

Congregations tend to server fewer clients than nonprofits: one-half of the congregations reported 50 or fewer clients, and only one-tenth reported more than 500. By contrast, about one-sixth of the nonprofits had 50 or fewer clients, and more than one-half had more than 500.

**Figure 3:**  
Experience with Government Contracting



Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

**Table 5: Program Characteristics**

	All	Nonprofits	Congregations
<b>Number of clients</b>			
1 to 50	23%	17%	51%
51 to 100	13%	11%	18%
101 to 500	21%	21%	21%
501 to 1500	13%	15%	4%
1501 to 5000	16%	20%	5%
Over 5000	14%	17%	1%
<b>Degree of interaction with clients</b>			
Limited	49%	43%	68%
Extensive	51%	57%	32%
<b>Degree of engagement in fighting poverty</b>			
Less broadly active	38%	35%	52%
Very broadly active	62%	65%	48%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

As one might imagine, all these measures of organizational size were closely related to one another. Indeed, the paid staff, annual budget, amount of contract, and number of volunteers formed a single dimension of organizational size.<sup>8</sup> To facilitate subsequent analysis, we have divided this dimension into thirds, isolating the largest organizations (which we will label “large”) and the smallest organizations (“small”). We will use these large and small organizations to assess the impact of size on other questions asked in the survey. (The responses of interviewees from FBOs in the “middle-sized” category nearly always fell between the responses provided by interviewees from large and small organizations.)

Table 5 (see preceding page) presents two other simple measures of the types of programs offered by these organizations. The first is a measure of the degree of interaction the organizations had with their clients. Based on an analysis of the types of programs conducted by the groups, we designated organizations as having “limited” or “extensive” interaction with their clients. FBOs involved in job training or substance abuse recovery programs, for example, were labeled as extensive whereas those operating thrift stores or providing emergency transportation were categorized as limited. If we were uncertain as to how best categorize a specific social service, as often as possible we re-contacted the agency to ascertain additional information to ensure accurate labeling. Based on these procedures, essentially one-half of the organizations each fell into the limited and extensive interaction categories.

These numbers mask some major differences, though. Two-thirds of the congregations fell into the limited interaction category. But these figures reflect, in large part, Illinois’ “Front Door” program that involves numerous churches that have only limited interaction with clients. When the Front Door churches are excluded, the percentage of congregations involved in limited interaction programs drops by ten percentage points, from 66 percent to 56 percent. Of course, this means that still less than half (44 percent) are operating programs with extensive client interaction. These figures contrast with the nonprofits, 57 percent of which operate extensive engagement programs and 43 percent, programs with limited client interaction.

The final entry in Table 5 seeks to assess the overall approach of the faith-based contractors to fighting poverty. The respondents were asked to indicate which of the following anti-poverty strategies their organization engaged in: advocacy; community development; spiritual growth/personal empowerment; training/education; support services; and referral services. Many of the faith-based contractors reported being involved in most of these types of programs. Accordingly, we labeled groups that claimed to be involved in five or six of these approaches as “very broadly active” in anti-poverty efforts. We then labeled all the remaining groups as “less broadly active” in anti-poverty programs. Overall, some three-fifths of the FBOs were in the very active category. Just under 50 percent of the congregations, and almost two-thirds of the nonprofits, were in this category.

## **TYPES OF FAITH-BASED ORGANIZATIONS**

As noted above, government officials in the fifteen states under study designated the contractors we surveyed as “faith-based organizations.” The definition of such an organi-

zation varied from state to state—and was not necessarily accepted by the organizations themselves. Indeed, a small number of organizations refused to participate in the survey because they did not regard themselves as “faith-based.” Moreover, FBOs vary substantially in the degree to which their faith commitments are explicit. Thus, it was worthwhile to develop a measure of the types of faith-based organizations based on questions asked in the survey itself.

For this purpose, we used two different types of questions. First, we asked the respondents to describe the role faith commitments played in the delivery of services. Second, we asked respondents to describe the characteristics of their programs that bear directly on the role of faith. These two approaches yield two different kinds of information: the intended approach to services delivery and the actual practices of the organizations. We will use both kinds of information to define different types of faith-based organizations.

We first asked respondents to describe their organizations’ overall approach, using the following question, the answers to which are reported in Table 6 (see next page):

*Which of the following best describes the faith dimension of your organization’s social service programs?*

***Not Relevant.** Our faith commitments are not revealed in our work with clients in this program.*

***Passive.** Our faith commitments are revealed through the act of caring for our clients rather than by any explicit mention of religious or spiritual matters in the program.*

***Invitational.** Our faith commitments are explicitly mentioned to our clients and they are invited to inquire more fully about religious or spiritual matters outside of the program.*

***Relational.** Our faith commitments are explicitly mentioned to our clients and our staff seeks to establish personal relationships that involve religious or spiritual matters outside of the program.*

***Integrated.** Our faith commitments are an explicit and critical part of our work with clients, but our staff respects the right of clients to not participate in the religious or spiritual aspects of the program.*

***Mandatory.** Our faith commitments are an explicit, critical, and mandatory part of our work with clients who choose to participate in the program.*

The respondents were allowed to offer their own verbatim description if none of these categories seemed accurate. However, we were able to recode nearly all such responses into one of the pre-selected categories. Several respondents noted that two or more of these options described one or another aspect of the government-funded program. Indeed, we might have had somewhat different results if we had asked respondents to choose all the categories that might have applied.

Overall, one-fifth of the organizations surveyed claimed that faith was “not relevant” to their programs. No doubt some of the respondents represented groups that rejected the government’s label of “faith-based” and were secular in their approach and outlook. In this sense, contractors that did not really belong in this study may have inflated the “not relevant” category. However, there were numerous organizations that chose the “not relevant” response that are clearly faith-based, including some Catholic Charities’ affiliates and evangelical Protestant churches. It is certainly possible for religious organizations to deliberately choose not to reveal their faith commitments in their delivery of services. For example, faith-based organizations may provide services because they believe God directed them to do so, and thus may regard their faith as unrelated to the service delivery itself. Interestingly, the “not relevant” category is much less common among congregations than nonprofits.

### Table 6: The Role of Faith in Programs

*Which of the following best describes the faith dimension of your organization’s social service programs?*

	All	Nonprofits	Congregations
Not Relevant	<b>20%</b>	22%	9%
Passive	<b>45%</b>	46%	45%
Invitational	<b>8%</b>	9%	6%
Relational	<b>11%</b>	6%	28%
Integrated	<b>15%</b>	16%	11%
Mandatory	<b>&lt;1%</b>	<1%	1%
<b>Legend</b>			
<b>Not Relevant.</b> Our faith commitments are not revealed in our work with clients in this program.			
<b>Passive.</b> Our faith commitments are revealed through the act of caring for our clients rather than by any explicit mention of religious or spiritual matters in the program.			
<b>Invitational.</b> Our faith commitments are explicitly mentioned to our clients and they are invited to inquire more fully about religious or spiritual matters outside of the program.			
<b>Relational.</b> Our faith commitments are explicitly mentioned to our clients and our staff seeks to establish personal relationships that involve religious or spiritual matters outside of the program.			
<b>Integrated.</b> Our faith commitments are an explicit and critical part of our work with clients, but our staff respects the right of clients to not participate in the religious or spiritual aspects of the program.			
<b>Mandatory.</b> Our faith commitments are an explicit, critical, and mandatory part of our work with clients who choose to participate in the program.			

*Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)*

The largest category for both nonprofits and congregations is “passive,” where the organization’s faith commitments are revealed indirectly through acts of charity and service to the needy. A little less than one-half of both groups describe themselves this way. A passive approach may reflect the type of services delivered. Some programs, such as referring clients to other agencies or distributing food, may involve only limited interaction with the clients and thus offer no opportunity for a fuller expression of faith. Also,

many of these organizations may see their services as a potent witness of faith to clients. Any response to that witness is left up to the client's own initiative.

If the first two categories are combined, more than 50 percent of the respondents claimed to not explicitly express their faith commitments as part of their service delivery. In contrast, the next three categories involved more explicit religious expression in service delivery. Eight percent of respondents identified their approach as "invitational," where faith commitments are clearly stated and clients are invited to inquire about religious or spiritual matters outside of the program. Eleven percent chose the label "relational" as the best description of their approach. Here faith commitments are clearly stated and the staff seeks a personal relationship with the client that involves religious or spiritual matters outside of the program. Interestingly, the "relational" category is especially large for congregations.

