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THE ROLE OF COMMUNITY AND FAITH-BASED ORGANIZATIONS IN PROVIDING EFFECTIVE SOCIAL SERVICES

HEARING

BEFORE THE

SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY AND HUMAN RESOURCES

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

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THE ROLE OF COMMUNITY AND FAITH-BASED ORGANIZATIONS IN PROVIDING EFFECTIVE SOCIAL SERVICES

THURSDAY, APRIL 26, 2001

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY AND HUMAN RESOURCES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:45 p.m., in room 2247, Rayburn House Office Building, Hon. Mark E. Souder (chairman of the subcommittee) presiding.

Present: Representatives Souder, Gilman, Mica, Barr, Cummings, and Davis of Illinois.

Also present: Representatives Scott and Edwards.

Staff present: Chris Donesa, staff director; Conn Carroll, clerk; Amy Horton, deputy staff director; Tony Haywood, minority counsel; Denise Wilson, minority professional staff member; and Lorran Garrison, staff assistant.

Mr. SOUDER. The subcommittee will now come to order.

Good afternoon and thank you all for coming. I'm pleased to convene this preliminary hearing today to examine the existing and potential role of community and faith-based organizations in providing effective social services. I'm also honored to have a host of exceptional witnesses from the White House to inner city America. I expect these witnesses will provide valuable insights on the state of certain social services as well as how the government can best promote and assist a diversity of organizations, secular and sectarian alike, in helping people in need.

At minimum, I believe government must not only allow but demand that the best resources this Nation possesses are targeted to help people who face the greatest daily struggles. We must embrace new approaches and foster new collaborations to improve upon existing social programs. Faith and community initiatives are, by no means, the complete answer in reaching all in people in need. Rather, they offer a new dimension in that service, a core of people noted in many cases by their faith who are ready, willing and able to help their neighbors around the clock. I believe that we cannot begin to address the social demands of this Nation without unbridled assistance of grassroots, faith and community initiatives.

My goal in calling this preliminary hearing is threefold: To examine the administration's efforts to assess regulatory barriers that hinder faith and community-based organizations from participating

in social service programs; to explore State and local initiatives to include these grassroots groups in the delivery of services; and to learn from service providers and intermediaries about their experiences employing public funds to assist people in need.

This hearing is not about whether faith-based organizations should be involved in helping those who are hurting. I hope members will keep their comments and questions in that context and not vary into the political debate behind this. Indeed, the Constitution Subcommittee of the Judiciary Committee held a hearing on the Constitutionality of this on Tuesday. This hearing is to debate the impacts and how it's being done, not the substance underlying that. We'll certainly debate that in the authorizing committees and appropriations, and probably in future hearings in this committee.

The role of the faith community in providing publicly funded social services on an equal basis as secular providers has been the topic of considerable public policy debate in recent years. Although faith groups have been assisting scores of people in need for decades, recent charitable choice provisions encourage an even larger role. The watershed event, the 1996 Welfare Reform legislation, first included full blown charitable choice language in Federal law, applying it to the newly established Temporary Assistance for Needy Families [TANF], block grant programs. Subsequently, charitable choice language was included in welfare-to-work formula grants added to TANF the following year.

These provisions established a new paradigm for collaboration between government and nongovermental organizations in serving people in need. The new model affords an equitable approach in awarding government contracts. Faith-based service providers could compete for government grants on the same basis as other providers. Consequently, organizations providing the most effective services, regardless of their character, would be awarded grants to assist people in need. In addition, charitable choice provisions affirmed that faith-based organizations could retain their religious character and employ their faith in implementing social service programs.

Charitable choice provisions have been extended by law to other programs since welfare-to-work formula grants in 1997, in 1998 to the community services block grant, to substance abuse services under the Children's Health Act, and to prevention and treatment of substance abuse services under part of a Consolidated Appropriations Act.

Congress has repeatedly endorsed charitable choice during its consideration of a variety of bills. In the 106th Congress, charitable choice provisions were included in legislation related to juvenile justice, home ownership, child support, youth drug services, family literacy service and fatherhood grants under TANF.

Aside from this congressional support for charitable choice, the highest ranks of the executive branch have also rallied around the concept. In 1997, former HUD Secretary Cuomo launched the Center for Community and Interfaith Partnerships directed by Father Joseph Hacala. Secretary Cuomo recognized that community and faith-based organizations are "the voice of conscience in the struggle for economic rights." He believed they are integral components of the equation to address critical social needs saying: "Our chal-

lenge is to engage partners in a new way to support the critical housing and community development efforts of community and faith-based organizations. Government cannot do this alone"—this is Secretary Cuomo—"community and faith-based organizations cannot do this alone, but together by combining our strategies, resources and commitment we can build communities of opportunity and bring economic and social justice to our Nation's poorest neighborhoods."

Former Vice President Al Gore, while on the Presidential campaign trail, also endorsed the inclusion of faith-based organizations in social service programs in speeches and on his Web site, and President George W. Bush's proactive leadership in promoting the practice in Texas and now from the White House has been unparalleled.

On January 29, 2001, President Bush executed two Executive orders related to the community and faith-based organizations in providing social services. The second established an office of faith-based and community initiatives in the White House. The first created similar centers in each of the five cabinet Departments: Education, Health and Human Services, Housing and Urban Development, Justice and Labor, and this subcommittee has oversight jurisdiction over the Office of Faith-based at the White House as well as the Departments of Education, Health and Human Services, Housing and Urban Development, and Justice.

The purpose of the executive department centers is to coordinate department efforts to eliminate regulatory contracting and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social services. In order to accomplish this purpose, each center will conduct a department-wide audit to identify existing barriers and remove them. Each of the five department centers must report to the Office of Faith-based and Community Initiatives by the end of July.

Given the level of legislative and executive interest in incorporating grassroots faith and community organizations in social service programs, we must fully consider the current and future role of these groups, learn the facts as we go into the debate. I believe this hearing will provide a preliminary assessment of these questions.

I now yield to the distinguished ranking member, Mr. Cummings of Maryland, for an opening statement.

[The prepared statement of Hon. Mark E. Souder follows:]

OPENING STATEMENT
Chairman Mark Souder

"The Role of Community and Faith-Based Organizations in Providing Effective Social Services"

Subcommittee on Criminal Justice, Drug Policy, and Human Resources
Committee on Government Reform

April 26th, 2001

Good afternoon, and thank you all for coming. I am pleased to convene this preliminary hearing today to examine the existing and potential role of community & faith-based organizations in providing effective social services. I am also honored to have a host of exceptional witnesses – from the White House to inner-city America. I expect these witnesses will provide valuable insights on the state of certain social services, as well as how government can best promote and assist a diversity of organizations, secular and sectarian alike, in helping people in need.

At minimum, I believe government must not only allow, but demand, that the best resources this nation possesses are targeted to help people who face the greatest daily struggles. We must embrace new approaches and foster new collaborations to improve upon existing social programs. Faith and community initiatives are by no means the complete answer in reaching all people in need. Rather, they offer a new dimension to that service – a corps of people motivated in many cases by their faith, who are ready, willing, and able to help their neighbors around the clock. I believe that we cannot begin to address the social demands of this nation without the unbridled assistance of grassroots faith and community initiatives.

My goal in calling this preliminary hearing is threefold:

- To examine the Administration's efforts to assess regulatory barriers that hinder faith & community-based organizations from participating in social service programs;
- To explore State and local initiatives to include these grassroots groups in the delivery of services; and
- To learn from service providers and intermediaries about their experiences in employing public funds to assist people in need.

The role of the faith community in providing publicly funded social services on an equal basis as secular providers has been the topic of considerable public policy debate in recent years. Although faith groups have been assisting scores of people in need for decades, recent charitable choice provisions encourage an even larger role.

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> " Our challenge is to engage partners in a new way to support the critical housing and community development efforts of community and faith-based organizations. Government cannot do this alone. Community and faith-based organizations cannot do this alone. But together, by combining our strategies, resources, and commitment, we can build communities of opportunity and bring economic and social justice to our nation's poorest neighborhoods."

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The purpose of the executive department centers is to "coordinate department efforts to eliminate regulatory, contracting, and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social services." In order to accomplish this purpose, each center will conduct a department-wide audit to identify existing barriers and remove them. Each of the five department centers must report to the White House Office of Faith-Based and Community Initiatives by the end of July.

Given the level of legislative and executive interest in incorporating grassroots faith and community organizations in social service programs, we must fully consider the current and future role of these groups. I believe this hearing will provide a preliminary assessment of these questions.

We have excellent witnesses with us today, and I thank all of you for coming. On our first panel, we have the recently appointed Director of the White House Office of Faith-Based and Community Initiatives, Dr. John J. DiIulio. The president has described him as one of the most influential social entrepreneurs in America, with a servant's heart and the ability to mobilize a major city. We look forward to your testimony this afternoon, Dr. DiIulio.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. I want to say for the very beginning, I am the son of two ministers, and Mr. Chairman, faith-based and community based organizations have always been at the forefront in combating the hardships facing families and communities.

As a Democrat, I do not have problems with government finding ways to harness the power of faith-based organizations. Many of these organizations have long been involved in tackling social ills such as drug addiction, juvenile violence and homelessness. However, I do not believe that faith-based programs should replace government programs, use taxpayer money to proselytize or engage in racial, gender or religious discrimination.

Few would argue the good works that many religious and community-based organizations provide. In my own congressional district in Baltimore, churches, nonprofits and others, serve up hot meals to the hungry, offer shelter to the homeless, provide a safe harbor for victims of domestic violence and counselling to those suffering from drug addiction. Faith-based and community-based agencies are active in my neighborhood and yours. They are not and never have been strangers to the raw needs of people and communities in need.

While I applaud faith-based organizations for their good works, I do not believe that charitable choice is the method by which we should lend our support. Charitable choice distracts from the real issue of providing much needed Federal funds and resources to address the problems of poverty, crime and drug addiction.

Under the current administration proposal to expand charitable choice, I have a real and valid fear that we will wind up diverting funds away from public agencies and current nonprofit providers. This will undermine current programs and create a smoke screen by seemingly doing more with less.

I believe that charitable choice will pit religious, secular, nonprofit and public agencies against each other in a competition for declining share of Federal dollars for social service programs. I also believe that under charitable choice, there is a fundamental incompatibility between the government's duty to taxpayers for accountability in the use of Federal funds and the need for religious organizations to maintain their independence and religious character.

Further, charitable choice mixes government and religion in a way that will allow religious discrimination in federally funded programs. It puts the government in the business of picking and choosing among religions for Federal grants and contracts. This raises serious questions about preferential treatment for one religion over another. How in the world do we decide who is in or out, good or bad?

I continue to be troubled over the fact that charitable choice allows churches to limit their hiring to people of their own faith and people who follow their teachings in programs that receive Federal money. Religious discrimination in hiring for programs funded with Federal dollars just does not sit well with me.

As the former ranking member of the Subcommittee on Civil Service, I'm extremely sensitive to the plight and treatment of Federal workers and working people in general. Consequently, I am concerned that charitable choice creates loopholes or gaps in Fed-

eral protection for workers. Can workers organize and engage in collective bargaining? Will they be subject to the Federal unemployment tax and receive unemployment benefits if they become unemployed? All of these issues beg to be looked at in depth and I'm sure we will.

Looming heavy over all of my concerns and problems with the expansion of charitable choice is the issue of accountability and the glaring lack of research and study. From where I sit and from what I have observed, many people assume that faith-based programs work, and that they work better than Federal social service programs.

My friends, we just do not have the independent and in-depth research to support such views. Last year the National Institute on Drug Abuse, in response to misinformation linking faith-based drug treatment programs to a 60 to 80 percent cure rate, stated there's not enough research in the treatment portfolio for the NIDA to make any valid conclusive statements about the role that faith plays in drug addiction treatment. We are not aware of research from any treatment program that has been peer reviewed or published that can attribute a 60 to 80 percent cure rate to faith as a major factor for a group's treatment success, end of quote.

Indeed, 3 years ago, the General Accounting Office report on drug abuse and treatment, requested by Representatives Gingrich and Hastert and Charles Rangel, concluded that other treatment approaches to drug abuse, such as faith-based strategies, have yet to be rigorously examined by the research community. The report went on to conclude that research literature has not yet yielded definitive evidence to identify which approaches work best for specific groups of drug abusers.

In a recent Associated Press article entitled "Faith-based Battle on Capitol Hill," the AP writer asserts that DiIulio allows that there is scant evidence to support the contention that religious programs are more effective than secular ones.

Finally, there was an article in Tuesday's New York Times newspaper quoting Professor Byron Johnson of the University of Pennsylvania Center for Research on Religion and Urban Civil Society. Professor Johnson, along with other social scientists, says that there's little reliable research proving the effectiveness of religious programs. There seems to be scant evidence showing which religious programs show the best results and how they stack up against secular programs.

Mr. Chairman, given that charitable choice was first added to the welfare reform measure adopted in 1996 and that four charitable choice measures have been enacted into law, I believe it is time to review how well charitable choice is working. Today, I will request that GAO, the investigative arm of the Congress, begin an indepth review and oversight of charitable choice: The program, States currently engaged in the charitable choice, faith-based organizations receiving money, a look at who is and who is not being served, program accountability, contract award processes, and whether or not the services provided are successfully serving the needs of the people. I am anxious to learn who is currently utilizing faith-based organizations, learn of their value and see how well they measure against secular programs.

Mr. Chairman, I'm also pleased that Congressman Bobby Scott and Chet Edwards have joined us today, and I thank you all for being here, and I wish to thank all of the witnesses who will testify, and again, thank you for holding this hearing.

Mr. SOUDER. Thank you. Mr. Mica of Florida, the immediate past chairman of the subcommittee, I yield to you for an opening statement.

Mr. MICA. Thank you, Mr. Chairman, and thank you for first taking on the legislative oversight responsibility for the faith-based initiative and also for conducting this first congressional hearing, at least on the House side that I know of, on the issue and maybe in Congress.

I'm a strong supporter of this initiative, basically, not based on any studies or reports, and even I think if we get GAO involved, GAO has a very difficult task ahead of itself trying to evaluate caring, love and faith, which I don't think fits into any of their parameters or would they be able to evaluate it. That's one of the missing ingredients from most of the government programs. But again, I don't speak and can't cite reports.

I have heard some of the reports. Mr. Cummings and I've served together on Civil Service. He was a ranking member. We served on the Criminal Justice, Drug Policy and Human Resources Subcommittee together.

So I've heard some of those reports, but I can tell you firsthand that I've seen in my own community education and drug treatment programs that have astounding results. They differ from the government programs because they have two ingredients that are different. They have very low administrative and bureaucratic overhead, and second, they're highly effective.

I could just cite two examples: One is House of Hope, which is located in central Florida. It provides drug treatment, started out primarily for young women, has a 70, 80 percent success rate, and I would venture to say from any studies I saw as chair of Criminal Justice, Drug Policy and Human Resources Subcommittee, it's just the opposite of what the public programs produce in drug treatment effectiveness.