A considerable proportion of the FBOs (15 percent) selected the label "integrated," meaning that their faith commitments are clearly stated and inherently religious aspects are central to the program, but that they respect the right of clients not to participate in those program components. The choice of three options may give the false impression that the more expressive FBOs are not numerous. But when combined, these three categories made up one-third of the total. These approaches were more common among congregations (45 percent), rivaling the passive category in size.

The final category in Table 6 is very rare: "mandatory" participation in inherently religious activities for all clients who wish to be part of the program. This approach is feared by critics of publicly funded faith-based social services and is largely prohibited under government contracts. But at least among the contractors in the fifteen states under study, this approach is almost non-existent.

Our second approach to defining the faith-based character of the organizations was to ask about actual practices and beliefs, the results of which are reported in Tables 7 and 8. The items presented in Table 7 (see next page) concern what we have titled as the "religious expression" of faith-based contractors. The first item asks about the importance of

**O**verall, some 70 percent of the FBOs surveyed regard spiritual transformation of clients as "very" or "somewhat important," and less than one-half as many, 30 percent, believe it is unimportant.

spiritual transformation in their work with clients. Overall, some 70 percent of the FBOs surveyed regard spiritual transformation of clients as "very" or "somewhat important," and less than one-half as many, 30 percent, believe it is unimportant.

Congregations are more likely to regard spiritual transformation as important than nonprofits. This kind of difference between the nonprofits and congregations runs through the rest of Tables 7 and 8.

**Table 7: Questions Related to Religious Expression**

	All	Nonprofits	Congregations
<b>Spiritual transformation of clients is:</b>			
Very important	41%	38%	52%
Somewhat important	30%	31%	25%
Not very important	12%	13%	8%
Not at all important	18%	19%	14%
<b>Mission statement is explicitly religious:</b>			
Strongly agree	23%	21%	31%
Agree	28%	29%	25%
Neutral	6%	6%	5%
Disagree	32%	32%	31%
Strongly disagree	12%	13%	7%
<b>Staff are available to discuss religious or spiritual matters with clients:</b>			
Strongly agree	23%	19%	37%
Agree	49%	50%	46%
Neutral	10%	11%	7%
Disagree	13%	15%	8%
Strongly disagree	5%	6%	2%
<b>Optional religious programming is available to clients:</b>			
Strongly agree	13%	13%	15%
Agree	37%	33%	49%
Neutral	6%	7%	4%
Disagree	29%	29%	29%
Strongly disagree	15%	18%	2%
<b>Explicit religious content in programs, but clients can opt out:</b>			
Strongly agree	9%	8%	12%
Agree	23%	21%	27%
Neutral	12%	12%	14%
Disagree	35%	35%	32%
Strongly disagree	21%	24%	14%
<b>Our staff regularly asks clients if they would like to join in religious activities outside of the program:</b>			
Strongly agree	5%	3%	11%
Agree	18%	18%	19%
Neutral	10%	10%	9%
Disagree	35%	33%	40%
Strongly disagree	33%	36%	21%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

The remaining items in Table 7 are descriptions of the respondents' opinions on various "religious expression" questions, listed in a rough order of agreement. More than one-half of the faith-based contractors agree or strongly agree that their "staff is available to discuss religious or spiritual matters with clients." Interestingly, here the "agree" category is much larger than the "strongly agree."

A little more than one-half of the organizations agree or strongly agree that their mission statement is explicitly religious and slightly fewer disagree or strongly disagree. About one-half of the groups overall agree or strongly agree with the statement "optional religious programming is available to clients." Agreement declines quickly on the remaining items. Overall, less than one-third of the organizations agreed that their program has "explicit religious content but clients can opt out." Finally, a little more than one-fifth of the groups agree or strongly agree that their staff "regularly asks clients if they would like to join in religious activities outside of the program."

Alert readers may sense an apparent contradiction between the organizations' self-description, presented in Table 6, and their report of "expressive" practices in Table 7. To pick just one example, one-fifth of the respondents claimed their staff regularly invited clients to join religious activities outside of the program, but only 8 percent chose the label "invitational" as the best description of the role faith plays in their agency. Of course, it is possible that there is conflict between how some respondents describe themselves and how they actually behave. A more likely possibility is that these practices play different roles in the organizations' activities. For example, in a program that is passive by design, invitations to clients may result from private initiative of staff members, whereas in an invitational or integrated program such invitations may be central to the program design. Recall that the FBOs were asked to pick just one descriptor—additional FBOs may indeed pursue an "invitational" strategy at times but saw themselves *best* described by one of the other labels offered. Thus, the apparent contradictions between the two kinds of information may reflect an enormous variety of specific approaches to faith-based programs.

The items in Table 8 (see next page) relate to what might be called "organizational distinctiveness;" that is, the ability of organizations to maintain their distinctive faith commitments while receiving government contracts. The first item deals with the faith commitments of the organization's governing board: more than one-half of the faith-based contractors agree or strongly agree that the members of their board hold the faith-commitments of the organization. The next two items concern the faith commitments of staff and volunteers. In both cases, more than one-half the groups report that "all" or "most" of their paid or volunteer personnel share the same faith commitment as the organization. These numbers are markedly higher among congregations—nearly three-quarters of the total.

The final item is a bit of a surprise, given the results earlier in the table: less than one-third of the contractors surveyed agree or strongly agree that their organization considers faith commitments when hiring staff. Indeed, a majority of the nonprofits disagree or strongly disagree with this statement. Although the congregations are more likely to

**Table 8: Questions Related to Organizational Distinctiveness**

	All	Nonprofits	Congregations
<b><i>All of the members of our governing board share the faith commitments of our organization.</i></b>			
Strongly agree	<b>23%</b>	19%	36%
Agree	<b>39%</b>	39%	40%
Neutral	<b>8%</b>	9%	4%
Disagree	<b>23%</b>	24%	18%
Strongly disagree	<b>8%</b>	10%	8%
<b><i>How many of your paid program staff share the faith commitments of your organization?</i></b>			
All	<b>31%</b>	24%	57%
Most	<b>24%</b>	26%	19%
Some	<b>19%</b>	20%	14%
Few	<b>7%</b>	8%	4%
No idea	<b>19%</b>	22%	7%
<b><i>How many of your program volunteers share the faith commitments of your organization?</i></b>			
All	<b>25%</b>	16%	57%
Most	<b>32%</b>	36%	16%
Some	<b>15%</b>	16%	12%
Few	<b>5%</b>	5%	5%
No idea	<b>23%</b>	27%	11%
<b><i>In hiring decisions, we do consider the potential employee's faith commitments.</i></b>			
Strongly agree	<b>8%</b>	7%	11%
Agree	<b>22%</b>	19%	36%
Neutral	<b>10%</b>	9%	14%
Disagree	<b>32%</b>	34%	24%
Strongly disagree	<b>28%</b>	31%	16%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

agree with the statement, almost an equal proportion disagrees. This finding suggests that the presence of staff members who share the organization's faith-commitments may arise more from self-selection than by organizational design.

**T**he presence of staff members who share the organization's faith-commitments may arise more from self-selection than by organizational design.

How do these faith-based characteristics fit together? Statistical analysis reveals that the items in Table 6 and Table 7 combine for a single dimension reflecting the degree to which the organizations engage in religious expression as part of service provision. The same analysis reveals that the items in Table 8 also form a single dimension reflecting the degree to which the organizations maintain religious distinctiveness in their staff and directors.<sup>9</sup> By bisecting and cross-indexing these two dimensions, we can produce a single, four-fold typology of organizations in terms of the role of faith in their operations. This typology combines the self-descriptions from Table 6 with the reported practices in Tables 7 and 8. The results are presented in Table 9.

**Table 9: Types of Faith-based Organizations**

	All	Nonprofits	Congregations
Non-Expressive	<b>27%</b>	30%	15%
Quiescent	<b>26%</b>	26%	24%
Vocal	<b>21%</b>	23%	14%
Fully Expressive	<b>27%</b>	21%	47%

*Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)*

We have chosen to call the first group “Non-Expressive.” These faith-based contractors score low on both the religious expression and organizational distinctiveness dimensions. Nine of ten of these organizations described their faith commitment as “not relevant” or as “passive,” and they engaged in few expressive practices. Indeed, many of these organizations might not be easily recognizable as “faith-based” in terms of their activities. The Non-Expressive are tied as the largest category over all at a little over one-quarter of our sample. They are twice as numerous among nonprofits as among congregations. Although the Non-Expressive are religiously diverse, Catholic Charities and ecumenical nonprofits make up almost two-thirds of this category. Three-fifths of the Non-Expressives are large organizations and old participants. More than one-half of them had extensive interaction with their clients and nearly as many had broad anti-poverty activity.

We have called the next group the “Quiescents.” They also score low on religious expression, but high on organizational distinctiveness. Two-thirds of this group described their approach as passive, but they also engaged in some expressive practices. The Quiescents

are easily recognizable as faith-based because of their personnel (most of their board, staff, and volunteers share the organization's faith commitments). They thus represent a quiet but consistent presence of faith. Making up about one-fourth of the total, the Quiescents are about as equally numerous among nonprofits as they are among congregations. The Quiescent category is the most religiously diverse one, with roughly comparable representation of the major religious traditions. This category contains nearly as many small organizations as large ones, and some two-thirds are new participants to government collaboration. The Quiescents resemble the Non-Expressives in terms of extensive interaction with their clients, but are more broadly engaged in anti-poverty efforts.

We have called the next group the "Vocal Inclusives" because they score high on religious expression, but low on organizational distinctiveness (though not as low as the Non-Expressives). Almost one-half of this group described themselves as "passive," but almost as many claimed to be "invitational," "relational," or "integrated." Most engage extensively in expressive practices. Their lack of organizational distinctiveness is complicated: they tend to care about their board members' religious affiliations, and have many employees who espouse the same faith. However, they tend not to use faith as a basis of hiring and their volunteers may not share the organization's faith commitments. What seems to be going on among the Vocal Inclusives is a distinction between the organization, which reflects unique faith commitments, and many of its helpers, who may not. The largest single group in this category (30 percent) is the Salvation Army—the "soldiers" are evangelical Christians, but the holiday "bell ringers" and thrift shop employees often are not. The Vocal Inclusives are the smallest category overall and are more numerous among nonprofits than congregations. This group is also religiously diverse, but contains more Protestants than the Non-Expressive and Quiescent (and, as mentioned, is headlined by the Salvation Army). In this category, old participants with a long history of government contracting are the majority. The Vocal Inclusives score lowest in terms of extensive interaction with clients, but pursue a broad range of anti-poverty activities (advocacy, referrals, education and training, etc.).

The final category is the "Fully Expressive." These are faith-based contractors that score high on both religious expression and organizational distinctiveness. Four-fifths of this group described themselves as "invitational," "relational," or "integrated," and their practices matched these descriptions. No one could deny they are "faith-based." Indeed, this category closely fits the image of such groups among supporters and critics of publicly funded faith-based social services.

The Fully Expressives are tied with the Non-Expressives for the largest category overall, at a little over one-quarter of the total FBOs under study. The Fully Expressive group includes almost one-half of the congregations; indeed, congregations outnumber nonprofits two-to-one in this category. Black, other minority, and mixed congregations are concentrated in this category. The Fully Expressive category contains the most evangelical Protestant groups (nearly two-thirds) and thus is something of a mirror to the Non-Expressive sector, which contains mainly Catholic Charities and ecumenical nonprofits.

**T**he Fully Expressive group includes almost one-half of the congregations; indeed, congregations outnumber non-profits two-to-one in this category. Black, other minority, and mixed congregations are concentrated in this category.

Almost one-half are small organizations and three-quarters are new participants. This category is evenly divided in terms of the extensiveness of interaction with clients (i.e., roughly half operate programs with extensive engagement with clients and half programs with limited client contact). The Fully Expressive FBOs are less broadly engaged in anti-poverty strategies. For ease of subsequent presentation, we will frequently contrast the responses from interviewees in the Non-Expressive and Fully Expressive categories because responses from individuals from FBOs in the other two categories tend to fall in-between them.

In sum, we find a wide diversity of organizations engaged in social service contracts in the fifteen states under study. Most are nonprofits but congregations make up a small but distinctive component. There are a variety of new and old participants representing a broad diversity of religious traditions. These organizations vary dramatically in size, and also in terms of the extensiveness of their engagement with clients and the breadth of their anti-poverty efforts. Perhaps most interesting is the diversity in the role faith commitment plays in the organizations' activities. Here we find a range of approaches, from the Non-Expressive to the Fully Expressive.

## **IMPACT OF GOVERNMENT CONTRACTS**

Table 10 (see next page) reports the impact of current social service contracts on the activities of the FBOs surveyed. The impact appears to have been substantial. Overall, two-thirds of the respondents claimed that the government-funded contract allowed them to create a new program and three-quarters noted that it allowed them to expand an existing program, often one not previously supported by public funds (see sidebar on page 27 for examples). Almost ninety percent of the organizations claimed the contract had allowed them to serve more clients, and nearly two-thirds reported that government dollars had allowed for the addition of a new component to an existing program. Even the most pessimistic reading of these numbers would suggest that government contracts had a major impact on the level and type of programming offered to disadvantaged citizens by these organizations.

**T**wo-thirds of the respondents claimed that the government-funded contract allowed them to create a new program and three-quarters noted that it allowed them to expand an existing program, often one not previously supported by public funds. Almost ninety percent of the organizations claimed the contract had allowed them to serve more clients, and nearly two-thirds reported that government dollars had allowed for the addition of a new component to an existing program.

**Table 10: Impact of Government Contract(s) on Programs**

	ALL	ORGANIZATION		PARTICIPANTS		SIZE	
		Nonprofits	Congregations	Old	New	Large	Small
<i>Contract allowed for:</i>							
A new program	<b>68%</b>	68%	67%	71%	66%	79%	62%
An expanded program	<b>76%</b>	81%	56%	86%	68%	91%	61%
Service to more clients	<b>87%</b>	89%	79%	91%	84%	94%	84%
A new component	<b>65%</b>	70%	48%	74%	58%	80%	43%
	ALL	CLIENT INTERACTION		ANTIPOVERTY ENGAGEMENT			
		Extensive	Limited	Broad	Narrow		
<i>Contract allowed for:</i>							
A new program	<b>68%</b>	72%	64%	72%	64%		
An expanded program	<b>76%</b>	82%	68%	80%	69%		
Service to more people	<b>87%</b>	90%	84%	92%	79%		
A new component	<b>65%</b>	72%	56%	70%	56%		

*Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)*

## ASSESSING THE RELATIONSHIP WITH GOVERNMENT

What about the faith-based contractors' experience working with government in the fifteen states under study? Table 11 (see next page) presents the respondents' assessments of their experience. Fully 93 percent of the FBOs expressed satisfaction. Overall, nearly one-half reported that their experience with government was "very positive" and 46 percent claimed a "somewhat positive" experience. Nonprofits were a bit more positive in their evaluation than were congregations, with almost one-fifth of the latter reporting a "somewhat negative"

**O**verall, nearly one-half of the FBOs reported that their experience with government was "very positive" and 46 percent claimed a "somewhat positive" experience.

or "very negative" experience. Old participants and large organizations reported modestly more positive experiences than new participants or small organizations, but the differences are small. The largest difference occurred by type of faith-based organizations: the Fully Expressive offered a more positive assessment than the Non-Expressive.

The next three items consider special sources of complaint about the government: intrusion of government officials into the organization's activities, difficulty in applying for contracts, and burdensome reporting requirements. Overall, the faith-based contractors did not see government officials as intrusive: more than three-fifths claimed there had been "very little intrusion" and about one-third reported only "some intrusion." Congregations gave the government mostly higher marks in this regard than did nonprofits (this is probably related to the fact that congregations, on the whole, hold smaller contracts for less client-intensive services). Similarly, new participants, small groups, and those with limited client interaction and a more narrow breadth of antipoverty engagement also claimed less intrusion than their older, larger, more extensively engaged counterparts.