Education is another area where we could do so much, and I have seen in my community a third of some of the public programs, well intended, and I'm a strong supporter, for example, of Head Start, but community faith-based programs, and I have them in central Florida. I've one Catholic based education program with two administrators for 16,000 students. Their preschool programs are far superior to anything offered by the government programs and at a third to a fourth of the cost, and also with the infusion of caring, love and faith, and a success rate that far surpasses any that are now offered to our disadvantaged.

Poverty, crime and drug addiction can all benefit from our support of these faith-based initiatives. And faith-based organizations, I believe, are now being discriminated against. People with faith also pay taxes, and people who pay taxes should be entitled to have some of their public money spent on programs that are successful as opposed to those government programs that are unsuccessful, and I think we can evaluate these programs simply by their effectiveness.

And I wouldn't support any faith-based services that discriminate in any way, but I think there are plenty of examples and there's plenty of experiences without spending tons of money on study and reviews of successful organizations that provide faith-based service and, again, a meaningful and successful manner.

So I support this initiative, look forward to the hearing and thank you for this initiative.

Mr. SOUDER. Thank you.

Mr. Davis of Illinois.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman, and let me thank you for holding this hearing to initiate the discussions. Obviously, this issue that we deal with this afternoon is going to be one of the great debates of the year, and I think it's certainly time that we got started.

I think the concept of faith as a part of treatment modalities in various human service and social service programs have been with us for a long time, and so I personally am a strong supporter of the concept of faith. As a matter of fact, practically all the communities that I've lived in and spent a great deal of my time working in as both an adult as well as before I became an adult relied very heavily upon the concept of faith. As a matter of fact, as an African American, I remember the song that we sing as part of our national anthem. It says sing a song full of the faith, and so faith has been an integral part of the movement of many different groups and groups of people in this Nation.

I certainly hope that we can answer some of the questions that I have about the initiative. For example, I'm very much concerned to know whether or not we're talking about some additional money. I think it's good to have faith, but when you add faith with resources, and provide faith with greater opportunity to work, then I think faith reaches another level.

I'm going to be concerned to understand whether or not we can establish program modalities and treatments in such a way that we can absolutely assure that there will be no discrimination against different individuals because of their own concepts and notions about faith.

And so I look forward to the hearing. I look forward to the testimony of all those who will participate and again, Mr. Chairman, I thank you for initiating this activity because I think this committee is probably going to be one of the most interesting subcommittees in Government Reform or in any other area that we will experience this session.

Mr. SOUDER. Thank you. Mr. Barr.

Mr. BARR. Thank you, Mr. Chairman.

Mr. Chairman, if America understood the first amendment the way it was intended, we wouldn't have to have this hearing today, because it wouldn't be an issue of whether or not institutions that believe in the power of God can participate in the public life of America, having been done so—would be doing so for the last 200 and 20-some-odd years. The first amendment, as crafted by James Madison, not only was never intended to be a barrier between any religious activity in the public facets of our society, but was intended to preserve that union. It was certainly, as we all know, in-

tended to prohibit the forcing of any particular religion on any individual or any group.

But to have the complete focus of the first amendment in terms of freedom of religion changed as it was fundamentally in the Supreme Court decision in 1947, which has been, I believe, misinterpreted many times since then, does indeed bring us to the strange point that we have to have hearings and a great deal of controversy over whether or not institutions of proven effectiveness in State after State after State over so many years, in helping to solve the social ills of our society, is something that seems alien and adversarial to some Members of Congress, and certainly a number of judges.

But I salute President George W. Bush as both a man of faith and man of understanding our Constitution, in one of his first acts as President, in recognizing and trying to restore the first amendment to its proper role, and that is, not as something that prohibits the use of faith-based institutions in our public life, but rather, something to be encouraged so long as all of us are very mindful to not use religion officially to force a particular belief.

Churches, mosques, synagogues, all across this great land, have known the secret of solving the problems that face our society for generations. It is faith and turning to God. And we now have a President that recognizes that, and I think this will open up many, many new and very productive avenues for solving and helping to solve the problems that afflict our society.

And I appreciate, Mr. Chairman, your convening this hearing today to begin to put back into proper focus the role of religion in the public life of the greatest Nation on the face of the earth. Thank you.

[The prepared statement of Hon. Bob Barr follows:]

Opening Statement
Congressman Bob Barr
Subcommittee on Criminal Justice, Drug Policy and Human Resources
Hearing on "The Role of Community & Faith-Based Organizations in Providing Effective Social Services"
Thursday, April 26, 2001, 2:00 p.m., Room 2247 Rayburn

Thank you for holding this hearing today, Mr. Chairman.

Yesterday I participated in a panel discussion on Faith-Based Initiatives, as a part of the Faith-Based Summit. The on-going goal of the summit is to establish networks of mutual support as we work to revitalize communities across the nation through faith-based and locally controlled initiatives. I am excited about what this new partnership will bring to our communities.

Government must begin to view faith-based and community organizations as partners, not competitors - -or worse, as some would have it, adversaries - - in the fight against drug usage, poverty, teen pregnancy, and other social problems. There are millions of people across the country who need help. Faith-based organizations can now play a vital and needed in role in providing that help.

The practice of engaging faith-based organizations in the delivery of social services with government funds is not new. This has been happening at the state and local level for years. Religious-oriented and faith-based programs are provided funds to do what local governments do not have the capacity to do - provide a full spectrum of successful community services. It is time the federal government follow the lead of our state legislatures and local governments, and put the best organizations to work for the betterment of our communities.

Churches, mosques and synagogues are not seeking federal money in order to recruit new members. The money will allow them to continue the successful community work in which they have been engaged over the years. Such organizations are successful because they understand the important role religious institutions and faith in God can, and should, play in solving society's most pressing problems. I hope, as a result of hearings like this, the national dialogue will continue, and that faith-based groups receive the support they deserve from the Congress and the White House.

Mr. SOUDER. Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

I want to take this opportunity to welcome the witnesses and thank them for taking the time from their busy schedules to discuss the role of community and faith-based organizations in providing effective social services.

Faith-based organizations play a vital role in our communities, all of whom work tirelessly toward effectively meeting the needs of these communities. These organizations cover all religions and range from family counseling to community development, to homeless and battered women's shelters, to drug treatment and rehab programs, and to saving our at risk children.

Our community, faith-based organizations deserve our thanks and our praise that, in many cases, they are the only organizations which have taken the initiative to provide a much needed community service. In other words, not only do they live and work in the communities that they serve but they know their neighbors and understand their individual needs and circumstances. No one can dispute the great work of our faith-based organizations in compassion, the duty to serve and devotion to helping one's fellow human beings should be cherished and supported as these qualities are common to all religions and transcend partisan politics.

I welcome this opportunity to learn from those who serve on the front lines of their communities and can share their personal experiences with us in how faith-based organizations have effectively served in the past, and I look forward to the testimony of today's witnesses to hear your thoughts on how best our government can support your humanitarian work in faith-based, community-based organizations and strive for the betterment of our communities.

We thank our witnesses for being here, and thank you, Mr. Chairman.

Mr. SOUDER. Thank you. I, for the record, wanted to say Congresswoman Davis joined this subcommittee partly because she—mostly because she was interested in this issue. She's having to chair another hearing downstairs and hopes to be up part way through, but didn't have an opening statement.

Two of my friends who have worked on this issue, even though we've been on the opposite side of many of these debates, but it's great to have it during the day rather than the middle of the night. Congressman Scott and Congressman Edwards, and I've asked them if they would like to have an opening statement as well. Congressman Scott would you like to?

Mr. SCOTT. Thank you, Chairman Souder and Ranking Member Cummings and I'd like to thank you for holding this hearing on the issue of the role of the community and faith-based organizations, and specifically charitable choice, and I'd like to thank you particularly for inviting me and the gentleman from Texas to participate today.

First of all, I'd like to say that support for funding for faith-based programs in general should not be confused with the specific legislative proposal called charitable choice. Under current law, without charitable choice religiously affiliated organizations such as Catholic charities, Jewish federations, and Lutheran services can compete for and, in fact, now operate effective government-funded pro-

grams. In fact, there would be significant common ground on this issue if charitable choice were not included because those religiously affiliated organizations are free to compete for funds, just like other private organizations compete for funds, and they are funded like other private organizations are funded. That is, they are prohibited from using taxpayer money to advance their religious beliefs and are subject to all civil rights law.

Charitable choice, however, specifically allows the sponsor of a government-funded program to promote religion during the program and to discriminate on employment based on religion when using taxpayer dollars. Mr. Chairman, notwithstanding the apparent prohibition against government funded proselytization, sectarian worship and instruction found in section 1994 A of H.R. 7, there is, in fact, no prohibition against proselytization, sectarian worship and instruction by volunteers during the program. In fact, the right to retain the religious character of the sponsor virtually guarantees that the program will promote religious views. Furthermore, unless religious views were being advanced during the program, it would be unnecessary to require alternative secular services elsewhere or to allow discrimination in employment.

It's that provision allowing sponsors of federally funded programs to discriminate in employment based solely on religion that is particularly disturbing. Some of us are frankly shocked that we would even be having this debate. We remember that the passage of the civil rights laws in the 1960's was not unanimous, and it is clear that we are using charitable choice to redebate the passage of basic anti-discrimination laws. Publicly funded employment discrimination was wrong in the 1960's, and it is still wrong.

Some have suggested that religious organizations should be able to discriminate employment to select employees who share their vision and philosophy. Under current civil rights laws, you can discriminate against a person based on their views on the environment, views on abortion or gun control. You can select staff based on their commitment to serve the poor, or whether you think they have the compassion to help others kick the drug habit. But under present laws without charitable choice, you cannot discriminate against an individual because of his race, sex, national origin or religion.

There was a time when some Americans, because of their religion were not considered qualified for certain jobs. In fact, before 1960 it was thought that a Catholic could not be elected President, and before the civil rights laws of the 1960's, persons of certain religions were routinely suffering invidious discrimination when they sought employment.

Fortunately, the civil rights laws of the 1960's put an end to that practice and outlawed schemes which allowed job applicants to be rejected solely because of their religious beliefs. Mr. Chairman, supporters of charitable choice have promised to invest needed resources in our inner cities, but it is frankly insulting to suggest that we cannot get those investments unless we turn the clock back on our civil rights.

I, therefore, thank you, Mr. Chairman for holding this hearing and thank you again for your courtesy in allowing me and the gentleman from Texas to participate.

Mr. SOUDER. Thank you.

Mr. Edwards.

Mr. EDWARDS. I want to thank you for your good faith and Mr. Cummings' graciousness in allowing two non-members of this subcommittee to participate and listen in this hearing.

I want to compliment you also for holding this hearing, because while we have passed into law in three separate measures charitable choice legislation, the fact is that over those past 5 years, when we were doing so, it wasn't until this past week that we had the first House hearing on an issue, regardless of which side you're on—it's so important that Madison and Jefferson debated it for 10 years in the Virginia legislature—the question of the proper role between government and religion.

Mr. Chairman and members, I believe the question before Congress is not whether faith-based groups can contribute to solving social problems. As a person of faith, I believe the clear answer to that question is yes. Rather, I believe the fundamental question before Congress is whether we should do something that our Nation has not done in over 200 years since the Bill of Rights became part of our law and, that is, to send Federal tax dollars directly into houses of worship, churches and synagogues as well.

I hope, Mr. Chairman, in the process of this hearing today, there are five questions that perhaps will be answered by those testifying. One, will Federal Government agencies and auditors go in and audit annually the books of churches, synagogues and houses of worship that would be receiving these Federal tax dollars under charitable choice?

Second, who in the Federal Government, deciding to whom to send charitable choice dollars, will be given the power to decide what is a religious group or not? What is a faith-based group or not? For example, we have a number of active participating, practicing Wiccans in my central Texas district. Will they be considered a faith-based group under the definition of this law?

The third question I hope folks will address is the catch–22 I see in this process. As a person of faith, I believe the very reason faith-based groups have been effective in so many cases in addressing social problems is because of their faith. I consider faith second to none in any type of power, political or otherwise, but the question is, if we agree under the law of this land you cannot proselytize with Federal tax dollars, are we then not taking the faith out of faith-based organizations, thus leaving organizations?

Fourth, will groups be allowed to discriminate using Federal dollars? For example, a religion that sincerely believes that women should not be in the workplace, will they be allowed to take all of the taxpayer dollars of those of us in this room and say to women, you are perfectly qualified in every other way for this federally funded job, but we will not hire you because our religious faith respects that women should not be in the workplace?

And finally, I hope a fundamental question this committee and our Congress can address is, is it necessary to pass new legislation? Is there anything wrong with having the requirement of setting up a separate 501(c)(3), whether it be a church, a synagogue, a house of worship, another faith-based group, and ask them to meet two

standards: don't discriminate using tax dollars and don't proselytize using tax dollars.

Thank you again, Mr. Chairman and Mr. Cummings, for your graciousness in letting us participate in this important hearing today.

Mr. SOUDER. Thank you. And as has been said, this is about the most debate and extended debate we've had on this issue, and this subcommittee will continue to explore a number of the nuances in conjunction with other committees.

Before proceeding, I would like to take care of some procedural matters. First, I ask unanimous consent that all Members have 5 legislative days to submit written statements and questions for the hearing record, that any answers to written questions provided by the witnesses also be included in the record. Without objection so ordered.

Second I ask unanimous consent that the gentleman from Texas, Mr. Edwards and the gentleman from Virginia, Mr. Scott, who are not members of the committee be permitted to participate in the hearing and to question witnesses under the 5-minute rule in each round after all the members of subcommittee have completed their questions. Without objection so ordered.

We now begin the first panel, which consists of Dr. John DiIulio, the director of the White House Office of Faith-based and Community Initiatives. We welcome you to the subcommittee, and as an oversight committee, it is our standard practice to ask all our witnesses to testify under oath. So if you will rise and raise your right hand, I'll administer the oath.

[Witness sworn.]

Mr. SOUDER. Let the record show that the witness responded in the affirmative. We now recognize Dr. DiIulio to outline some of his vision for the Department.

STATEMENT OF JOHN J. DiIULIO, JR., DIRECTOR, WHITE HOUSE OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES, ACCOMPANIED BY DON EBERLY, DEPUTY DIRECTOR, WHITE HOUSE OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES; CARL ESBECK, DIRECTOR, DEPARTMENT OF JUSTICE CENTER; AND DON WILLETT, ASSOCIATE DIRECTOR OF OFFICE FOR LAW AND PUBLIC POLICY

Mr. DIIULIO. Thank you very much, Mr. Chairman, and thank you, Congressman Cummings and thank you other members of the committee for inviting me here.

President Bush has outlined several interrelated objectives for faith and community initiatives. Let me just begin by briefly summarizing them. First, to increase charitable giving, both human and financial, both volunteer hours and charitable dollars. Second, to increase social delivery choices available to beneficiaries of social welfare programs that are funded in whole or in part by Washington. Third, to ensure that all community serving nongovernmental organizations that seek to administer Federal social programs are treated in a nondiscriminatory fashion and judged by their performance. And finally, to seed or expand model public private and religious secular programs that address acute but unmet civic needs.

As President Bush noted in his February budget address to Congress, there are groups working in every neighborhood in America to fight homelessness and addiction and domestic violence and to provide a hot meal or a mentor or a safe haven for our children.