### WHAT DIFFERENCE DID GOVERNMENT FUNDING MAKE?

#### FBOs WERE ENABLED TO LAUNCH NEW PROGRAMS:

- ✎ A family shelter and weekend soup kitchen
- ✎ Nutrition counseling; weight "weigh-down" workshop
- ✎ A homeless shelter providing job training, transportation and housing
- ✎ Life skills training for ex-offenders

#### FBOs ENHANCED EXISTING PROGRAMS WITH ADDITIONAL COMPONENTS:

- ✎ A women's shelter and sexual abuse program
- ✎ "Wheels for Work" (vehicles for low income workers)
- ✎ "Dress for Success" component to job training program
- ✎ Emergency Food Pantry

#### FBOs EXTENDED THE REACH OF THEIR PROGRAMS:

- ✎ Added a thousand meals to a food distribution program
- ✎ Doubled the number of battered women served, from 16 to 32
- ✎ Added one hundred teenagers to a recreation program
- ✎ Added a new eight-week training program for 8-19 clients

Contrary to what might have been expected, the Fully Expressive organizations found officials modestly less intrusive than did the Non-Expressive.

**Table 11: Assessing the Relationship with Government**

	ALL	ORGANIZATION		PARTICIPATION		SIZE	
		Nonprofits	Congregations	Old	New	Large	Small
<b>Experience with government:</b>							
Very positive	<b>47%</b>	48%	42%	49%	45%	48%	50%
Somewhat positive	<b>46%</b>	47%	40%	47%	44%	50%	36%
Somewhat negative	<b>5%</b>	3%	11%	3%	7%	2%	8%
Very negative	<b>2%</b>	1%	7%	<1%	4%	0%	6%
<b>Intrusiveness of officials monitoring contract:</b>							
Very little intrusion	<b>62%</b>	61%	65%	55%	67%	51%	70%
Some intrusion	<b>32%</b>	33%	35%	36%	27%	38%	23%
Considerable intrusion	<b>5%</b>	5%	7%	7%	4%	10%	6%
Great intrusion	<b>2%</b>	1%	3%	2%	2%	1%	1%
<b>Difficulty in applying for a contract:</b>							
Very little difficulty	<b>55%</b>	54%	60%	54%	56%	48%	61%
Some difficulty	<b>37%</b>	38%	33%	42%	34%	46%	33%
Considerable difficulty	<b>5%</b>	5%	3%	3%	7%	3%	5%
Great difficulty	<b>2%</b>	3%	1%	1%	3%	2%	2%
<b>Burden of reporting requirements:</b>							
Very little burden	<b>27%</b>	24%	38%	18%	34%	13%	39%
Some burden	<b>44%</b>	47%	36%	52%	38%	51%	34%
Considerable burden	<b>20%</b>	20%	18%	21%	21%	22%	15%
Great burden	<b>9%</b>	10%	8%	11%	7%	14%	11%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

**O**verall, the faith-based contractors did not see government officials as intrusive: more than three-fifths claimed there had been “very little intrusion” and about one-third reported only “some intrusion.”

Overall, the respondents also reported little difficulty in applying for contracts. More than one-half claimed “very little difficulty” and better than one-third just “some difficulty.” New participants did have more trouble than old participants. Ten percent of

**Table 11(cont.): Assessing the Relationship with Government**

	ALL	CLIENT INTERACTION		ANTIPOVERTY ENGAGEMENT		FAITH TYPE	
		Extensive	Limited	Broad	Narrow	Expressive	Non-Expressive
<b>Experience with government:</b>							
Very positive	<b>47%</b>	48%	45%	46%	48%	50%	42%
Somewhat positive	<b>46%</b>	45%	46%	47%	45%	39%	50%
Somewhat negative	<b>5%</b>	3%	11%	5%	6%	7%	5%
Very negative	<b>2%</b>	1%	7%	3%	2%	4%	3%
<b>Intrusiveness of officials monitoring contract:</b>							
Very little intrusion	<b>62%</b>	59%	65%	58%	68%	65%	59%
Some intrusion	<b>32%</b>	34%	28%	34%	28%	14%	33%
Considerable intrusion	<b>5%</b>	7%	4%	7%	3%	9%	5%
Great intrusion	<b>2%</b>	1%	3%	2%	1%	2%	3%
<b>Difficulty in applying for a contract:</b>							
Very little difficulty	<b>55%</b>	52%	58%	52%	61%	55%	62%
Some difficulty	<b>37%</b>	42%	32%	40%	32%	38%	31%
Considerable difficulty	<b>5%</b>	4%	7%	5%	6%	6%	6%
Great difficulty	<b>2%</b>	2%	3%	3%	2%	2%	1%
<b>Burden of reporting requirements:</b>							
Very little burden	<b>27%</b>	22%	32%	25%	30%	34%	21%
Some burden	<b>44%</b>	45%	45%	42%	48%	36%	47%
Considerable burden	<b>20%</b>	22%	16%	23%	15%	22%	20%
Great burden	<b>9%</b>	10%	8%	10%	8%	9%	12%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

new participants encountered “considerable” or “great” difficulty when applying for a contract. Only four percent of old participants responded similarly. Other differences on this item, by group characteristic, tended to resemble the patterns for the question on intrusiveness. That is, congregations, small groups, those with limited client interaction and more narrow antipoverty engagement all reported less difficulty in applying for grants/contracts than did their counterparts. One interesting exception occurred when the type of FBO was examined: Fully Expressive FBOs reported somewhat greater difficulty than the Non-Expressive FBOs.

The patterns for intrusiveness and difficulty may reflect how the contracts came about (see sidebar on next page). Over 50 percent of the respondents reported that their present

contract(s) emerged from a combination of a government agency soliciting their involvement and their own contract seeking. By contrast, less than one-sixth of the FBOs reported the initiative coming from government alone and about one-quarter said that the initiative was wholly their own. Congregations were more likely to report government initiative and nonprofits their own initiative, but joint initiative was the rule overall. Given that both sides, from the beginning, believed collaboration was mutually desirable, it appears that the relationship was structured with intentionality, to create a fruitful partnership in which excessive government intrusion was avoided and a relatively smooth applications process was facilitated.

Theoretically, though, collaboration could begin on a positive note but soon engender disgruntlement if the reporting process—or “red tape”—was unduly burdensome. On the whole, the faith-based contractors we interviewed reported only modest problems. Twenty-seven percent indicated “very little burden” and 44 percent just “some burden.” Nonetheless, “red tape” was the FBOs’ chief complaint (more than intrusiveness or difficulties in applying for funding). Overall, more than one-quarter reported “considerable” or “great burden.” Congregations gave somewhat higher marks to government on this issue than did nonprofits; similarly, new rather than old and small rather than large contractors tended to be the most positive. FBOs with limited client interaction and more narrow antipoverty engagement also had fewer complaints about burdensome reporting requirements than did their counterparts. Interestingly, the Fully Expressive group also reported fewer burdens than the Non-Expressive.

**Which of the following best describes how your current contract came about?**

- Government sought us out* . . . . .14%
- We sought out an opportunity to obtain government funding* . . . . .26%
- A little bit of both* . . . . .57%
- Other* . . . . .4%

**Examples of the genesis of government-faith collaboration include:**

- “We knew the county social workers and they contacted us because of our experience with day care.”
- “We all met through a conference sponsored by the state government.”
- “We were seeking funds and we read about the contracts in the newspaper.”
- “We received an award for our program and the major told us about the opportunity to apply for funds.”

**“Red tape” was the FBOs’ chief complaint (more than intrusiveness or difficulties in applying for funding). Overall, more than one-quarter reported “considerable” or “great burden.”**

Are some states faring better than others in creating a friendly climate for fruitful partnership with FBOs? Table 12 lists the mean scores on these three items (intrusiveness, difficulty in applying, burdensomeness of reporting) for 14 states (Mississippi was omitted because there were no faith-based contractors found there). No state came out particularly poorly, and we found no evidence of any state engaging in systematically unproductive behavior toward their faith-based contractors.

**Table 12: Evaluation of Government Contract Experience by State\***

STATE	OVERALL	INTRUSION	DIFFICULTY	BURDEN
AR	1.89	1.67	1.67	1.89
CA	1.59	1.57	1.80	2.37
CO	1.63	1.38	1.63	2.37
FL	1.67	1.83	1.67	2.34
IL	1.75	1.49	1.39	1.97
IN	1.34	1.01	1.34	1.50
MA	1.82	1.55	1.55	2.09
MI	1.61	1.50	1.44	2.04
NY	1.34	1.26	1.58	1.83
OH	1.67	1.40	1.62	2.29
OK	1.25	1.25	1.25	1.50
TX	1.45	1.37	1.50	1.90
VA	1.40	1.00	1.20	2.00
WI	1.66	1.58	1.42	2.11

\*mean score 1 = most positive; 4 = most negative

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

## FBOs' FUTURE PLANS

To further assess the faith-based contractors' relationships with government, we sought to learn more about their future plans. As Table 13 (see next page) reveals, 92 percent of the respondents claimed they would seek a similar government contract in the future. Nonprofits, old participants, and large organizations were the most likely to seek future contracts compared to congregations, new participants, and small organizations (though large majorities of these groups also indicated interest in future contracting). Clearly, based on these responses and the strong majorities that indicated that their overall experience with government had been positive, faith-based contractors in the 15 states we examined have crafted productive working relationships with the public sector and anticipate collaboration in the future.

**F**aith-based contractors in the 15 states we examined have crafted productive working relationships with the public sector and anticipate future collaboration.

Nonetheless, actual opportunities to work with government in the years ahead may not materialize; for example, government funding for a particular social service program might “dry up.” Thus, we were curious to know what plans the FBOs had for a future that might not involve public funding.

As Table 13 indicates, three-quarters of the respondents claimed to have plans to continue the social service if the government contract was not available in the future. Non-profits were more likely to have these plans than congregations, but interestingly, it was the small organizations, those most broadly engaged in antipoverty efforts, and the Fully Expressive FBOs that were the most likely to have such plans in place. However, less than two-thirds of the respondents overall reported specific plans to seek non-government funds if a government contract was not available. The pattern across group characteristics was very similar.

On a related note, nearly three-quarters of the respondents indicated they had plans to seek other non-government funds to continue the service “if government or legal requirements...began threatening the religious character of [their] organization.” Non-profits were more likely to report such plans compared to congregations. A similar pattern obtained when other group characteristics were examined: large organizations, those with extensive client interaction and broad antipoverty engagement, and Fully Expressive FBOs were more likely than their counterparts to report having specific plans for locating non-government funding for their programs.

**N**early three-quarters of the respondents indicated they had plans to seek other non-government funds to continue the service “if government or legal requirements...began threatening the religious character of [their] organization.”

**Table 13: Future Expectations Regarding Government Contracts**

Percent “yes”	ALL	ORGANIZATION		PARTICIPANT		SIZE	
		Nonprofits	Congregations	Old	New	Large	Small
Likely to seek similar contract in the future	<b>92%</b>	96%	81%	98%	89%	100%	83%
Plans to continue service if no future contract	<b>75%</b>	79%	60%	71%	70%	60%	71%
Plans to seek other funds if necessary	<b>63%</b>	66%	52%	82%	69%	88%	61%
Plans for other funds if regulations threaten religious character	<b>71%</b>	74%	59%	64%	62%	67%	53%
	ALL	CLIENT INTERACTION		ANTIPOVERTY ENGAGEMENT		FAITH TYPE	
		Extensive	Limited	Broad	Narrow	Expressive	Non-Expressive
Likely to seek similar contract in the future	<b>92%</b>	92%	92%	94%	89%	92%	92%
Plans to continue service if no future contract	<b>75%</b>	71%	70%	74%	66%	72%	66%
Plans to seek other funds if necessary	<b>63%</b>	80%	69%	83%	63%	76%	73%
Plans for other funds if regulations threaten religious character	<b>71%</b>	71%	54%	71%	49%	70%	43%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

### DISSATISFACTION WITH CONTRACTS

Although most respondents reported a positive experience with government contracts, it is worth taking a closer look at those that reported at least some dissatisfaction. Accordingly, we created an index of dissatisfaction by including any of the two most negative responses (“somewhat negative” and “very negative”) on their overall evaluation of government and on the specific items dealing with the level of intrusiveness, application difficulty, and burdensome reporting. For good measure, we also included any organization that claimed it would not seek another government contract.

Overall, 62 percent of the respondents reported no dissatisfaction in any of these five areas, and 38 percent had some kind of discontent on one of these measures. Three-fifths of the dissatisfied (23 percent of all respondents) had just one complaint, and one-tenth had more than two (4 percent of the total).

Between seven and eight percent of the respondents reported some kind of negative experience (e.g., they gave government a low overall evaluation, complained about the level of intrusiveness or the difficulty of applying for the funds, or stated that they were unlikely to apply for another contract). There was little pattern to the complaints of the dissatisfied FBOs: they appear to be largely idiosyncratic, perhaps reflecting the peculiarities of the particular organizations or government officials. A handful of organizations may well have had a very negative experience with government contracting. Burden-some reporting—“red tape”—was the chief cause of complaint. Three-quarters of the complaints (29 percent of all respondents) involved reporting burden, which was sometimes combined with other problems. Congregations and new participants had the most dissatisfaction, especially if they reported extensive interaction with clients or a broad antipovertry approach.

**Table 14: Fears Concerning Public Funding of Faith-Based Organizations**

<b>Accepting government contracts threatens to undermine the faith-based character of our organization</b>	
Strongly agree	<1%
Agree	6%
Neutral	5%
Disagree	58%
Strongly disagree	31%
<b>Accepting government contracts threatens to reduce the amount of private funds given to our program</b>	
Strongly agree	1%
Agree	4%
Neutral	5%
Disagree	64%
Strongly disagree	26%
<b>Accepting government contracts threatens our ability to criticize the government based on our religious beliefs</b>	
Strongly agree	1%
Agree	4%
Neutral	6%
Disagree	57%
Strongly disagree	32%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

## POTENTIAL THREATS TO THE RELIGIOUS CHARACTER OF FBOs

Some critics of public funding of faith-based service providers assert that government contracts will threaten the faith-based character of such organizations, drive away private funding, or undermine the prophetic role of such organizations in criticizing the government. These are weighty matters, and we asked the respondents about these concerns directly. As Table 14 shows, very few of the respondents were worried about these questions. By overwhelming margins, the respondents disagreed that government contracts posed a problem in any of these areas. On these items, there were no systematic differences by the group characteristics we have been reviewing.

## CHARITABLE CHOICE: ATTITUDES AND PRACTICES

### *Awareness and Usage*

The social service contracts under study here fall under one or another version of the charitable choice guidelines.<sup>10</sup> Table 15 displays the contractors’ reported level of knowledge about the charitable choice guidelines, and the use of this information in the organizations’ contracts. Overall, about one-half of the respondents claimed to be familiar with the charitable choice guidelines, and less than one-half reported that such guidelines were included in their contract(s). Of the respondents reporting the inclusion of the guidelines in their contract, the level of detail varied widely: one-third reported that the guidelines were articulated in their contracts in “great detail;” two-fifths said “some detail;” and one-quarter reported “not much detail.” This lack of detail in contracts is an area in which improvement is needed.

**Table 15: Knowledge and Use of Charitable Choice Guidelines**

Percent “yes”	ALL	ORGANIZATION		PARTICIPANT		SIZE	
		Nonprofits	Congregations	Old	New	Large	Small
<b>Familiar with Charitable Choice Guidelines</b>	<b>53%</b>	50%	64%	56%	50%	64%	51%
<b>Guidelines are in Contract</b>	<b>45%</b>	44%	57%	37%	52%	50%	46%
<b>Detail of guidelines in Contract:</b>							
Great detail	<b>32%</b>	34%	29%	48%	25%	37%	41%
Some detail	<b>43%</b>	43%	43%	38%	41%	47%	35%
Not much detail	<b>25%</b>	23%	29%	8%	34%	16%	19%
	ALL	CLIENT INTERACTION		ANTIPOVERTY ENGAGEMENT		FAITH TYPE	
		Extensive	Limited	Broad	Narrow	Expressive	Non-Expressive
<b>Familiar with Charitable Choice Guidelines</b>	<b>53%</b>	54%	51%	58%	44%	70%	40%
<b>Guidelines are in Contract</b>	<b>45%</b>	39%	53%	50%	35%	38%	39%
<b>Detail of guidelines in Contract:</b>							
Great detail	<b>32%</b>	41%	28%	37%	22%	21%	30%
Some detail	<b>43%</b>	45%	40%	41%	44%	35%	40%
Not much detail	<b>25%</b>	14%	33%	22%	33%	53%	30%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

There was, however, considerable variation in these figures across the group characteristics. Congregations were more likely to report familiarity with the charitable choice guidelines than were nonprofits, by a large margin. Similarly, large organizations, those

with a high level of antipoverty engagement, and especially the Fully Expressive FBOs, were more familiar with the guidelines than were their counterparts. Old participants were more familiar than new participants by a much smaller margin, and there was essentially no difference by level of client engagement.