So let me just briefly, quickly begin by saying that is certainly true everywhere I've been over the past 6 or 7 years looking at these groups and studying this issue and community-serving ministries all across this country. It is certainly true in my own hometown of Philadelphia where I, our great mayor, Major John Street, has promoted public private partnerships and religious secular programs through his own office of faith-based and voluntary action, programs in which neighborhood volunteers in grassroot congregations help each released prisoner who wants a job, to stay away from illicit drugs, to complete high school and so on, programs in which each of our 259 public schools is adopted by a local faith-based group to help solve such longstanding problems as low reading scores and high truancy rates and programs like Amachi, which is led by former Philadelphia mayor, the Reverend W. Wilson Goode. He is Philadelphia's favorite Dubya, by the way, and Amachi which is a West African word, I'm told that means: "who knows, but what God has brought us through this child." What Amachi does is it mobilizes volunteers from faith-based organizations directly to serve as mentors whose fathers and mothers are both incarcerated. The rub of such programs has always been that it's difficult to mobilize the volunteers.

The lead organization in this particular program is Big Brothers Big Sisters of America, which is the Nation's premier mentoring organization, secular mentoring organization, best practices mentoring organization.

We know from the research that's been done, getting a loving, caring, well matched "big" into the life of a needy child cuts that child's chances of first time drug use in half, reduces aggressive or hitting behavior by a third, significantly improves school performance and has numerous other well documented positive social consequences, but again, the rub has always been with tens of millions of children who need mentors, the inability to mobilize them.

And so what has happened with Reverend Goode and his Amachi team is that in just 6 weeks, they mobilized over 600 volunteers from local congregations, enlisting people with faith to mentor these children of promise, thereby doubling the number of Big Brothers Big Sisters matches in Philadelphia for this particular hard-to-serve population, making it the largest Big Brothers Big Sisters site in the entire Nation, and they have only really just begun.

From north central Philadelphia to south central L.A., I could recite literally hundreds of inspiring anecdotes and stories about how people of sacred places working across racial, denominational and other divides, are achieving important civic purposes like those I just mentioned with respect to the Amachi program. But as my social science colleagues like to say, the plural of anecdote is not data.

The good news, however, is that the best local and national data on faith-based and community initiatives all show that these inspiring anecdotes are the rule, not the exception. For example,

based on 3-hour site visits and 20 page questionnaires, covering 215 different types of social services at each of over 1,000 Philadelphia congregations—I'm not talking about spotty phone surveys or slip shod inventories—Professor Ram Cnaan of the University of Pennsylvania found that over 85 percent of the city's churches synagogues and mosques provided one or more community-serving programs. The very conservatively estimated value of what these programs provide in Philadelphia alone in a year is about a quarter billion dollars. And as has been found in all previous research of the same depth and breadth, the primary beneficiaries of these faith-based programs are needy neighborhood children, youth and families who are not members of the congregations or faith-based programs, whether they're storefront churches or run out of a basement, or what have you, that serve them.

In fact, from the Cnaan data you can count on your fingers and toes the number of community-serving congregations and other faith-based organizations that make entering the buildings, receiving the services or participating in the programs in any way conditioned upon any present or eventual expression of religious faith or that require beneficiaries to participate in sectarian worship of any kind.

Professor Cnaan calls these community serving faith-based organizations that partner often with secular organizations, and in the case of Philadelphia and so many other cities now with their city halls, he calls them America's hidden social safety net. Hidden perhaps, but no longer unheralded, not even by government.

As has been mentioned here, President Clinton signed the Federal Welfare Reform law in 1996, and that law contained a provision called charitable choice. That provision made it possible for community-serving faith-based organizations that supply certain social services to seek direct or indirect Federal support for the provision of those services on the same basis as any other nongovernmental providers of those services.

Now I repeat and emphasize the rather cumbersome locutions "supply certain social services," "for the provision of those services," and "any other nongovernmental providers of those services," not merely because I am a boring academic at heart, which I am, but because I have learned over the past several months that otherwise some people will describe the 1996 Charitable Choice law, as well as several subsequent laws that contain charitable choice provisions, as well as the present proposal perhaps, as government funding for religion or government funding for religious charities. That to me is like describing my purchase of a fast food cheeseburger as "DiIulio funding for McDonalds." Clearly, I do a lot of that sort of thing, but the fact of the matter is that it's not core funding for the organization.

One rarely, if ever, hears the locution "government funding for secular nonprofit organizations." One rarely, if ever, hears the locution "government funding for profit making firms." Yet the fact is that virtually every domestic policy program that the Federal Government funds, in whole or in part, has been and continues to be, since the end of World War II, administered not directly by Federal employees themselves, but via Federal grants, contracts, vouchers

and other disbursement arrangements with vast networks of nongovernmental organizations and providers.

My former Brookings Institution colleague, Don Kettl of the University of Wisconsin, calls this massive public administration reality "government by proxy." Professor Lester Salamon has termed it "third party government," an estimate made that by 1980, 40 percent of all of the funds in domestic program service delivery that touch the Federal Government were being administered by nonprofit organizations, the vast majority of those secular.

The 1996 charitable choice provision, like the relevant section of the proposed Community Solutions Act of 2001, invites civic-minded godly people back into the Federal public square by ensuring, as a matter of law and public policy, that merely because a faith-based social service delivery program receives penny one of public funds, its leaders and volunteers need not remove religious iconography from their walls, need not refrain from parking their housing rehab lumber in church yards, need not cease humming hymns while they hammer nails, can keep saying "God bless you" in the health clinic, even when nobody has sneezed and so on.

At the same time, the 1996 charitable choice law, like the present charitable choice expansion proposal, seems equally explicit that no public grants or contracts, under any government program, shall be expended for sectarian worship instruction or proselytization. There is and can be no government funding for religion or for religious charities. Public funds may be used only for public purposes, not for religious ones.

In the aforementioned Cnaan survey certain interesting questions, empirical questions were asked. They asked how many of the clergy in the city of Philadelphia—again, this is the largest massive and best data set we have. There are other data sets as well. They asked how—what fraction of the clergy knew of charitable choice on the books now for almost 5 years. Only 7 percent knew.

There's only one congregation in the city of Philadelphia that has actually been charitable choice, and I believe, Mr. Chairman, you will be hearing from Pastor Donna later this afternoon.

When asked however—when charitable choice was explained to the community-serving clergy in the city of Philadelphia—again, this is a census, not just a mere sample or survey—and was explained to them, 60 percent said they would be interested in pursuing, possibly pursuing funding, support, to seek to deliver social services.

Now, what fraction would actually follow through or qualify or go on to administer Federal programs or services is really anybody's guess. I mean I could give you my best guesstimates, but they would be guesstimates, but as a matter of public law and policy in deference to constitutional norms of equal treatment and for the sake of just plain fair play, the decision of whether to apply should be left to the country's community-serving Reverend, each should decide, according to his on her own best understanding of religious mission and community need.

During the 2000 Presidential campaign, both Vice President Gore and then-Governor George Bush, called for expanding charitable choice to juvenile justice and other areas of Federal public policy and administration. I think everybody wants government by proxy

programs, which is really virtually all that we have in the area of Federal public policy, domestic public policy, administration to succeed. In the area of social services and social welfare, it will actually promote literacy, not just get improvement, but to get children reading at or above grade level, not merely to promote housing rehab but to alleviate situations like the one in Philadelphia, where a fifth of the housing stock, despite literally tens of millions of dollars being spent over many years to rehab it, remains abandoned or falling down in many of our poorest neighborhoods, and to achieve other common civic purposes and get good results.

If that is what we wish, then I believe, as President Bush has proclaimed, and I quote him here, we must heed the growing consensus across America that successful government social programs work in fruitful partnership with community-serving and faith-based organizations, whether run by Methodists, Muslims, Mormons or good people of no faith at all.

Like most Americans, like Philadelphia's Mayor Street and Reverend Goode, like those I believe in this Congress who supported charitable choice several times over the last several years, and like literally tens of thousands of community leaders, both religious and secular, all across the country, President Bush understands that the Constitution does not erect a wall of separation between common sense and social compassion. As the President has so often and so eloquently stated, government cannot be replaced by charities, but it should welcome them as partners, not resent them as rivals.

As the President stated in the Executive order to establish the office that I now direct, and I quote him again here, the paramount goal is compassionate results, and private and charitable groups should, including the religious ones, should have the fullest opportunity permitted by law to compete on a level playing field so long as they achieve valid public purposes. The delivery of social services must be results-oriented and should value the bedrock principles of pluralism, nondiscrimination, evenhandedness and neutrality.

So again, thank you for inviting me. I look forward to answering any questions to the best of my ability, or more likely and better, to the best of my staff's ability. Thank you very much.

Mr. SOUDER. Thank you.

[The prepared statement of Mr. DiIulio follows:]

TESTIMONY
JOHN J. DIIULIO, JR.
Director, Office of Faith-Based and Community Initiatives, The White House
Hearing on "The Role of Community & Faith-Based Organizations in Providing Effective Social Services"
Subcommittee on Criminal Justice, Drug Policy and Human Resources
U.S. House of Representatives' Committee on Government Reform
April 26, 2001

GENERAL COMMENTS

Thank you kindly for inviting Mr. Eberly and me. We welcome and appreciate the opportunity.

The Community Solutions Act of 2001 ably embraces and embodies many of the civic goals that President George W. Bush has established for faith-based and community initiatives:
*increasing charitable giving, both human and financial, both charitable dollars and volunteer hours;
*increasing the social service delivery choices available to beneficiaries of social welfare programs funded in whole or in part by Washington;
*ensuring that all community-serving non-governmental organizations that seek to administer Federal social programs are treated in a nondiscriminatory fashion and judged by their performance;
*and seeding or expanding model public/private and religious/secular programs that address acute but unmet civic needs.

The Charitable Choice provision of the Act would be the fifth such provision enacted into Federal law since 1996, each time with bipartisan support.

Then as today, the church-state questions and other concerns voiced by open-minded people of good will can all be answered.

To spur greater charitable giving, improve government performance, eliminate anti-religious bias, and promote community solutions, the Federal government must do more to acknowledge the vast and vital role grassroots faith-based organizations and religious volunteers play as effective agents of service delivery, social change, and civic renewal.

As President Bush noted in his February 28, 2001 Budget Address to Congress, these "groups are working in every neighborhood in America, to fight homelessness and addiction and domestic violence, to provide a hot meal or a mentor or a safe haven for our children."

True, so let me begin, as it were, by taking us to my hometown, Philadelphia.

I. Philadelphia Story

On New Year's Day 2001, Philadelphia Mayor John F. Street went to prison.

Voluntarily, that is.

Mayor Street and scores of local community-serving ministers visited four city jails. In each, they offered inmates a moral message of personal responsibility and a practical promise of social support. They outlined the public/private partnerships and religious/secular programs being promoted by the Mayor's office.

Programs in which neighborhood volunteers in grassroots congregations help each released prisoner who wants help to reunite with family, stay away from illicit drugs, complete school, find a decent job, and more.

Programs in which each of the city's 259 public schools is "adopted" by a local faith-based group to help solve such problems as low reading scores and high truancy rates.

Programs like *Amachi*. Led by former Philadelphia mayor Reverend W. Wilson Goode—Philadelphia's favorite "Dubya"—*Amachi* mobilizes volunteers from faith-based organizations to serve as mentors to low-income children whose fathers, or mothers, or both are incarcerated.

Amachi is a West African word. Roughly translated, it means, I'm told, "who knows but what God has sent us through this child." The program's lead agency is Big Brothers Big Sisters of America, the nation's premiere best-practices secular mentoring organization.

Getting a loving, caring, well-matched "Big" into the life of a needy child cuts that child's chances of first-time drug use in half, reduces aggressive (hitting) behavior by a third, significantly improves school performance, and has numerous other positive social consequences.

The rub, however, has always been mobilizing adult mentors at scale, especially in relation to extremely at-risk, needy populations like the economically disadvantaged inner-city children of prisoners.

But by working with and through several dozen local congregations, by enlisting people of faith to mentor children of promise, in just six weeks Reverend Goode and his *Amachi* team mobilized over 600 qualified "Bigs," thereby doubling the total number of Bigs serving all children in the city, and making Philly the country's largest Big site.

And they've only just begun.

JosephTierney and Jean Baldwin Grossman, Making a Difference: An Impact Study of Big Brothers Big Sisters (Philadelphia, PA: Public/Private Ventures, 1995). Also see Cynthia L. Sipe, Mentoring: A Synthesis of Research, 1988-1995 (Philadelphia: Public/Private Ventures, 1996).

II. National Data

From North Central Philadelphia to South Central Los Angeles, I could recite literally hundreds of inspiring stories about how the people of sacred places, working across racial, denominational, and other social divides, are achieving vital civic purposes.

I could tell how, like Mayor Street and former Mayor Goode in the City of the Second Great Commandment, my friends Mayor O'Malley of Baltimore, Mayor Morial of New Orleans, and other urban leaders all across the country are seeding or expanding public/private and religious/secular partnerships to better serve our society's needy children, youth, and families and their communities.

I could recount how, just last Friday, I was with U.S. Senator Mary Landrieu in Shreveport, Louisiana. We met with scores of urban, ex-urban, and rural community-serving clergy and volunteers who supply social services ranging from preschools to prison ministries, housing rehab initiatives to health care clinics, transitional welfare-to-work programs to residential substance abuse treatment programs, and more.

Or, I could go on about the remarkable event I attended last Sunday with Aid For Friends, an inter-faith-based organization that each year mobilizes over 10,000 volunteers to work in partnership with public health systems and private hospitals to serve frail, infirm, and homebound elderly citizens.

But, as my social science colleagues like to say, the plural of anecdote is not data. The good news, however, is that the best local and national data sets on faith-based and community initiatives all show that these inspiring anecdotes are the rule, not the exception to the rule.

For example, based on three-hour site visits and 20-page questionnaires covering 215 different types of social services at each of over 1,000 Philadelphia congregations—not spotty phone surveys or partial inventories—Professor Ram A. Cnaan of the University of Pennsylvania found that over 85% of the city's churches, synagogues, and mosques provided one or more community-serving programs. The very conservatively estimated monetary value of their services is a quarter-billion dollars a year.

As found in all previous research of the same depth, the primary beneficiaries of these faith-based programs were needy neighborhood children, youth, and families who were not members of the congregation that served them. You could count on your fingers and toes the number of community-serving congregations that made entering the buildings, receiving the services, or participating in the programs conditioned upon any present or eventual expression of religious faith, or that required beneficiaries to participate in sectarian worship of any kind.

Ram A. Cnaan, Center for Research on Religion and Urban Civil Society Report 2001-1, Philadelphia, PA, University of Pennsylvania.

Professor Cnaan calls community-serving faith-based organizations America's "hidden social safety net."

III. Government-By-Proxy

Hidden, but no longer completely unheralded, even by government.