**C**ongregations were more likely to report familiarity with the charitable choice guidelines than were nonprofits, by a large margin.

The use of the charitable choice guidelines in the contracts showed the same kind of variation. Congregations and groups with extensive client interaction and broad

**Table 16: Strategies for Complying with Charitable Choice Guidelines**

Percent "yes"	ALL	ORGANIZATION		PARTICIPANT		SIZE	
		Nonprofits	Congregations	Old	New	Large	Small
<i>Segregate public funds from other funds</i> <sup>11</sup>	70%	65%	87%	69%	70%	79%	71%
<i>Provide special training for staff/volunteers</i>	60%	48%	60%	62%	58%	64%	50%
<i>Hold inherently religious activities at special times</i>	57%	52%	73%	50%	62%	47%	68%
<i>Hold inherently religious activities at special locations</i>	40%	39%	41%	39%	41%	42%	37%
<i>Keep detailed records of public funding of staff</i>	39%	39%	39%	34%	44%	40%	33%
	ALL	CLIENT INTERACTION		ANTIPOVERTY ENGAGEMENT		FAITH TYPE	
		Extensive	Limited	Broad	Narrow	Expressive	Non-Expressive
<i>Segregate public funds from other funds</i>	70%	66%	72%	73%	63%	80%	57%
<i>Provide special training for staff/volunteers</i>	60%	65%	54%	67%	48%	65%	47%
<i>Hold inherently religious activities at special times</i>	57%	59%	52%	59%	51%	70%	33%
<i>Hold inherently religious activities at special locations</i>	40%	39%	40%	42%	36%	44%	32%
<i>Keep detailed records of public funding of staff</i>	39%	42%	36%	32%	43%	46%	25%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

antipoverty engagement were more likely to have the guidelines in the contract, as were the new participants. On this matter, there were very small differences between large and small organizations, and between Fully Expressive and Non-Expressive groups.

Yet another kind of variation appeared in the level of contract detail: nonprofits (rather than congregations); old participants (rather than new ones); large organizations (rather than small ones); FBOs with extensive client interaction (rather than those with limited interaction); and organizations with broad antipoverty engagement (rather than narrow) all reported a greater level of detail. In addition, the Non-Expressive groups reported more contract detail than the Fully Expressive.

### *Navigating charitable choice*

This wide variation in the knowledge and use of the charitable choice guidelines is reflected in the strategies the faith-based contractors employed to meet the requirements of charitable choice. Information on five such strategies is provided in Table 16 (see preceding page). The most common of these strategies involved segregating public funds from funds used for inherently religious purposes. Overall, 70 percent of the respondents employed this strategy.

**O**verall, 70 percent of the faith-based contractors segregated public funds from funds used for inherently religious purposes.

Congregations were more likely to use it than were nonprofits. Additionally, large organizations, those with broad antipoverty engagement, and especially Fully Expressive FBOs, actively employed this approach. Surprisingly, faith-based contractors operating programs with limited client interaction were more likely than those with extensive client contact to segregate public funds (though the difference was modest). There was essentially no difference between old and new participants in this matter.

The second most commonly employed strategy involved providing special training for staff and volunteers on inherently religious matters. Overall, 60 percent of the groups used this means of navigating charitable choice. In a pattern reminiscent of the previous strategy, congregations, large organizations, groups with extensive client interaction and broad antipoverty engagement, and Fully Expressive FBOs were most likely to provide specialized training for staff and volunteers to help them understand charitable choice's permissions and restrictions. Again, there was essentially no difference between old and new participants on this item.

Overall, nearly three-fifths of the respondents reported employing a third strategy, holding inherently religious activities at special times apart from the services provided under the government contract. The organizations most likely to employ this temporal strategy

closely resemble those that used the training strategy, with a couple of exceptions. As before, congregations, those with extensive client interaction and broad antipoverty engagement, and Fully Expressive FBOs were more likely to employ this approach than were their counterparts. Over half of new participants and small organizations employed this strategy (but even larger numbers of old participants and large organizations did so).

The two remaining strategies were less commonly pursued. Holding inherently religious activities at a different location from the contracted services and keeping detailed records of the public funds spent on staff were each employed by some two-fifths of the faith-based contractors surveyed. No differences appeared between nonprofits and congregations on these strategies. Large organizations, those highly engaged in antipoverty efforts, and Fully Expressive FBOs utilized the “separate location” strategy. The same groups also employed the recording-keeping strategy, but so did new participants and those with extensive client interaction.

Overall, one-sixth of the organizations reported following all five of these strategies. About as many used just one; one-fifth implement two; one-sixth employ three; and one-quarter follow four of these major strategies. Congregations, new participants, groups broadly engaged in antipoverty efforts, and Fully Expressive FBOs were more likely to employ more strategies than their counterparts.

**Congregations, new participants, groups broadly engaged in antipoverty efforts, and “Fully Expressive” FBOs were the most likely to employ multiple strategies for ensuring compliance with the charitable choice guidelines.**

These respondents are the ones that critics of charitable choice are most concerned about. Based on our findings, though, it is these very groups that demonstrate intentional and extensive efforts to comply with charitable choice’s restrictions on underwriting inherently religious activities with government dollars. Just six percent of the respondents claimed that they used no strategy at all to navigate the charitable choice guidelines, and these organizations were concentrated among the Non-Expressive.

Two percent of the respondents did not employ one of these major strategies, but mentioned some other approach they follow to comply with the charitable choice guidelines. Indeed, about one-fifth of the respondents listed another strategy in conjunction with one or more of the major strategies (see sidebar for examples).

#### *Attitudes toward charitable choice*

Table 17 (see page 40) lists some of the major provisions of charitable choice and reports

### ADDITIONAL STRATEGIES FOR NAVIGATING CHARITABLE CHOICE

The open-ended responses of some of the faith-based contractors surveyed indicate that many have adopted creative strategies for ensuring compliance with charitable choice. We list below ten sample, verbatim responses from interviewees:

- 1) *There is a written agreement that the volunteers and staff must sign saying they will not impose their beliefs on clients.*
- 2) *We have informed the parents and the parents have the knowledge of what goes on so they can decide.*
- 3) *The employees under the contract do not perform other religious activities for the organization, they only work with clients.*
- 4) *All of our volunteers have been trained about integrity and confidentiality by a social worker.*
- 5) *We hire professional staff to conduct our social services and we utilize professional ministry staff to counsel clients who are interested.*
- 6) *We use different people for different functions.*
- 7) *We train volunteers not to bring up faith issues until the families ask.*
- 8) *We have personnel policies that restrict staff from expressing or utilizing their personal religious preferences on the job.*
- 9) *Basically, if we want to give a Bible out, we make sure the government didn't pay for it, and for prayer, we make sure it is voluntary.*
- 10) *We provide literature during intake about our religious organization.*

the importance that respondents assigned to them. The first three were frequently underlined, with roughly three-quarters of the faith-based contractors regarding them as “very important” provisions.

The first was “Notifying clients that they need not participate in [inherently] religious activities to receive services from a faith-based organization.” Nonprofits, large organizations, and the Non-Expressive groups reported this item as more important than their counterparts.

The next most highlighted provision was “Allowing faith-based organizations the equal opportunity to compete with other organizations for government grants on a level

playing field.” Large organizations, those with extensive client interaction and high antipoverty engagement, and Fully Expressive FBOs assigned this provision greater importance than their counterparts.

**Table 17: Attitudes Regarding Charitable Choice**

	ALL	ORGANIZATION		PARTICIPATION		SIZE	
		Nonprofits	Congregations	Old	New	Large	Small
<b>Notifying clients that they need not participate in inherently religious activities:</b>							
Very important	<b>77%</b>	78%	73%	78%	76%	89%	70%
Somewhat important	<b>12%</b>	11%	14%	11%	13%	6%	15%
Not very important	<b>5%</b>	5%	5%	5%	4%	2%	7%
Not at all important	<b>6%</b>	6%	5%	5%	6%	4%	4%
<b>Allowing faith-based groups to compete for contracts on a level playing field:</b>							
Very important	<b>76%</b>	75%	77%	74%	77%	79%	74%
Somewhat important	<b>16%</b>	17%	16%	20%	14%	17%	18%
Not very important	<b>4%</b>	4%	4%	4%	4%	2%	4%
Not at all important	<b>4%</b>	4%	4%	3%	5%	2%	3%
<b>Allowing faith-based groups to control the membership of their governing boards:</b>							
Very important	<b>71%</b>	68%	79%	71%	70%	68%	75%
Somewhat important	<b>18%</b>	19%	15%	18%	19%	21%	14%
Not very important	<b>6%</b>	7%	3%	7%	5%	7%	6%
Not at all important	<b>5%</b>	6%	1%	5%	5%	4%	3%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

The third most commonly emphasized provision should come as no surprise, since many of the organizations surveyed already practice it: “Allowing faith-based organizations to control the membership of their governing board.” Congregations, small organizations, and the Fully Expressive regarded this provision as more important than their counterparts.

Table 18 (see page 42) reports on four additional charitable choice provisions that were less commonly underlined, though still important to, the respondents. The first two received majority support as being “very important” to the contractors: “Prohibiting the use of public funds for inherently religious activities,” and “Requiring government agencies to provide an alternative for clients who don't want to be served by a faith-based program.” Large organizations and Non-Expressive FBOs were more likely to regard the restrictions on the use of public dollars as important compared to small organizations and Fully Expressive FBOs. It is worth noting, however, that almost a majority of the Fully Expressive FBOs regarded this prohibition as “very important” and one-third said it was “somewhat important.” Overall, 83 percent of the faith-based contractors consider the provision of a government-funded alternative for clients desiring such as very

or somewhat important. There were several differences among the organizations, though. Nonprofits, old participants, large organizations, those with extensive client interaction and those broadly engaged in antipoverty efforts all regarded this provision as more important than did their counterparts. The one exception here was the type of faith-based group: Fully Expressive FBOs and Non-Expressive FBOs were essentially of the same opinion.

**O**verall, 83 percent of the faith-based contractors consider the provision of a government-funded alternative for clients desiring such as “very” or “somewhat” important.

**Table 17(cont.): Attitudes Regarding Charitable Choice**

	ALL	CLIENT INTERACTION		ANTIPOVERTY ENGAGEMENT		FAITH TYPE	
		Extensive	Limited	Broad	Narrow	Expressive	Non-Expressive
<b>Notifying clients that they need not participate in inherently religious activities.</b>							
Very important	<b>77%</b>	79%	75%	78%	75%	74%	87%
Somewhat important	<b>12%</b>	12%	11%	12%	12%	14%	9%
Not very important	<b>5%</b>	7%	4%	6%	5%	8%	0%
Not at all important	<b>6%</b>	2%	9%	3%	8%	5%	6%
<b>Allowing faith-based groups to compete for contracts on a level playing field.</b>							
Very important	<b>76%</b>	80%	71%	80%	67%	84%	67%
Somewhat important	<b>16%</b>	14%	18%	14%	20%	15%	19%
Not very important	<b>4%</b>	4%	5%	3%	6%	0%	7%
Not at all important	<b>4%</b>	3%	6%	2%	8%	1%	7%
<b>Allowing faith-based groups to control the membership of their governing boards.</b>							
Very important	<b>71%</b>	71%	70%	70%	71%	83%	62%
Somewhat important	<b>18%</b>	19%	19%	17%	21%	11%	22%
Not very important	<b>6%</b>	3%	3%	7%	4%	4%	5%
Not at all important	<b>5%</b>	7%	7%	5%	4%	0%	11%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

The final two provisions of charitable choice we examined were rated by the FBOs as of somewhat lesser importance than the preceding items. Almost one-half of the respondents regarded “allowing faith-based organizations to maintain a religious environment at the service delivery site, such as displaying religious symbols” as “very important,” but about a quarter do not consider this as very important at all. Sixty-seven percent of the

**Table 18: Additional Attitudes Regarding Charitable Choice**

	ALL	ORGANIZATION		PARTICIPATION		FAITH TYPE	
		Nonprofits	Congregations	Old	New	Expressive	Non-Expressive
<b>Prohibiting the use of public funds for inherently religious activities</b>							
Very important	<b>55%</b>	55%	52%	57%	53%	47%	59%
Somewhat important	<b>26%</b>	24%	32%	27%	25%	33%	24%
Not very important	<b>9%</b>	10%	6%	11%	8%	11%	4%
Not at all important	<b>11%</b>	11%	12%	6%	14%	10%	13%
<b>Requiring the government to provide non-faith-based alternatives to clients</b>							
Very important	<b>54%</b>	56%	48%	57%	51%	54%	58%
Somewhat important	<b>29%</b>	30%	23%	28%	30%	25%	27%
Not very important	<b>12%</b>	9%	24%	10%	13%	19%	9%
Not at all important	<b>5%</b>	5%	5%	4%	6%	2%	7%
<b>Allowing faith-based groups to maintain a religious environment</b>							
Very important	<b>49%</b>	47%	53%	45%	50%	71%	25%
Somewhat important	<b>25%</b>	26%	22%	26%	25%	18%	34%
Not very important	<b>16%</b>	16%	13%	18%	14%	9%	23%
Not at all important	<b>11%</b>	10%	12%	10%	11%	2%	19%
<b>Allowing faith-based groups to hire staff based on their faith commitments</b>							
Very important	<b>39%</b>	37%	42%	35%	43%	67%	18%
Somewhat important	<b>28%</b>	27%	31%	26%	30%	21%	27%
Not very important	<b>19%</b>	21%	13%	24%	16%	8%	26%
Not at all important	<b>14%</b>	15%	12%	15%	11%	3%	29%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

**FOR WHOM ARE CHARITABLE CHOICE'S HIRING PROTECTIONS ESPECIALLY IMPORTANT?**

Fully Expressive FBOs

New Participants

Congregations

Small Organizations

faith-based contractors surveyed reported that charitable choice's hiring protections (that is, allowing FBOs to retain their right to hire staff based on faith commitments) were "very" or "somewhat" important. Notably, 88 percent of Fully Expressive FBOs, 73 percent of new participants, and 73 percent of congregations said this. But 33 percent said that this was not very important to them. This pattern is consistent with our previous finding concerning the actual hiring practices of the organizations surveyed (see Table 8 on page 22). On both these items, the impact of group characteristics is the same as in the preceding question, regarding the maintenance of a religious atmosphere.

### *Protecting Clients' Rights*

As we have seen in Tables 17 and 18, the faith-based contractors surveyed place great importance on protecting the civil rights of clients served under government contracts. Table 19 (see following page) reports evidence on the use of three special strategies to implement this key provision of charitable choice. The most common of these protection strategies is to “Reassure clients that they will receive all services even if they don’t participate in inherently religious activities or convert to the organization’s religious faith.” Overall, fully 75 percent of the faith-based contractors claimed to have used this strategy. Slightly fewer—70 percent—reported using the second strategy: “clarifying to clients that participation in any religious activities is optional and voluntary.” And two-thirds reported that they were active in efforts to notify clients of their right to choose an alternative provider if they so desired.

**75** percent of the faith-based contractors surveyed reassure clients that services are not contingent on their participation in inherently religious activities; 70 percent clarify with clients that such religious activities are optional and voluntary; and 68 percent actively notify clients of their right to select an alternative provider.

Critics of charitable choice worry that some FBOs, especially congregations, those new to government contracting, and those we have labeled “Fully Expressive” will not take adequate steps to protect clients’ civil liberties. Our data suggests that this fear is overstated; large majorities of these very groups are active in employing all three approaches to safeguarding clients’ rights.

All three strategies were more common among nonprofits than congregations; large versus small organizations, those with broad antipoverty engagement, and the Fully Expressive. Old participants are more likely to engage in notification than new participants, but there is no difference on the other two strategies by type of participant. In contrast, the level of interaction with clients doesn’t matter for notification, but the groups operating programs with more extensive client contact were more likely to use the other two strategies.