On August 22, 1996, President Clinton signed the Federal welfare reform law. That law included a provision, backed by bipartisan support, called Charitable Choice. The provision made it possible for community-serving faith-based organizations *that supply certain social services* to seek direct (grants, contracts) or indirect (vouchers, certificates, or other) Federal support *for the provision of those services* on the same basis as *any other non-governmental providers of those services.*

I repeat and emphasize the rather cumbersome locutions "supply certain social services," "for the provision of those services," and "any other non-governmental providers of those services" because I have learned over the last few months that, otherwise, some people, for whatever reasons, will describe the 1996 Charitable Choice law, as well as the several subsequent laws that extended the provision to other areas of Federal public policy and administration, as well as the present proposal for Charitable Choice expansion, as "*government funding for religion*" or "*for religious charities.*"

That is like describing my purchase of a fast-food cheeseburger as "DiIulio funding for McDonald's."

One rarely if ever hears the locution "government funding for secular non-profit organizations" or "government funding for profit-making firms." Yet, the fact is that virtually *every* domestic policy program that the Federal government funds in whole or in part has been and continues to be administered, not by Federal employees themselves, but via Federal grants, contracts, vouchers, and other disbursement arrangements with vast networks of non-governmental organizations.

Indeed, there are roughly six people who work indirectly for Washington for every one Federal civil servant who manages or monitors these domestic programs.

My former Brookings Institution colleague, the University of Wisconsin's Professor Donald F. Kettl, terms this post-World War Two Federal system of domestic public administration "*government-by-proxy.*"

Donald F. Kettl, Government By Proxy (Washington, D.C.: Congressional Quarterly Press, 1988), and (with John DiIulio and Gerald Garvey), Improving Government Performance (Washington, D.C.: Brookings Institution Press, 1993).

Professor Lester Salamon terms it "*third-party government*," and has estimated that, by 1980, about 40% of all Federal domestic program funds were being administered via non-profit organizations, the vast majority of them secular.

Professor Stephen Monsma of Pepperdine has documented the limited but non-trivial extent to which religious congregations and other faith-based organizations were involved in the pre-1996 public administration of Federal and other government programs. His research and other good empirical work---including several essays in a recent volume co-edited by Harvard's Professor Mary Jo Bane and others—shows that the involvement of faith-based organizations in government-funded social service delivery programs has generally been concentrated among a small number of large religious organizations.

To get even a penny's support via government-by-proxy programs, religious groups generally had to secularize their messages, service delivery systems, and even their physical plants. What my friend former U.S. Senator Daniel Patrick Moynihan terms an "iron law of emulation" was in full force. Having secularized and reorganized themselves to comport with the government's grant-making process, many participating religious organizations received ever more of their funds from the government.

Meanwhile, literally tens of thousands of smaller, grassroots community-serving congregations and faith-based social service organizations made bricks without straw, garnering no public and little private support for the social services they provided.

The 1996 Charitable Choice provision, like the relevant section of the proposed Community Solutions Act of 2001, invites civic-minded godly people back into the Federal public square by ensuring as a matter of law and policy that, merely because a faith-based social service delivery program receives penny one of public funds, its leaders and volunteers need not remove religious iconography from their walls; need not refrain from parking their housing rehab lumber in church yards; need not cease humming hymns while hammering nails; can keep saying "God bless you" in the health clinic even when nobody has sneezed; and so on.

That's a lot, but that's all—a long-overdue change in Federal procurement and grant-making policy that put religious organizations on the same basis as all other prospective non-governmental providers of services with respect to Federal programs.

Prospective! There are and can be no religious "set-asides" or anything of the kind.

Lester Salamon, Partners in Public Service: Government Relations in the Modern Welfare State (Baltimore, MD: Johns Hopkins University Press, 1995).

Stephen V. Monsma, When Sacred and Secular Mix (Boston, MA: Rowan and Littlefield, 1996).

Peter Frumkin, "Rethinking Public-Nonprofit Relations," in Mary Jo Bane et al., eds., Who Will Provide? (Boulder, CO: Westview Press, 2000), and Bane, "Faith Communities and the Post-Reform Safety Net."

At the same time, the 1996 Charitable Choice law, like the present Charitable Choice expansion proposal, is equally explicit that no public grants or contracts under any government program shall be expended for "sectarian worship, instruction, or proselytization."

There is and can be no "government funding for religion" or "for religious charities."

Public funds may be used only for public purposes, not religious ones.

Both *before* Charitable Choice and now, any organization—religious or secular, popular or not—that can fill out agency request-for-proposal forms and afford the postage can apply to any government program. There can be no pre-approved procurement lists that, by whatever criteria, automatically rule some organizations in and others out based solely on faith-based affiliation. The government program comes first. Organizations apply to administer Federal support in accordance with stated program objectives. Any organization that administers Federal support for service delivery must comply with all applicable Federal anti-discrimination laws. All Federal rules governing procurement procedures and performance standards also apply. With or without a 501(c) 3, all public funds must be accounted for, and none may be "commingled" or used for non-program-specific purposes, but government does not otherwise get to go rooting around in the organization's "books." Period.

Like so much of Federal domestic legislation, however, Charitable Choice has not been well or fully implemented. After nearly five years on the books, in most states no community-serving religious congregations have been added to the Federal government-by-proxy rolls under Charitable Choice. The aforementioned Cnaan data indicate that while only about 7% of urban faith-based organization leaders know about Charitable Choice, once they do learn about it, about 60% express an interest in entering into public/private partnerships to deliver social services.

What fraction would actually follow through or qualify or go on to administer Federal programs or services is anybody's best guess.

But as a matter of public law and policy, in deference to constitutional norms of equal treatment, and for the sake of just plain fair play, the decision of whether to apply should be left to the country's community-serving Reverend Goodes, each to decide according to his or her own best understanding of religious mission and community need.

Should community-serving faith-based leaders decide in good faith to attempt to collaborate with government for the purposes of administering given social service delivery programs, they should be treated fairly. Their good deeds should go unpunished. Their religious character should not be treated as a badge of dishonor or inferiority. They should not be made to undergo the equivalent of an organizational strip search (remove all religious "contraband") or be forced to enter the equivalent of a bureaucratic re-education camp (remove all religious ideas, words, symbols, and values) before so much as getting a fair chance to demonstrate how they might qualify to administer programs in partnership with government and achieve measurable civic results.

Thankfully, with extant Charitable Choice laws, we can almost begin to say "been there, fixed that," but now it's high time to implement those laws fully and fairly, and to extend Charitable Choice to other areas as well.

Under the leadership of Reverend Donna L. Jones, Philadelphia's first and, I believe, still our only "Charitable Choiced" program is Cookman United Methodist's welfare-to-work program.

I would invite folks to read the case study on Cookman by Jill Witmer Sinha. Among the study's wonders is Reverend Jones herself. You will, I gather, hear from her directly. Listen intently and well, for her story multiplied by many thousands is what Charitable Choice could achieve.

IV. Community Solutions

During the 2000 presidential campaign, both Vice-President Al Gore and then-Governor George W. Bush called for expanding Charitable Choice to juvenile justice and other areas of Federal public policy and administration.

Opinion surveys consistently show that wide and diverse majorities of Americans favor government collaborating with qualified faith-based organizations that supply social services, and that most citizens rate local community-serving congregations as the country's top problem-solving non-profit organizations. Some polls draw mixed or negative responses, but only to "church-state" questions that, while arguably interesting in their own right, are not germane to any extant or proposed Federal law, policy, or administrative option.

We all want Federal government-by-proxy programs that are supposed to promote literacy, reduce violence, and achieve other civic purposes to actually get good results. We all want the hundreds of billions of dollars a year that the Federal government now spends on all manner of social welfare and other services via government-by-proxy to be administered with a focus on measurable outcomes and civic results. We all want to translate Federal domestic policy into more caring, cost-effective, community-based social action.

If that's what we all truly want, then, as President Bush has proclaimed, we "must heed the growing consensus across America that successful government social programs work in fruitful partnership with community-serving and faith-based organizations—whether run by Methodists, Muslims, Mormons, or good people of no faith at all."

Jill Witmer Sinha, Cookman United Methodist Church and Transitional Journey (Washington, D.C.: Center for Public Justice, August 2000).

George D. Gallup and D. Michael Lindsay, Surveying the Religious Landscape (Harrisburg, PA: Morehouse Publishing, 1999); Pew Partnership for Civic Change, Ready, Willing, and Able (Philadelphia, PA: Pew Charitable Trusts, January 2001).

President George W. Bush, Rallying the Armies of Compassion (Washington, D.C..: U.S. Government Printing Office, January 30, 2001), foreword.

There is no good constitutional, moral, practical, or other reason not to (a) implement existing Charitable Choice laws, and (b) expand Charitable Choice to other areas, so that (c) no otherwise qualified non-profit organizations are disqualified or discriminated against in Federal contracting policies or procurement procedures merely because they happen to be, or to be affiliated with, community-serving religious congregations or other unambiguously faith-based organizations.

Like most Americans, like Philadelphia's Mayor Street and Reverend Goode, like those in this Congress who supported Charitable Choice time and again over the last five years, and like literally tens of thousands of community leaders, both religious and secular, all across the land, President Bush understands that the Constitution does not erect a wall of separation between common sense and social compassion.

As the President has so often and so eloquently stated, government cannot be replaced by charities, whether religious or secular, but it can and should welcome them as partners, not resent them as rivals.

The proposal to permit Americans who do not itemize on their tax returns to deduct for charitable contributions, together with the proposal for Individual Development Accounts and related proposals in the Community Solutions Act of 2001, are consistent with the President's desire to find policy-relevant ways of increasing charitable giving while enabling low-income children, youth, and families to improve their socioeconomic life prospects and succeed.

The Act's Charitable Choice expansion proposal is likewise consistent with the President's principled desire to welcome civic-minded godly people and faith-based organizations back into the public square. As the President stated in the January 29, 2001 Executive Order that established the office I direct:

The paramount goal is compassionate results, and private and charitable groups, including religious ones, should have the fullest opportunity permitted by law to compete on a level playing field, so long as they achieve valid public purposes...
The delivery of social services must be results-oriented and should value the bedrock principles of pluralism, nondiscrimination, evenhandedness, and neutrality.

Again, thank you for inviting us, and I look forward to answering any questions to the best of my ability—or, better, to the best of my staff's ability.

May God bless you.

Mr. Souder. Do you want to wait until the questions or would you like to introduce your staff at this point, because we'll need to swear them in before they can testify.

Mr. DIIULIO. I would introduce my staff, Mr. Chairman, if that's all right, if they would. Don Eberly who is the deputy director of the White House Office of Faith-based and Community Initiatives. Carl Esbeck who is the director of the Department of Justice center. Don Willett, the associate director of office for law and public policy.

[Witnesses sworn.]

Mr. SOUDER. Let the record show that the witnesses all responded in the affirmative. We're going to go to our 5-minute rule with the Members. If we need to, we could go a second round. We also have a large second panel, and I have asked Ranking Member Cummings if he'd like to go first.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Mr. DiIulio.

Mr. DIIULIO. Yes, sir.

Mr. CUMMINGS. I was just wondering when you—I mean what is your—your last words when you were talking, quoting President Bush, you were talking about these churches basically achieving a certain social purpose and that they had certain goals that he wants to see them achieve. How do we make sure—how do we get accountability here? Will we have auditors, as Congressman Edwards talked about, going into churches?

Mr. DIIULIO. Well, I would just say that from my experiences, knowing these organizations as I've come to know them over the past 6, 7 years in particular, there's so many of them that are relatively small. Congressman Edwards mentioned, and others mentioned, Congressman Scott as well, the ones that I know and have tremendous respect for as well, Catholic Charities, Lutheran Social Services and so on. These are great big organizations that are, you know, well-oiled and, you know, and so on, and have tremendous reach and do tremendous work.

But we're talking here not exclusively about the large organizations. We're talking primarily in some respects about the smaller ones, and when these organizations traditionally have applied, attempted or put their heads up to apply for any kind of—they're providing housing rehab. They're providing health clinics. They're providing homeless shelters. They're providing prison ministries or preschools or job training or welfare to work.

When they've put their heads up traditionally and said, hey, we're providing these services and there are, for example, 130—actually I counted 135 different Federal youth-serving programs stretching across a dozen or—stretching across seven or eight cabinet agencies plus the Office of National Drug Control Policy, plus the Corporation for National Service, step forward and say we are doing this sort of work, how do we apply, and if we do apply, do we have to stand down on who we are, there's a great concern about very—the question you go to, about accountability standards and so forth, and how do we begin to go through a procurement process, which sometimes can be so forbidding for some of these organizations.

But the rules, the procurement rules, the performance standards and so forth that exist in law in these programs would apply regardless of who the recipients.

Mr. CUMMINGS. You would see the first Baptist Church of Baltimore now in a position where with the money going directly to the church that government has—would then have the right and, seems to me, would have the duty to make sure that the taxpayers' money is being spent for the purposes that it's supposed to be spent for. Other than that—let me finish. Other than that, we might as well walk out there and throw the taxpayers' dollars out the window if we don't have some type of accountability. So the question becomes, do we now have a set—and I can tell you, in your statements, your statement you made—you were talking about how you really don't know how many churches might take advantage of this. Well, I can tell you that in my District, there are a whole lot of folks that like this idea. They like the idea of money coming directly into their church.

And the other question becomes, how do we make sure that there is accountability, and President Bush talks about these layers of government. I mean, do we now have another layer of government to oversee all of these churches because I can see them in Baltimore, probably, maybe 200, 300 churches applying for this money, and possibly maybe a third of them getting some of it. That's just in one city, in my congressional district.

Mr. DIIULIO. My understanding, Congressman, is that the accountability, the procurement rules and procedures, the fiscal accountability standards, the need to segregate accounts to be accountable, goes to the program and the services provided. It is not as if merely providing a service and having a program opens your books to the government in all respects. It's really in many respects, and I think you will hear this when you hear from Pastor Donna in Philadelphia, who has gone through this process and has had quite an interesting journey through it.

But I think in many respects, it's no different from what happens at my university research center when we receive a particular Federal grant, do a particular piece of research, we are part of a much larger entity, which is part of a still larger entity, but the accountability standards and the procedures apply to us in that program. It's not a sort of a carte blanche going across the entire university.

Mr. CUMMINGS. But when you have a small church, they may not have all of that big stuff that you're talking about. It may be the church. I mean, my mother's a pastor. She has about 500 members. That is the church, and these are the people that are going to be applying for this money. She doesn't have a big organization to tell her how to do her books. And the reason why I ask that question is that we've seen some situations in Baltimore where, not necessarily with these kinds of programs, but where, say, like with certain AIDS money, a small organization that thought they could handle it, they find themselves now under Federal investigation.

They thought they could handle it, and then now the government, Big Brother, is in that organization looking at their books, Justice Department, FBI, into them deep, and all they were trying to do—and probably didn't do anything wrong. But in other words to them, they didn't do anything wrong, but when government

starts looking into it, it's a whole other thing, and I wonder whether that defeats the very purpose that we're aiming at.

Mr. DIIULIO. Again, I appreciate those comments and concerns, and the—I believe Dr. Amy Sherman of the Hudson Institute testified in the House earlier this week, and she has studied carefully the actual experience with charitable choice over the past 4 years or so in nine States, that have been among the more active ones in charitable choice things, and while experience—Madison, maybe a lot of quoting of Madison today, but Madison said experience is the oracle of truth.

If the experiences, as she summarizes it in her report, is any indication, well, one would have to have those concerns, there are real concerns. There just wasn't a whole lot of problems in the nine States where she researched and looked very carefully at numerous faith-based organizations, churches, synagogues, others, as well as noncongregation-based faith-based organizations that got involved in the administration of Federal services in a variety of social services areas, which doesn't definitively answer the question, but it does say the experience to date so far is much more reassuring I think than not.

Mr. SOUDER. One of the difficulties we are going to have in today's hearing is that we've got all this pent-up demand with lots of questions, and I want to assure everybody here we're going to take different slices of this as your office gets up and running, as agencies get up and running, but we also build a hearing book with which to base other things on, and I want to ask that you will submit as a followup, understanding we will do additional hearings on this, one is a question came up early on in the opening statements about the pool of dollars.

In other words, are we merely spreading the same number of dollars thinner, and if you could submit a statement that would kind of expound on two things you raised before. One is obviously the leveraging of the dollars which you made, and develop that theme a little more; and second, if you can talk about the tax exemption, excuse me, the—those who don't currently get a write-off, those who don't itemize and how that's going to increase the pool of dollars, estimates from the administration, how many additional dollars that would be. Many of us feel that actually is the biggest thing in the sense of putting more dollars in the hands of people, and yet we're all obsessed with the charitable choice part.

Also, if you want to add a few words at this point but—and I know this is in the developmental stage, and if I can put a plug in, the compassion fund that was kind of a rhetorical definition or a—and not necessarily a full concept at this point in the State of the Union address, addresses many of the concerns that Congressman Cummings and others and I have expressed, and that we've tried to work out and are ready in the education bill as we debate language of how we don't get churches entangled in how we're going to help this 93 percent that currently isn't involved, may not have attorneys in their churches, may not have MBAs or CPAs in their churches, to figure out how they're not going to get sued.

If you could add a few comments now where you see this heading, I view this as long term, almost like the microcredit-type situations that we have in the small business administration where we

have these centers that can help—I mean, small churches are not going to have the resources to figure out that between June 7th and June 9th a grant is coming through for youth services. They don't have attorneys and CPAs.

So how do we make this an empowerment and as a supplement to that? My assumption is that the 93 percent who currently weren't involved in your example are predominantly smaller units, or at least are disproportionately probably minority and small.

Mr. DIIULIO. Just to clarify, Mr. Chairman, 93 percent weren't even aware of it. You know, couldn't name it, hadn't heard about it despite all the—you know, even recently in community town meetings we've gone to, you know, several, scores, hundreds of people and still all this—it's hard because these folks live—you know, they're living a different existence. They're not picking up these newspapers. They're dealing with these problems on a day-to-day basis out there trying to resurrect hope and deal with people's lives in these communities.

The 97 percent—the figure of 60 percent who would consider it has been interesting. I was in Louisiana last week—it's interesting whether it's Shreveport, LA or whether it's north central Philadelphia, and you get the groups of folks together, it's the same set of concerns and questions—I'm talking about the folks that do the actual work—and what we hope to accomplish—to add a few words, Mr. Chairman, as you invited—with the in-progress concept of the compassion capital fund is address the technical assistance needs of these organizations, because as Congressman Cummings said, you know, a lot of these organizations like to say—and I don't mean to be flip—but looking at the 6, 7 years, if you could fill out a 52-page RFP and all that, I don't know how much time you have left over to actually do the work that you're trying to do, and in talks with some of the organizations that have been out there for a while, like Catholic Charities and Lutheran Social Service, or, you know, huge organizations, many billions of dollars a year in talks with secular or independent sector organizations like Big Brothers Big Sisters, a real passion and a real interest in having new collaborations, so that rather than either treating these smaller community-based organizations and grassroots Josephs and Josephines as sort of radioactive or, you know, marginalized, we find new and better ways to get them into the process.

So if they're providing social services and some of the social services they're providing link up with government programs that are addressing acute civic needs that aren't yet, you know, well met, but they're able to find these new partnerships.

This is really a multisector initiative. So the compassion capital fund, in terms of helping to supply technical assistance and support, helping to incent organizations that are out there already to provide greater, reconnected in some cases, to the grassroots organizations that in, again, many cases are doing 50, 60, 70 percent of the actual work and receiving less than 1 percent of the government money or receiving virtually no private or philanthropic support as well.

You have—lots of corporations have absolute bans on giving to faith-based organizations. Even if you know they have community-giving portfolios, they'll tell you, well, we don't give. So while they

do housing rehabs, we don't give to those organizations. They have concerns.

We need to change that culture too. So we hope the compassion capital fund will also, in addition to technical assistance and capacity building, get in behind programs like the model public private programs the President's expressed such interest in during his budget address with Mayor Street of Philadelphia, like this program, targeting best practices mentoring on prisoners' children, where you get a quality world class secular independent sector organization, cross-lace it with churches, people in churches, and get these unparalleled, unprecedented results in terms of both numbers, and I believe when all the data are counted and all the studies are in, I think we will be quite happy with the results.

Mr. SOUDER. Thank you.

Congressman Davis.

Mr. DAVIS OF ILLINOIS. Thank you very much Mr. Chairman.

Mr. DiIulio, I've heard lots of explanations about what the initiative is, what it's designed to do. The one thing that I have never understood yet is how much additional money are we talking about, if we're talking about any additional resources, to attack the problems that so many people are geared up for and about.

Mr. DIIULIO. Well, in the first instance, I mean the three—to boil it down, Mr. Congressman, to the three key goals, first of all, we're talking about increasing charitable giving, both human and financial. So the President has very clear—I mean, what's in the Community Solutions Act, the deductibility for nonitemizers, which we think would increase by $14 or $15 billion a year, and a lot of that giving would go to independent sector organizations, community-serving ones, both religious and secular.

With respect to charitable choice and with respect to the provisions we've been discussing, basically what it does is it opens up the entire range—would open up the entire range of Federal domestic programs to organizations that are out there, traditionally have not been a part of these government funding loops. So while it may not be new—it certainly will be new for their communities and for these organizations to participate in this government by proxy system, having provided social services for so many years.

Also, the compassion capital fund just mentioned, the President has requested bunches of new discretionary spending, I believe $67 million for starters, for targeting mentoring and other social services on the children, youth and family of prisoners. There's money for maternity group homes and a range of other things. There's additional money as well in addition to all the increases in all the regular cabinet agency budgets.

Mr. DAVIS. Let me just ask, are we saying that the $67 million is going to be new money? I understand the concept of stimulating additional giving, but that's not coming out of a Federal outlay. That's not—you can't count that yet. I mean, that's a projection. I mean, I'm going to get excited because I know that my local church is doing all this good work and I'm going to give more than what I've already given.

Of course, in some communities, they've already given to the extent that—that giving—I'm trying because I don't want people that I represent to get all up in the air thinking and believing that

they're going to have some additional resources to work with in their charitable not-for-profit activity. I want them to fully understand what the concept is, and I think there is some aspects of it that are great. I think it would be great if people were given more. I mean, I really do. But I want people to understand that and not to believe that they're about to receive some additional assistance coming out of the Federal Treasury, if it's nothing there for them to get.

Mr. DIIULIO. Well, Mr. Congressman, I'll be happy to, as the chairman suggested, get you a full recitation of, you know, the numbers across the various programs, extant, discretionary and so forth, but also just note that one of the purposes of the—hasn't come up—is included in my testimony—but of these cabinet audits of the Executive order requires our office to create these cabinet centers for, and to perform is really take a hard look at the extent to which these funds now are reaching these actual community-based organizations and to what extent.

You know, there is this phenomenon which I've seen and has been documented in some cases in cities all across the country, in particular. I'm sure it applies as well outside of big cities, but I happen to be a Philly guy, and that happens to be my focus.

You have X percent of the actual work of a given kind going on, and the folks who are doing the actual work, who are supplying the volunteers, who are mobilizing, you know, the resources, who are—the human resources, who are using their church basements, who are using their auxiliary halls and so forth and are often—you know, there is somebody who is in the mix who is providing those programs and running those programs through these organizations, but these organizations themselves receive now little or no direct support. That's what I heard constantly over the last 6 or 7 years, and so we want to also, through this agency audit, take a hard look at how presently what is it about the system that makes it so difficult for funds to flow directly to the community helpers and healers themselves who are closest to the people, the beneficiaries who are actually getting served.

Mr. DAVIS. So you're saying one of the purposes is to try and make sure that the actual resources get to the people at the bottom—on the bottom line who are providing the services as opposed to all of the other layers of the bureaucracy, other entities that by the time it gets to the church basement, there are only a couple thousand dollars left?

Mr. DIIULIO. Yes, sir. I mean, Mr. Congressman, basically in the mid 1990's, I directed the Brookings Institution Center for Public Management and was somewhat obsessed with the National Performance Review and the Government Performance and Results Act. Of course, I knew that was going to change the face of government forever, so don't take everything I say with a grain of salt, but it has helped, I think in some respects, but there is still these leaky bucket effects. There's no doubt about it.

So there's a question of how much resources and how much more full was that bucket going to be, if you'll accept that locution, and then there's question of how much that's in that bucket actually gets to the community helpers and healers and the organizations

that are at the grassroots that actually deliver up close and personal the services.

It could even be health clinics. You don't think of churches, synagogues and mosques or religious or faith-based organizations being heavily involved in public and private health service delivery systems, and yet you go around in Philadelphia, you go around in Milwaukee, you go around to other cities and you're going to find these organizations as key supports, and whether you're talking about elder care, you know, homebound elder care to frail folks, this growing population, or Medicaid pediacare populations.

There's only one difference. They're doing the work, but they haven't been able to get any of the resources. And the government money, it's always been, well, that can't ever quite touch, you just do the work, the money kind of goes somewhere else. So it is a purpose of, or it is just sort of descriptively, not editorially, see how this government by proxy system, which has evolved, you know, as programs have multiplied, 100 youth serving programs, 120, 130, 135, no one has ever sort of looked at the implementation aspects as it relates to the extent to which the funds are actually reaching the community helpers and healers themselves.

Mr. DAVIS. Thank you. Thank you very much, Mr. Chairman.

Mr. SOUDER. Mr. Barr.

Mr. BARR. Thank you, Mr. Chairman.

Mr. DiIulio, when Congressman Edwards gave some introductory remarks, he mentioned the witches he has in his district. They call themselves Wicca, but it's basically the practice of witchcraft, and there are groups—at least there used to be a group at Fort Hood, a military installation, that were allowed to practice witchcraft while on active duty. I have a problem with that, but that's not really the question that we're addressing here.

I think some people bring up this notion of witches and so forth, in other words, sort of weird fringe groups, whenever we try to engage in the discussion about legitimate faith-based organizations and their role to helping administer social services, including those involving Federal funds. They say, well, then you'd have to open it up to these witchcraft groups and other sort of fringe groups.

I don't see that as a problem in what we're talking about here, do you?

Mr. DIIULIO. Well, I'm going to—I'm going to resort to my lawyers in a minute. I'm a public administration guy. So when this issue—I mean, scholar is basically at the core of what I do, myself in American government studies—and when this issue first came up and folks were saying, you know, how are you going to decide on who is the list of approved or preapproved procurement list, it baffled me. It wasn't that I felt I was being set upon. It just baffled me because my understanding has always been that as a settled matter of Constitutional and public law that if you can afford the postage and you can fill out the RFP, however onerous or streamlined it is, you can apply, whatever organization, and the question is, well, once you apply, you know, are they basing the decision on the extant procurement rules and performance measures and so forth, or are they asking who are you or do you have certain characteristics that rule you out?

Mr. BARR. And the criteria that they use will be a very objective criteria, will it not?

Mr. DIIULIO. Well, it's about—I mean government—to my knowledge, the Federal Government contracts for more than 215 different types of social services, actually, I think if you were to count them all up, and Federal Government has programs. The programs come first. The Federal programs are sitting there, and the Federal Government has one Federal civil servant in the area of domestic policy administration for every six people who indirectly earn a paycheck from the Federal Government through contracts, grants, vouchers, subnational governments, nonprofits and for-profit organizations that translate that Federal policy into administrative action. Anybody who wants to put up their hand and send in the post or fill out the forms and apply for social service delivery will have to meet the specific terms of that social service delivery program, regardless of what Cabinet agency it's in or whatnot and——

Mr. BARR. And access to that process is the essence of what President Bush is simply proposing here, to have fair universal objective access to use of those Federal funds to provide services that we in the government have determined, based on our representation of the people are necessary and appropriate.

Mr. DIIULIO. When I was in Shreveport last Friday, I heard the same thing that I heard last night on the way out actually on—all the days are running together—I guess it was Sunday, this group that basically has 10,000 volunteers, and they get in behind public and private health service delivery systems to provide care to the frail elderly, and it's the same comment comes up, says, you know, can you do something about the fact that we've been providing these services we tried to apply, but it's not far out groups or groups that some people may not like or be unpopular. We're talking about, you know, small community-serving Catholic organizations, or, you know, small community-serving organizations of recognized denominations or whatnot are saying, well, they told us at the Human Services Department or the Department of Youth and Family Services where we applied, we can't do it because our program is based in a congregation.

So we told them it's not the church service. You know, it's after the church service, we run a welfare-to-work, we've got computer-assisted literacy, we've got a health care clinic. Now, the same folks who are volunteers, they may be among the congregation—a lot of people who are volunteers aren't even in the congregation—that's another interesting thing—and they may have secular partners, but they're told just because you're congregation or you have this religious affiliation you need not apply.

So the essence of it is the nondiscriminatory character, they're sort of the only groups we've said, now, you can't participate in government by proxy unless you stand down on your religious character, iconography and so forth.

Mr. BARR. So the bottom line is, I guess you agree with me that it's a red herring if people bring up this witchcraft issue, it really isn't relevant? I mean, all we're doing is saying if there are groups out there that believe, despite their faith-based nature, can do a good job in meeting all the criteria in delivering services, they're free to compete along with secular organizations.

Mr. DIIULIO. Everybody's got to run that gauntlet. I mean, whatever that gauntlet—I mean, we like to make that gauntlet more performance-based, more results-oriented, more, you know, streamlined as a matter of just achieving civic results, but yes, you know, it ought not to matter who you are. It ought to matter whether you can meet the criteria and the performance goals established within these Federal grantmaking programs in the area of administration.

Mr. BARR. Do your lawyers have any different views?

Mr. EBERLY. Your question relates directly to the question that Congressman Edwards raised, which was, who will decide what is a faith-based program? And the answer to that is no one. In the truest sense, we are not about promoting, in this case, faith-based programs who want a wider and more open playing field. We want to include more groups who can come to the table and apply for grants under carefully designed circumstances, which is what charitable choice recommends and presents, but it's all driven by desire to see results in performance in the communities in America. We're kind of hoping, in fact, that the Federal Government becomes more results-minded, looks at more carefully how the Government Performance and Results Act might work, not to privilege faith and not to exclude faith, and I think the trend in public administration—and by the way, with the Supreme Court is to promote neutrality and nondiscrimination, and that means no favoritism for religious or a religious or anti-religious group.