More than one-half of the organizations surveyed employed all three of these strategies; one-fifth reported using two, and one-eighth used just one. Congregations, old participants, and large organizations reported using more strategies than their counterparts; extensive, broadly engaged, and Fully Expressive groups were more active than their counterparts as well. Only eight percent of the groups reported no strategy for

**Table 19: Protecting the Civil Rights of Clients**

Percent “yes”	ALL	ORGANIZATION		PARTICIPANT		SIZE	
		Nonprofits	Congregations	Old	New	Large	Small
<b>Reassure clients that services do not depend on religion</b>	<b>75%</b>	77%	66%	77%	64%	79%	63%
<b>Clarify that religious activities are optional</b>	<b>70%</b>	73%	60%	71%	70%	79%	60%
<b>Notify clients of right to alternative</b>	<b>68%</b>	70%	62%	76%	73%	81%	63%
	ALL	CLIENT INTERACTION		ANTIPOVERTY ENGAGEMENT		FAITH TYPE	
		Extensive	Limited	Broad	Narrow	Expressive	Non-Expressive
<b>Reassure clients that services do not depend on religion</b>	<b>75%</b>	68%	69%	80%	65%	76%	61%
<b>Clarify that religious activities are optional</b>	<b>70%</b>	72%	67%	77%	57%	75%	53%
<b>Notify clients of right to alternative</b>	<b>68%</b>	78%	70%	75%	58%	79%	64%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

### ADDITIONAL STRATEGIES FOR PROTECTING CLIENTS’ RIGHTS

Below are sample responses interviewees shared with us concerning efforts their agencies take to safeguard clients’ civil liberties:

- 1) *We have a clients’ rights document we follow.*
- 2) *Before the families are matched to a mentoring team, they complete a four-hour orientation and training session that covers their rights.*
- 3) *We encourage clients to go somewhere of their choice so they can establish spiritual growth.*
- 4) *We have a poster that reminds clients of their First Amendment rights.*
- 5) *We offer church to the client, but we do not sell it. We help with transportation to a church of their choice.*
- 6) *We also have clients sign a document stating whether they choose to participate in religious activities or not.*

protecting the civil rights of clients, and these groups were heavily concentrated among the Non-Expressive.

Four percent of the respondents did not employ one of these major strategies, but mentioned another approach that they use to protect clients’ civil rights. Indeed, about one-fifth of the respondents listed another strategy in conjunction with one or more of the major strategies (see sidebar for examples).

Most of the faith-based contractors, in short, are deliberate about not only meeting the needs of their clients, but doing so in way that conforms to the rules of charitable choice and respects the clients’ civil liberties. It is particularly interesting to note the large majority of respondents that notify clients of their right to select an alternative provider. This is, under most versions of charitable choice, the responsibility of government, not the FBOs.<sup>12</sup> Nonetheless, nearly 70 percent of the faith-based contractors have voluntarily assumed this responsibility as their own.

The “choice” in charitable choice refers to the client’s right to select an alternative provider should she desire, for any reason, to do so. To assess the degree to which clients are exercising this right, we asked the FBOs about clients who left their programs:

*Of course, assistance from a faith-based organization is not for everyone, and sometimes clients leave such programs and seek services from secular agencies. Approximately how many clients left your program under your current contract for this reason, if any?*

As Table 20 shows, only nine percent of the organizations reported any clients leaving their program and opting for a secular one. In nearly all cases, the respondents reported five or fewer clients as having left. Congregations reported higher numbers than nonprofits, as did new participants and small organizations. The Fully Expressive groups had the highest figure, 20 percent, which was significantly larger than the Non-Expressive groups. There is logic to this pattern since Fully Expressive organizations are the most likely to have religious content to which clients might object. These numbers can also be taken as evidence of the success of the charitable choice provisions since clients are using their right to leave a program precisely where matters of faith are most evident.

**Table 20: Clients Leaving Program for Secular Alternatives**

	Clients Reported Leaving Program	
	None	Any
<b>All</b>	<b>91%</b>	<b>9%</b>
<b>Organization:</b>		
Nonprofits	92%	8%
Congregations	87%	13%
<b>Participant:</b>		
Old	94%	6%
New	87%	13%
<b>Size:</b>		
Large	95%	5%
Small	87%	13%
<b>Faith Type:</b>		
Expressive	80%	20%
Non-Expressive	99%	1%

Source: 2002 Hudson Institute/Bliss Institute Fifteen-State Survey of Faith-Based Contractors (N=389)

Only nine percent of the organizations reported any clients leaving their program and opting for a secular one.

## CONCLUSION

Concerned about fulfilling their new mandate under welfare reform, many public social welfare agencies have turned to faith-based and community based organizations for assistance in delivering social services to the disadvantaged. Since the 2000 presidential election, and especially since the establishment by President Bush of a White House Office on Faith-Based and Community Initiatives, the practice of faith-based contracting—and its contentiousness—have both increased.

On the one hand, evidence of state and federal agency practice indicate that additional money is being made available to faith-based and community based organizations (e.g., the Department of Labor recently awarded \$500,000 to twenty FBOs and CBOs engaged in employment programs and the Department of Health and Human Services will shortly be awarding \$25 million under the new “Compassion Capital Fund” to faith-based and other intermediary organizations focused on building capacity among grassroots FBOs and CBOs that help the poor). On the other hand, strong opposition to charitable choice in 2001 precluded adoption of H.R. 7 (which, among other provisions, sought to apply the charitable choice guidelines to additional federal social welfare programs) in the U.S. Senate.

Until now, in the debate over the merits of charitable choice, only limited information has been available regarding the status of new relationships between government and faith-based social service providers. On the basis of the data from this survey of 389 faith-based contractors from 15 diverse states around the nation, it seems clear that charitable choice is working well. FBOs are not having to sell their souls for government money. Those FBOs that care about their organizational distinctiveness and expressing their faith through their service have crafted strategies allowing them to do so, while simultaneously complying with charitable choice’s restrictions. Clients’ rights are being respected: very few have left faith-based programs and program operators have implemented deliberate practices to safeguard clients’ civil liberties. Moreover, clients now have more choices: charitable choice has broadened the network of agencies engaged in providing social services and government funding has allowed FBOs to expand and add to their programs. Serious, potential threats to FBOs that choose to receive government funding—such as a loss of their prophetic voice or a loss of their private funding sources—appear not to be materializing, since nearly 95 percent of the contractors surveyed indicated no concerns at all on these questions.

More research is needed, especially inquiries into client satisfaction and interviews with government officials as to their perspective of the faith-based contractors' performance. But from what we now know, the practice of charitable choice is working well on the ground. Government funding is not for all faith-based organizations; due to their size, mission, theology, or capacity, many will not take advantage of new funding opportunities. But for those that have, the experience has been positive, and their collaboration with government is likely to continue in future years.

## Endnotes

- 1 Arkansas, California, Colorado, Florida, Illinois, Indiana, Massachusetts, Michigan, Mississippi, New York, Ohio, Oklahoma, Texas, Virginia, and Wisconsin.
- 2 Temporary Assistance to Needy Families (TANF); the Department of Labor's Welfare to Work program (WtW); the Community Services Block Grant (CSBG); and the Substance Abuse and Mental Health Services Administration (SAMHSA).
- 3 For purposes of the study, "FBOs" were any agencies identified as such by the government officials interviewed. In some cases, this led to agencies being defined as "faith-based" that do not, in fact, consider themselves faith-based.
- 4 There are no restrictions on inherently religious activity in the case of indirect government funding of an FBO (e.g., through a voucher).
- 5 Our evaluation is of the quality of collaboration between the FBOs and the government agencies from which they receive funding, as reported by the FBOs themselves. This is not a study of the effectiveness of the FBOs' actual social service programs—which is, of course, an extremely important question in itself.
- 6 Illinois' "Front Door" initiative, which engages over fifty congregations across the state, does not use the language of "contract" to describe its financial relationship with affiliated churches. Rather, the program issues "grants" to the churches to underwrite their direct benevolence efforts; that is, the financial assistance the churches provide on behalf of clients (e.g., paying for uniforms, transportation costs, and work and child-care related expenses).
- 7 In some instances, interviews were conducted with FBOs whose contracts had recently expired.
- 8 These measures of size were subjected to a principal components factor analysis with a varimax rotation. This analysis produced a single factor with an eigenvalue greater than 1.0, which explained 58 percent of the variance. The resulting factor score was divided into three equal parts and used as a measure of organizational size.
- 9 These variables were subjected to a principal components factor analysis with a varimax rotation. The analysis produced two factors with eigenvalues greater than 1.0, which together explained 56 percent of the variance. The resulting factor scores served as the basis for the categories of faith-based organizations.
- 10 Most of the contracts were under the Temporary Assistance to Needy Families (TANF) funding stream.
- 11 "Public" here specifically means "government" funds.
- 12 In SAMHSA contracts, FBOs have a responsibility to notify clients of their right to an alternative provider. In all versions of charitable choice, the government bears the burden of actually providing the alternate.