At the end of the day anybody who would apply for a grant and win a contract or grant to deliver social services is doing so as a social service organization which may or may not be faith-based or faith affiliated, but our defense on that question is that we believe the best policy is a policy of neutrality.

And the final point would be that, you know, if it is actually the case that there are a few rather interesting exceptions to the rule, it should certainly not doom a policy. If we were to subject all that the Federal Government does and all its programs to that kind of standard, we'd have—you know, we'd be in serious trouble.

Mr. BARR. Thank you.

Mr. SOUDER. Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman. Let me make a couple of comments first.

Mr. DiIulio.

Mr. DIIULIO. That's close enough.

Mr. SCOTT. I just want to say that though 99 percent of the things we agree, tax credits involving community groups, including even faith-based organizations involved in the fight against poverty and providing social services, we're just not in complete agreement. The only problem is charitable choice, the specific legislative proposal. You indicated that when you go to McDonald's you don't fund McDonald's, but when the Federal Government contracts for goods and services, there's a stipulation that the groups will follow the civil rights laws, and that's what we are waiving with charitable choice.

When President Clinton signed the bills including charitable choice—wouldn't sign charitable choice as a big bill, and when he signed it he made it specifically clear that his view was, it was—

the bill was unconstitutional to the extent that it funded sponsors who were pervasively sectarian organizations.

And so you don't have any problems because there have been no rules and regulations promulgated to allow pervasively sectarian organizations to actually get funded.

You mentioned Vice President Gore's comments to show the bipartisan support for faith-based organizations. I'm not sure exactly what he said, but the Democratic platform supported involvement of faith-based organizations with the caveat that those programs respect first amendment protections and should never use taxpayers' dollars to proselytize or support discrimination, which of course is inconsistent with charitable choice.

A couple of questions, and the first couple may be technical, and I think it may be unfair to spring these on you. If you don't know, we can get the answers later. If a faith-based organization gets funds, is that organization—those employees entitled to a minimum wage? That's the question.

Mr. DIIULIO. Carl?

Mr. SCOTT. If you don't know then I can go on to another question.

Mr. SOUDER. We left the record open for 5 days for a response if you want to do that.

Mr. SCOTT. Well, under anti discrimination laws as a ministerial exception where if you're hiring a minister, you're not only eligible to discriminate on—based on religion, but also race or anything else you want to discriminate based on, if you have a drug counseling program, is the drug counselor eligible for the ministerial exception?

Mr. ESBECK. The ministerial exemption comes from the first amendment. So the first amendment is there and not affected, of course, by charitable choice. So however the courts apply it presently, charitable choice does not change that.

Mr. SCOTT. Well, it changes it because if it's a federally sponsored program, you would not be entitled to discriminate in a federally sponsored program based on race unless you've got charitable choice, and my question is, if the church is hiring drug counselors with Federal money, would they be entitled to the ministerial exception?

Mr. ESBECK. The Title VI still applies. Charitable choice leaves that unchanged. Title VI prohibits discrimination on the basis of the race, color and national origin.

Mr. SCOTT. Will charitable choice waive other provisions of law?

Mr. ESBECK. There would be no discrimination using Federal financial assistance on those three bases.

Mr. SCOTT. So the ministerial exception would not apply?

Mr. ESBECK. If you're using Federal financial assistance, Title VI applies, that's correct.

Mr. DIIULIO. And we'd be happy to answer these in more depth. I feel left out. It's all on the lawyers now.

Mr. SCOTT. Do you interpret charitable choice to allow proselytization during a program with volunteers?

Mr. DIIULIO. The black letter—I'm going to take this one. The black letter of it from 1996, and what's in the Community Solutions Act says no funds for sectarian worship, instruction or proselytiza-

tion. Now can you have a program that has as a component of the program prayer service or worship, you might, but you can't fund it. You can't fund someone engaged in sectarian worship.

Mr. SCOTT. Can you do it with volunteers?

Mr. DIIULIO. No—I hate to give it to the lawyers. No.

Mr. SCOTT. You cannot proselytize with volunteers although you're spending no money, no taxpayers' money for proselytization during the program?

Mr. DIIULIO. The program public funds—you know, in the struggle to move from public administration to the higher intellectual echelons of constitutional law where they make all the money I'm told, too—I don't know about that—I have come to—my reading, Congressman, is quite simple. If you look at the whole body of case law, public funds need to be used for public purposes and the advancing of public and civic purposes.

Now, the devil is very much, as is God, in the details, and where the courts have looked at this from my not-expert reading and on the expert readings of others who advise me, the courts have, I think, been very careful to make very good, fine case-by-case distinctions they're in the business of making. And so we need to sort of contextualize the question, get down to specifics, what kind of proselytization, under what conditions are you talking? You know, some programs may be 9 to 5, some may be from 9 to 12 and 12 to 5. You know people break out and go and do the computer-assisted learning or the welfare-to-work program, or they move across to the health clinic.

Can I just add, too, about in terms of the question—in terms of the empirical side of it as well that goes to the questions you've asked if I may?

Mr. SOUDER. Yes. You're a little over. If you can do a quick summary.

Mr. DIIULIO. I would just, and I understand—and I've learned over the past 3 months, we—initially we had our first meeting over with my friends at Brookings, Congressman. There are lots of questions here that reasonable people can disagree on. I would just make an appeal to folks, wherever they're coming from on this, to consult the baseline realities in these communities, remembering that so many of the groups we are talking about right now are purely volunteer groups. The question of hiring doesn't come up. So you take that number and you subtract from it all those groups that don't hire anybody. They're volunteers. Now they happen to be a church, synagogue or mosque and the pastor. After research that the typical character of the part-time person is somebody who works a 40-hour job and then gives the extra 30 or 40 hours a week in volunteer service, you know. They may be there on Sunday or Saturday, but he's also or she's also there during the week but that's it.

You know, the Cnaan data I mentioned referenced—and referenced in my testimony, the average one of these groups in the cities is 24 people, 15 from the congregation and 9 others from, not the congregation, and in many cases there are no employees at all.

And then quickly, second, one of our associate directors, not here with us today, is Mark Scott, who's a former Air Force captain, former—he's a library scientist, an engineer, kind of a renaissance

guy but also a church of God in Christ minister from Boston. He's Reverend Mark Scott, and he's been doing that outreach work with youth, working with police and schools and so forth in Boston for over a decade. It so happens that in the ministry he was part of in Boston—received a fair amount of national attention and interest—so happens that the single most well-publicized and well liked street outreach worker is a young man named Kenny Gross, who happens to be an Israeli defense force guy who came across and has done this remarkable work with these Church of Christ in God ministers on the streets of Dorchester for the past many years. Point being, that not all of the groups that are out there that could take advantage of the exemption do.

So not that this answers the constitutional or theoretical question, but just to have it sort of the discussion disciplined to the extent by the reality that out there, so much of what we are talking about are pure volunteer-serving organizations, many of which, you know, require all hands on deck, and the last thing they think of in some cases is, you know, what do you happen to—you know, where do you happen to be coming from. If you're going to—willing to sign up to do prison ministry or stay there to, you know, all hours working with folks trying to help them find jobs, you're, in many cases, more than welcome.

Mr. SOUDER. Congressman Edwards.

Mr. EDWARDS. Mr. DiIulio, I look forward to working with you on what I think is wonderful legislation to help taxpayers who don't itemize their taxes to receive a benefit from contributing to charities.

Let me ask you this. You quoted the President as saying something to the extent the paramount goals should be resolved. I think that logically concludes, you're talking about potentially billions of tax dollars on the table for thousands of churches to compete for. You have to have audits of how that money is spent, whether it's effective or not, whether it's spent illegally or not. My question would be whether it's one case or thousands of cases, when that occurs, when, say, that money is spent contrary to Federal regulations, do we prosecute the pastor, the board members of the church or the church committee members who are involved directly in that program?

Mr. DIIULIO. I don't know. Gosh, I don't know the specific answer. I guess it would depend on the particulars of how that came about. I do know that from what I have studied in relation to your question, Congressman, is, you know, the question of audits, and the question of performance audits in particular, fiscal accountability standards, performance audits, and the whole range of things that the Federal Government, through Federal agencies, do is essentially in the business of contract information, monitoring and compliance right.

Government Performance and Results Act went on the books in 1993, I believe. And if you look at the implementation of Government Performance and Results Act with respect to sort of the stop-the-clock in 1996 or 1997 or yesterday and look at the actual implementation of that, you find that with respect not only to performance, you know, how come—how is it that grantmaking decisions get made year in, year out, you know? Why have funds flown in

these areas as opposed to others? The agencies have to come up with a statement every year, performance statement. They have to come up with a 5-year plan every 3 years. They have to revise that plan. So there is a lot of paperwork.

But there's not a whole lot of performance-based management and measurement and the auditing procedures that are tethered or would be tethered were actually implemented to the so-called GPRA vary tremendously from cabinet agency to cabinet agency and sub unit to sub unit. So you get this you know amazingly complex administrative networks, and so it would depend——

Mr. EDWARDS. So who would have to audit? Who you prosecute would have to depend on the situation.

My last question, you quoted Mr. Madison as saying, "experience is the oracle of truth." I agree. Based on that quotation, can you give me any examples throughout the history of the world where direct government funding of churches, synagogues and houses of worship resulted in more religious freedom, more religious tolerance or more religious generosity in addressing social problems than here in the United States where, for 200 years, we've had the principle of separation of church and state and no direct Federal funding of houses of worship?

Mr. DIIULIO. Well, I will try—I'm going to try to be more concise and follow your example, and just say that I guess you're not stating a condition contrary to fact, but I won't accept the predicate of your statement in that this is not about changing, so far as I'm concerned, any of our traditions with respect to the separation of church and state. If it were, you know, I wouldn't want to do it.

Mr. EDWARDS. Well, would you agree—let's be clear, I think, factually, because the chairman wants to look at how the programs are actually working. We do all agree that none of the charitable choice language already in law money can go directly to the church, to the synagogue, to the house of worship, not necessarily having to go to separate 501(c)(3), right?

Mr. DIIULIO. But the 501(c)(3) which is a device, is one way of doing—it's one way of doing it, but not the only way of doing it, and so the question really would be are funds going for—to a social service organization to provide social services in the same way it goes to all the other nongovernmental providers of the same services? The fact that the folks who are doing it happen to be based in, come from, affiliated with or motivated by faith or faith-based organization, in our view, ought not to mean they have any higher burdens to meet, any steeper hills to climb.

Mr. EDWARDS. If I could ask then, with the time being limited, one in respect to time and the other committee members, if you could answer the question to the committee in writing, whether in cases in other nations throughout any period of time in the history of the world where direct government funding to the houses of worship resulted in more religious freedom, tolerance or religious generosity in addressing some of the problems.

Mr. DIIULIO. Be happy to.

Mr. EDWARDS. Thank you.

Mr. SOUDER. Thank you. We are not going to do a second round with you. You've been here over 2 hours and 15 minutes, since we were originally going to start this process, and we appreciate that

and we know we'll be having you back a number of other times, but if I—it was great having someone else other than me have to take their questions for once. I just have to say that, and I'm sure we're going to have lots more of these.

Also, for the record, if you could provide to the committee any guidelines you gave to the agencies for how they're to do their audits, because we would like to be able to then followup in oversight hearings with the agencies and would like to have, for the record, what kind of things you asked them to look for and guidelines, and we'll continue to follow that process.

Once again, thank you for your time today. It's clear and it was great to have this discussion in public, under oath, on the record, many of the things that we individually have been talking about, and I'm sure we're going to be working through a lot more of the details.

Mr. DIIULIO. Well, thank you, Congressman. Thank you to all the members. Thank you very much.

Mr. SOUDER. Thank you.

If the second panel will come forward. Our second panel consists of State and local officials who have gained experience in administering faith-based programs as well as service providers and intermediaries who are working on a daily basis to improve their communities through faith-based actions. The three individuals from Indiana, Texas and Michigan represent States that scored high in the rating systems who had implemented an evolved State-based—excuse me, that work with faith-based organizations. And then we have three individuals to testify who have been actually firsthand at the grassroots level.

So if all six of you could come up, and stand while you first come up, I'll swear all six together.

[Witnesses sworn.]

Mr. SOUDER. Thank you. Let the record show that all the witnesses responded in the affirmative. I'll read the order that they'll go. Debbie Kratky is the client systems manager for Work Advantage in the State of Texas—excuse me, first is Katie Humphreys, Secretary of the Indiana Family and Social Services Administration in Indiana. And I'm proud that Indiana received the highest grade. We have a Democratic Governor. We worked together on many of these issues, and I'm pleased Indiana received an A plus I believe on that rating.

Debbie Kratky is client systems manager for Work Advantage in Fort Worth, TX, in Tarrant County. Loren Snippe is the director of Ottawa County Family Independence Program in the State of Michigan, and is an intermediary organization.

We have also then Donna Jones, who is pastor of the Cookman United Methodist Church. I lost my order.

We have Bill Raymond, president of FaithWorks consulting service in Michigan.

And from Baltimore Donna Jones Stanley, the executive director of Associated Black Charities.

If you could start, Ms. Humphreys.

STATEMENTS OF KATIE HUMPHREYS, SECRETARY OF THE INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION; DEBBIE KRATKY, CLIENT SYSTEMS MANAGER, WORK ADVANTAGE; LOREN SNIPPE, DIRECTOR, OTTAWA COUNTY FAMILY INDEPENDENCE PROGRAM; DONNA JONES, PASTOR, COOKMAN UNITED METHODIST CHURCH; BILL RAYMOND, PRESIDENT, FAITHWORKS CONSULTING SERVICE; AND DONNA JONES STANLEY, EXECUTIVE DIRECTOR, ASSOCIATED BLACK CHARITIES

Ms. HUMPHREYS. Chairman Souder, Representative Cummings and other distinguished members of the committee, thank you for this opportunity today to appear before you to provide information about FaithWorks Indiana. This is our State's initiative to involve faith-based and community-based organizations in providing services to Indiana residents. We call them Hoosiers in Indiana. So I will probably have that sprinkled throughout my presentation.

As head of the Health and Human Services agencies for the State of Indiana and as executive assistant to Governor Frank O'Bannon, I'm pleased to outline some of the important work being done for the people of Indiana by family and social services and by the faith-based organizations and community organizations across our State.

In the interest of time, I certainly am not going to repeat what many of you acknowledged in your opening statements, and that is, that as we move into—through welfare reform and come up against the time limits, clearly we're dealing with people who have been disenfranchised, people who have serious difficulties in achieving self-sufficiency.

In November 1999, Governor O'Bannon announced the FaithWorks Indiana program. And our program was intended to widen the doorway for community-based and faith-based organizations to access funding and support, to provide services for Hoosiers throughout the State. During our—the first 16 months we spent about the first 6 months actually surveying, working with, talking to faith-based and community-based organizations around the State.

We also spent the next 6 months developing the infrastructure that would be necessary for this to be successful because we wanted the community organizations to have the infrastructure, have access to the data that needs assessment, access to understanding reporting requirements in order for the program to be successful. So we built the infrastructure.

We then developed an RFP and went out for proposal, and I'm pleased to say that we now have about $3½ million that are going to approximately 40 faith-based organizations across our State.

Again, you have already noted in much of the discussion that faith-based organizations have historically provided a wealth of services to individuals in their respective congregations, but more importantly, many of these organizations have provided services to people in their neighborhoods. And I think our program, the reason I continue to talk about faith-based and community-based organizations is that we believe that many of the faith-based organizations, in fact, provide an important anchor in their neighborhoods.

Some of the components of our FaithWorks Indiana initiative, as I said, included gathering input from all of the communities before we acted. We did a proactive outreach. We did education, technical assistance. We had five regional meetings around the State. We invited over 9,500 different organizations to participate. Over 450 representatives of faith-based organizations receive technical assistance through these regional workshops or one-to-one consultation, and the technical assistance consisted of the information on the following topics.

No. 1, we talked to them about the charitable choice provisions. We shared with them information about the needs assessment so that they could tailor their proposals around the needs of their communities. We talked to them about funding opportunities, not just the funding opportunities that were going to be provided through State resources, but we also have developed an extensive set of materials so that these faith-based organizations and community organizations can also access other sources of funding. We don't want government to be the only source of funding to these important organizations.

We talked to them about proposal writing, reporting requirements, establishing a 501(c)(3)—and we do encourage that although we don't require it—and we talked to them about options for partnering with other organizations that might have more experience.

Part of our infrastructure, we developed a 24 access to information through our Web site. We know that there were over 1,600 hits during the first 3 months. Part of our Web site we have a survey where we ask people to fill out a survey so that we know whether they are actually faith-based organizations or not.

We believe that the incremental approach that we have taken toward developing this program is the best approach. We appreciate the flexibility that we have through the charitable choice provisions, and we would encourage you to continue to give States the flexibility to implement this program, and I would be happy to answer any questions in whatever order you deem.

[The prepared statement of Ms. Humphreys follows:]

Frank O'Bannon, Governor
State of Indiana

Indiana Family and Social Services Administration
402 W. WASHINGTON STREET, P.O. BOX 7083
INDIANAPOLIS, IN 46207-7083

Katherine Humphreys, Secretary

TESTIMONY OF
KATHERINE HUMPHREYS, SECRETARY
INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION

BEFORE THE
SUBCOMMITTEE ON CRIMINAL JUSTICE,
DRUG POLICY, AND HUMAN RESOURCES

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

APRIL 26, 2001

TESTIMONY OF KATIE HUMPHREYS
APRIL 26, 2001

Chairman Souder, Representative Cummings, distinguished Members of the Committee, thank you for this opportunity to appear before you today to provide information about FaithWorks Indiana, our state's initiative to involve faith-based and community-based organizations in providing services to Hoosiers in need.

As head of the health and human services agency for the State of Indiana, and as executive assistant to our Governor Frank O'Bannon, I am very pleased to outline some of the important work being done for the people of Indiana by our agency, and by faith-based and community organizations from across our state.

As Chairman Souder knows, the people of Indiana are compassionate and caring about those in need. In Indiana, Hoosiers seek common sense solutions to situations and concerns that face our citizens.

And so the response of our faith-based and community organization providers to new opportunities afforded them under the Charitable Choice provision of the Welfare Reform Act is not at all surprising. Further, their interest and participation in FaithWorks Indiana, our state-level mechanism to help faith-based and community organizations access the system and create ways to help, has been particularly noteworthy.

Since Governor O'Bannon launched FaithWorks Indiana during Thanksgiving Week of 1999, the response has been outstanding. Statewide meetings drew hundreds of community groups, congregations and other faith-based groups to learn more about how they could participate. Since that time, faith-based organizations have continued to grow in their knowledge and awareness of how to provide or expand services to those in need, and in fact today - 40 faith-based organizations are currently providing services in Indiana under competitively-selected

contracts for human services. There are many more that have chosen not to seek contracts, but to work in partnerships with our agency and other community groups to help families who have limited incomes or are seeking the training and skills they need to lift themselves from government assistance.

We view the work of FaithWorks Indiana as simply 'widening the doorway,' if you will, for a new generation of potential providers in human services and involving them in an integrated service strategy to help individuals and families move to self-sufficiency. These new providers help us build the provider base, and ultimately may contribute to increasing the quality and level of services offered to those in need.

As you know, faith-based and community organization providers have always had the opportunity to participate, to contract with the state to provide services. In Indiana, however, we have used the advent of Charitable Choice to

develop FaithWorks Indiana to ensure each potential community provider can access the system.

This has not created any new burden on the system or the state - rather it has helped create broadened partnerships in providing services that bring new perspectives and approaches to supporting individuals in need. The technical assistance to access funding and services we provide is not a guarantee for faith-based or community organization providers, but it does assist them in learning how to develop services and access funding. A recent state-by-state survey on the participation of faith-based and community organization providers singled out Indiana as among the few states where significant, meaningful participation of faith-based and community organization providers is occurring.

This participation has occurred in our state without any list of special provisions or changes to how we did business before. We simply make our

process more known in the community. Faith-based providers must compete to provide services to individuals in the same manner as any other potential contractor with the State of Indiana, utilizing the same procurement systems already in place. The difference is, the "rules of the game" have been presented to them.

When we do that -- government wins because we obtain more competitive and more diverse bids; the bidder wins because a contract assists them meet a social responsibility or business objective; and the family wins because services are more available to them. This help includes educating them on available funding streams, help in identifying the needs of their communities, matching those needs with the funding, understanding necessary reporting and performance measurement systems, and developing their organizations to meet those needs. That same level of help is available, and offered to community-based providers of all types.

The key component in all of this effort is maintaining our commitment to performance-based contracting. We expect and demand from our contractors, faith-based or otherwise, that they perform specific services and achieve specific outcomes with those they serve. Payments are based on outcomes so that we can ensure that our service delivery system meets the need of those served. We pay only for performance and outcomes that we, the state advertise. Outcomes such as these have helped us win TANF High Performance Bonuses for the last two years in a row for success in the workplace.

Further, ongoing monitoring and reporting systems remain in place so that community-based and faith-based providers get the help they need to succeed, and that the State can assure that its outcomes and goals are being met. Monitoring includes on-site visits with providers, and discussions with individual feedback from those being served. We have been clear, no government

funds will support worship, religious instruction or proselytizing.

We believe Indiana manages a system that succeeds in 'widening the doorway' of participation for community-based and faith-based providers, while preserving equity in the system and a commitment to positive impacts on the lives of those seeking help.

Our efforts have helped us in meeting what we believed were emerging needs in the post-welfare reform era in Indiana. Those included continued need for providers to focus services on the entire family and the "whole" individual. Our efforts also helped us as we looked for new ways to help clients needing long-term assistance - including those facing multiple, deeply-entrenched barriers to self-sufficiency.

Faith-based and community organization providers represent a new approach to helping for a couple of reasons: they are located in the

community, near those we seek to serve; and they enjoy a solid reputation in the community which builds trust among potential clients.

In conclusion, let me tell you that much of what has been accomplished in Indiana has occurred because of the creativity and flexibility allowed under the federal Temporary Assistance for Needy Families (TANF) program, and the Charitable Choice provision. We are convinced that when given a chance, states and local communities can partner together to provide creative solutions to long-standing issues and challenges in human services.

The success we have enjoyed in carrying out the spirit of the Charitable Choice provision in Indiana reflects proudly on the state and its people. Many of our faith-based and community organization providers have been helping out those in need for decades. As Dr. James Madison notes in his book, "The Indiana Way," Hoosiers have a long tradition of friendliness and neighborliness.

The Indiana way -- the state Dr. Madison notes is perhaps most in the middle of the American mainstream - highlights values that are not exclusive only to our state, but inclusive of the American way. Our experience in Indiana is likely to very soon mirror that of other states. That is, coming together - government, community-based and faith-based providers - with a common goal to fulfill everyday needs that are consistently seen around us.

I am pleased to know that at the end of the day, Hoosiers in need are receiving better services, and a have moved a little further along on their path toward self-sufficiency because of these efforts.

Thank you for this opportunity to discuss Indiana's FaithWorks program.

Mr. SOUDER. I appreciate you doing a summary, and I should have said this that, as you heard, we'll insert the full statement in the record. Some of you have longer than 5 minutes, some of you have probably about like the 5 minutes, that we'll try to draw it out in the questions and insert the full amount in the record if you can summarize. The yellow light goes off at 4, and then we've been a little generous with the red light, more than, say, the Indiana State police.

Ms. Kratky.

Ms. KRATKY. I'm honored to be talking with such a distinguished group today. I think a little bit of background concerning Tarrant County might be helpful in understanding how we've become successful in collaborating with faith-based and community-based organizations. Although our community has had a long history of collaboration that began back in the early 1950's with Amon Carter Sr., that philosophy still continued.

In 1995, then-Governor Bush presented to the Texas legislature a plan for bringing control of work force programs and the funds that drive them down to the local level. In this bill, known as House bill 1863, 28 different job training programs were merged into one State agency, the Texas Workforce Commission. That commission then was charged with establishing 28 different work force boards throughout the State of Texas. This has placed the control and the policymaking decisions concerning over $52 million into the hands of dedicated volunteers in Tarrant County alone.

In preparation for this task, our executive director and our chair made the decision to have public information sharing sessions throughout our community, especially in the poorer neighborhoods. The primary purpose of those sessions was to simply listen. What we wanted to know was would this population be interested in our career centers and if not, what services did they need and how did they want those services provided.

After several months of carefully listening, our board mounted a "no wrong door" policy for working with some of our hardest to serve customers. One of the things that guaranteed our success was that we had absolutely no idea what we were doing, and because we had no idea what we were doing I think we became successful.

The first step for board staff was to simplify the process. Many small, community-based and faith-based organizations told us from the very beginning that the reason they didn't participate was because the process was too complicated. So board staff sat around the table for several days trying to figure out a way to make it easier. Our board chair challenged us to maintain the full spirit of the law but to make it easier for those first time participants to apply.

We had an information session. We also had training sessions on grant writings and a good many other opportunities to talk before we released that first RFP. We were pleasantly surprised by the turnout, and we were even more surprised and delighted by the dialog that took place during those sessions.

Tarrant County has continued to grapple with the issues around faith-based organizations accepting government funds. Tarrant area community of churches and the United Way of Tarrant Coun-

ty have assisted in sponsoring workshops around charitable choice and the role of government in faith-based organizations. During these sessions, we've been able to work out many of the issues surrounding separation of church and state as well as other sticky political problems I have heard addressed here today. The bottom line here though is that very few organizations went into this process without at least a basic understanding of working with the government agency.

Now the lessons our community has learned over the past 3 years could write a full dissertation. I spoke before a group of pastors and other members of the faith community recently, and I think three areas we discussed would be lessons for this community.

The first lesson revolved around mission. I have two examples to share with you. One organization struggled and one organization flourished. The end result of both those programs turned out to be a basic understanding of the word "mission." The first organization had a real vision for taking illegal aliens entering this State and guiding them through the proper channels teaching them English and providing them with a trade, and they were very successful and what a wonderful mission that was.

But our mission at the work force board dealt specifically with training and placement of citizens of the United States. Our mission simply didn't match. This faith-based organization attempted to change their mission. After several months of grappling with this problem, the church decided against pursuing the grant.

Another faith-based organization, though, studied our mission and found a way to be flexible in their mission and use our funds to serve U.S. citizens and use their funds.

Mr. SOUDER. You're going to need to summarize the last part of your testimony.

Ms. KRATKY. The second part of this process came from outcome driven results versus bottom line results, and I think that's something we've got to talk about with this particular group.

So after the last few years in dealing with faith-based organizations, what have I learned? I think it could be answered by telling you I've been looking for this for 20 years. Our clients need the compassion and real concern these organizations bring to the table. Those organizations need funding and guidance that only government can bring. We are juggling these needs in Tarrant County, but I'm going to tell you, every day is a new day, and I have to pray every day that we serve our clients with dignity and that we still maintain the dignity of good taxpayer stewards of the taxpayer dollars, and I'm hoping out of all of this will come some simpler rules as well.

Mr. SOUDER. Thank you.

[The prepared statement of Ms. Kratky follows:]

Tarrant County Community Partnership
TANF/Welfare to Work

I am honored to have this opportunity to speak before such a distinguished panel. I am even more excited to share with you the lessons we have learned about partnering with the faith community as well as local grassroots community organizations.

I think a bit of background concerning Tarrant County might be helpful in understanding just how successful we has been in this most recent community project. Although this community has had a history of collaboration since the days of Amon Carter Sr. in the early fifties, that philosophy has continued throughout the years. In 1995, then Governor Bush presented to the Texas legislature a plan for bringing control of workforce programs and the funds that drive them down to the local level. In this Bill, hereafter known as H.B. 1863, 28 different job training programs were merged into one state agency (Texas Workforce Commission), that Commission was charged with establishing 28 different Local Workforce Boards to oversee the direction of workforce employment and training in their own community. This has placed the control and policy making decisions concerning over 52 million dollars into the hands of dedicated volunteers in our area Workforce Development Board.

In preparation for that task, our Executive Director, Judy McDonald and the Chair of our Board, Steve Palco, made the decision to have public information sharing sessions in some of the poorest neighborhoods in our community. The primary purpose of those sessions was to simply listen. We knew that the average career center might not be the most appealing to many people with limited skills. Therefore, most of the discussion centered around *what* services each neighborhood needed and *how* those services needed

to be provided. After several months of careful listening, the Board mounted a "no wrong door" concept for working with some of the hardest to serve customers. One of the things that guaranteed our success was that we had absolutely no idea what we were getting ourselves into when we began the program that would later be know as Tarrant County Innovative Initiatives. We had no idea what couldn't be done, we simply went about doing it.

The first step for Board staff was to simplify the process. Many small Community Based Organizations and Faith Based Organizations told us that the process of applying for government funds was the primary reason many failed to participate. Board staff sat around a table for several days trying to simplify the process. Our Board Chair challenged us to make this a process that maintained the full spirit of the law while making it easy enough for a first time participant to apply.

We held an information session and a training session on grant writing before we ever released the RFP. We were pleasantly surprised at the turnout for those training sessions and even more pleased by the dialogue held during these training sessions.

Tarrant County continued to grapple with the issues around faith based organizationss accepting governmental funds. Tarrant Area Community of Churches and United Way assisted in sponsoring workshops around Charitable Choice (and the role of government in faith based organizations.) During these sessions we were able to work out issues surrounding separation of church and state, as well as other sticky political problems. The bottom line here, is that very few organizations went into this process without at least a basic understanding about working with governmental agencies.

The lessons our community has learned over the past three years could fuel a full blown dissertation. I spoke before a group of pastors and members of our faith community recently and I think the three areas we discussed could be lessons learned for this presentation.

The first lesson revolved around "mission." I have two examples to share with you. One organization struggled and one flourished. The end result of both programs could be traced back to a basic understanding of "mission." The first organization had a real vision of taking illegal aliens entered this state and guiding them through the proper channels, teaching them English and providing them with a trade. And they were very successful in that endeavor. What a wonderful mission! But our mission at our Workforce Board dealt specifically with training and placement of citizens of the United States. Our missions simply didn't match. This faith based organization attempted to change their mission. After several months of grappling with this problem, the church decided against pursuing this grant. Another faith based organization studied our mission statement and found a way to be flexible in their mission and use our funds to serve U.S. citizens and save their donations and fundraising dollars to serve those residents who were not citizens. These successes happened because that organization understood the needs of their community and extended their mission rather than confining it.

The second lesson involved rules. A faith based or community based organization should not be expected to learn the incredible intricacies of the rules and regulations that surround accepting government funds. But at the same time, many of these rules are absolutely necessary. I would suggest that the answer is actually quite simple. When government gives funds, the government must remain available to assist that

organization on a regular basis. I've had the opportunity to watch TANF and Welfare to Work programs in our community funded by a state or federal agency hundreds of miles away and compare them to the ones who are funded by an agency locally. In short, the programs funded long distance continue to struggle. In fact, our Workforce Board now invites any organization funded with either TANF or Welfare to Work to our monthly training and networking sessions. Faith based and Community Based organizations can do great things with government funds but they cannot do it alone.

The third lesson learned compares a process-based project to outcome driven project. In the beginning of this journey, I began many days with Board members from the private sector who grilled me on outcomes: "So, Debby, how many people have your organizations placed in jobs?" I ended many of those same days with my faith based partners who would tell me their exciting news: "Guess what, Debby? Ann Smith has been sober for three days now!"

That's when I learned the difference between the definition of outcome in the private sector and the non-profit sector. It's been three years and we're still working on that lesson.

So, after these last few years in dealing with faith-based and community-based organizations, what do I think about Charitable Choice? I think it can be the answer I've been searching for for over twenty years. Our clients need the compassion and real concern that these organizations bring to the table. Those organizations need funding and guidance that only government can bring. We're juggling these unique needs in Tarrant County. But I wouldn't be totally honest with you if I didn't admit that I get on my knees every day and pray that we can serve those most vulnerable with dignity. I also pray that

we can do that and be good stewards of tax payer dollars. These prayers are to complicated for me, but I figure God can handle it. But I'm sure God would really appreciate it if members of Congress could figure out a way to make all this just a tad be easier.

Mr. SOUDER. Mr. Snippe.

Mr. SNIPPE. I'm the director of the Ottawa County Family Independence Agency, which is the local State agency that administers the State of Michigan's public assistance and family protection programs. The Family Independence Agency is a State-administered agency with local offices in all of Michigan's 83 counties.

When I was asked to come here today, I was asked to talk a little bit about our role with the faith community, and to do that I have to talk in the context of our Welfare Reform Initiative in Michigan called Project Zero. Project Zero was initiated in Michigan in 1996 just prior to the Federal Welfare Reform legislation, and the goal of that Project Zero was to reduce to zero the number of cash (AFDC) recipients who were not reporting earned income. In other words, the goal was to get everyone a job.

Ottawa County was one of six sites to participate in this project, and we were the first of the six sites to actually accomplish zero. When that occurred, we were sort of heralded in the local, State and national media as the only place in the Nation where everyone that was required to work was working, and probably an adjunct to that was the issue that we utilized the faith community in accomplishing that task.

When Ottawa County was asked to pilot this, it was a unique opportunity for us to get involved in. As a State agency, our rules come from a central source, from our Lansing central office. Project Zero was a bit different, however. To accomplish the stated goal, local offices were given the opportunity to develop their own local community plan as to how to attain zero, and we were also given the financial resources to accomplish that task.

Of course, one of the first steps when any government agency gets started we do a study. We had to take a look at some of the issues that were barriers to employment. Of no surprise were transportation to day care and day care, but what one thing that came out as a surprise, at least as significant as it was, was the lack of a family support system with many of our families. And we've worked with families for years trying to get them jobs. We arrange transportation, but we did little in the past in establishing a family support system, and we all know how important that has been in our own lives as we look at how our values were developed, how we made career choices. When we became adults how our parents sometimes helped or family members helped with transportation or backup day care. Our families however didn't have a family support system to fall back on to.

So our Project Zero model consisted of four components: Job search and finding jobs, transportation—a transportation system. We addressed issue of child care. We addressed family support. We did that by establishing a faith-based mentoring program to address emotional support and encouragement that were required by so many of our families as they transitioned from welfare to work.

In the early 1970's many of our families or—our churches in our community sponsored Vietnamese families. When they did that, they established education committees, housing committees, employment committees. These families couldn't fail. They were surrounded with services, and we said wouldn't it be great if our local churches would do that for the family that lived next door. Well,

with the advent of Project Zero, we had the opportunity and the resources to do it, and we contracted with a local nonprofit agency to recruit churches to provide that support system.

We were fortunate to have a Good Samaritan ministries, one of our local agencies, that was in the business of training and recruiting churches to address social needs. Now, we many times have referred people to that program before but on a very limited basis. With Project Zero dollars, we were given the opportunity to ask them to really establish a system to address the high volume of families.

So under a contractual relationship with our agency, Good Samaritan recruited congregations, trained congregations in mentoring methodologies and agency protocols. They matched clients with church congregations. They coached and monitored churches and served as a liaison between agencies, churches and clients. They also sent us monthly reports of their financial spendings and also of the progress they were making with families.

I should emphasize that we utilized churches. We didn't necessarily recruit individuals. We did have individual contact teams—individuals on a contact team with a family, but it was the church that we focused on. As the contact team made those contacts, they would often find that there were legal issues that they had to deal with. There were car repair problems that had to be addressed. Many things that they did not have the expertise on and they then utilized the members of their congregation as a multi-disciplinary team to find the resources within that church to address the issues.

I should mention too that this program was completely voluntary for our clients. We referred them to the program but we always asked them if they objected to being involved with this mentoring program with a faith-based organization. Very few ever turned us down. In fact, I don't even recall that any did. We also—the training program that was involved for the churches focused on—they were in a position to provide help and support. We expected that they not require participation in religious activities or church activities.

Many families have been positively impacted by this initiative. Church congregations and family mentoring teams have provided assistance with budgeting, general life coping skills, transportation, backup transportation, child care, backup child care, car repair assistance, assistance in purchasing cars, etc.

As a result, we think lives have been changed, families have become self-sufficient, jobs have been retained and friendships have been established. And probably one of the most important things, not only did we address a need at the present time for a family support system, we believe that through the relationships that if there is a crisis in the future, this newfound support system for these families, they will turn to them before they turn to us again as a public agency. They will look to their church family support system.

As a public welfare agency, we are pretty proficient at determining eligibility for programs. We can offer some of the financial assistance that people need. However, because of our high caseloads, we're less proficient in offering the love, the family support, the

nurturing that many of our families require, and we can accomplish this by partnering with our faith community. They're in a much better position to do it than we are as a public agency. So when Ottawa County, and in, subsequently, in many counties throughout the State of Michigan, we've called upon the churches and the faith community to fill the void of the traditional family.

We've asked church congregations to serve in a mentoring role. Churches have responded generously. I think something else that we didn't really expect was what a greater appreciation and understanding that they have gained, the churches and our community, about the public welfare system. There is now a mutual respect in Ottawa County that we have for one another, and we work very closely.

So thank you for the opportunity to share Michigan's welfare reform and Ottawa's story, and especially as it relates to the faith community. We thought it was a great opportunity.

[The prepared statement of Mr. Snippe follows:]

WRITTEN TESTIMONY

Of

LOREN SNIPPE, Director
OTTAWA COUNTY
FAMILY INDEPENDENCE AGENCY

Submitted to the

HOUSE COMMITTEE GOVERNMENT REFORM COMMITTEE

SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY AND HUMAN RESOURCES

HEARING ON THE FAITH-BASED INITIATIVES

APRIL 26, 2001

My name is Loren Snippe. I am the Director of the Ottawa County Family Independence Agency, which is the local State agency that administers the State of Michigan's public assistance and family protection programs. The Family Independence Agency is a State administered agency with local offices and programs in all of Michigan's 83 counties. The Ottawa County offices are located in Holland and Grand Haven. Locally, we are an agency of 100 plus employees.

Ottawa County is located in Michigan's Lower Peninsula on the Eastern Shores of Lake Michigan. It is the neighboring community of Grand Rapids, which is Michigan's second largest city. We are a community that is growing in population and diversity. We have a significant Hispanic population and a growing population of African American and Asian families. Ottawa County has a population of approximately 240,000 and our largest cities are Holland and Grand Haven.

Project Zero / Role of The Faith-Based Community

Project Zero was a component of Michigan's Welfare Reform entitled " To Strengthen Michigan Families" and was initiated in Michigan in 1996 just prior to the Federal Welfare Reform Legislation. The goal of Project Zero was "to reduce to zero the number of cash (ADC) recipients who were not reporting earned income." In other words, the goal was employment for every one who was a recipient of cash assistance.

Ottawa County was one of six sites selected to pilot this Project Zero Initiative and the first site in Michigan to reach the goal of zero. Project Zero was initiated in July of 1996 and the goal of zero was actually attained in Ottawa County in September of 1997. Our cash assistance (ADC) caseload went from around 1300 to 1400 in 1992 to around 385 cases with all required recipients working in September of 1997. This accomplishment was widely acclaimed in the local, state, and national media. We were identified as the only place in the nation where all welfare recipients required to work were actually working. Not only was attaining zero a noteworthy accomplishment, it was accomplished in conjunction with significant assistance from the faith community. This faith-based connection was also widely heralded in the news media.

When Ottawa County was asked to be a pilot for Project Zero, we were provided with a unique opportunity. As I indicated earlier, we are a State Agency with a central administration. Although provided the opportunity for local input on issues and policies, our policies are established by our central administration. Project Zero was different. It provided our local office with considerable administrative latitude to accomplish the stated goal of achieving zero. Each pilot site was asked to partner with their community to establish a Community Project Zero Plan to attain the goal of zero or full employment. We were also provided with financial resources to carry out the Plan.

One of the first steps in our planning process was to survey our clients, our community, and our staff to ascertain the primary barriers to employment and self-sufficiency. It was of little surprise to identify transportation and child care as major barriers to employment.

However, a bit of a surprise was the significance placed on an adequate family support system as a major barrier. For years, we have tried to find jobs for our clients, attempted to arrange rides to get them to work, and we provided payment for their child care. However, we did very little in the way of establishing a support system for families to provide them with ongoing support and encouragement. We also did not provide them with a safety net for them to fall back on. As we all reflect back, most of us recognize the important role that family and a family support system had on our lives. We recognize the important role the family played in our growing up, in developing our values, in our education, in our careers. In our early adult years, we recognize how family members often assisted with moral support, transportation, and child care. Many of the families receiving public assistance do not have the benefit of a supportive family or some type of alternative support system.

In the Ottawa County Project Zero model, we focused on four main issues or barriers -- job search activities, transportation, child care, and family support:

- Job Search – We established a job search program in partnership with our local Michigan Works Agency whereby most of our cash assistance recipients found employment almost immediately after being approved for public assistance. Retaining the job was sometimes the bigger hurdle to overcome.
- Transportation – We established a county-wide transportation system that provided 24 hour, 7 day a week transportation for the first 6 weeks of a client's employment.
- Child Care – We established a child care case management system that provided over-site and assistance for the client to address child day care payments, identification and location of appropriate providers, child care transportation logistics, and retention of day care providers.
- Family Support – We established a faith-based mentoring program to address the emotional support and encouragement required by many of our client families as they transitioned from welfare to work.

In the early 1970's at the close of the Vietnam era, many churches in our area sponsored Vietnamese families as they resettled into our community. Our churches established housing committees, job-finding committees, transportation committees, English as a second language committees, and tutoring committees for children. At that time, many of us in Ottawa County said, "wouldn't it be great if we could get the local churches involved with helping families right in their own church neighborhood." Well, with the Project Zero Initiative, there was an opportunity to make this idea a reality. Although there had been much discussion of incorporating the faith-based and community at-large into welfare reform, little action had taken place to assist local families and neighbors. In short, Ottawa County requested State dollars to contract with a local non-for-profit agency to recruit and train churches to be a support system for families transitioning from welfare to work.

We were fortunate to have an organization, Good Samaritan Ministries (Good Sam), that focuses on recruiting and training church congregations to address various social needs within our community. In the past, our local Family Independence Agency had worked

on a very limited basis with Good Sam by referring a small number of families to them that could benefit from a mentoring type relationship with a church congregation. With the resources provided by Project Zero, we were able to contract with Good Sam to expand their existing relational ministries program into a faith-based mentoring program that could address the needs of a high volume of Family Independence Agency clients that were transitioning from welfare to work.

Under a contractual relationship with the Ottawa County Family Independence Agency, Good Sam recruited church congregations, trained congregations in mentoring methodologies and agency protocols. They matched clients with church congregations, coached and monitored church and client relationships, and served as a liaison between agencies, churches and clients. Good Sam reported progress to the local Family Independence Agency on a routine basis. I should emphasize that we asked church congregations, not individual church members, to sponsor or adopt a client family. Although it was generally a limited number of church members that were the actual family contact team, there was a role for the entire congregation. The church congregation actually serves as a large "multi-disciplinary team." Often times there are issues such as a legal problem, car repair, or financial concern that the family contact team does not have the expertise to address. Other members of the congregation are a vital resource in these situations or in situations that require total congregational support.

In Ottawa County the faith-based mentoring program is completely voluntary. Our clients are recommended for a faith-based mentoring team but are always asked if they would like to participate. Very seldom, if ever, has a client refused because of the faith-based nature of the service. It has been emphasized in the training sessions with the churches that this is a program to provide support and assistance to families. We expect that they not require participation in religious or church activities.

Many families have been positively impacted by this faith-based mentoring initiative. Church congregations and family mentoring teams have provided assistance with budgeting, general life coping skills, transportation and back-up transportation, child care and back-up child care, car repair, assistance in purchasing a car, tutoring children and parents, legal issues, job search, and job retention. As a result, lives have been changed, families have become self-sufficient, jobs have been retained, and friendships have been established. Not only has a support system been established to address the present issues and concerns of a family, but in many situations, a lifetime support system has been established because of the relationships developed between the church congregation, the family mentoring team, and the client family. Our hope is that the next time a family is in crisis, they will turn to this faith-based family support system, their church family, before needing the assistance of the public welfare system.

As a public welfare agency, we are proficient in determining eligibility for financial assistance, and do it quite accurately. We can quite effectively disburse financial assistance to meet the basic needs of our client families. However, with our high caseloads, we are less proficient at providing the emotional and physical support so desperately needed by many of the families we serve. It is through a partnership with the

faith community that we can address these support needs of families within our community. In Ottawa County and subsequently in several Michigan communities, we have asked the faith community to fill this void of the traditional family.

We have asked church congregations to serve in a mentoring role. Churches have responded generously to our request to assist community families and many families have been helped. However, this relationship with the faith community and its many members has also brought about a better community understanding of the public welfare system. A mutual respect and support has developed as the result of our faith-based mentoring relationship.

Thank you for the opportunity to share Michigan's and Ottawa County's Welfare Reform story, especially as it pertains to our relationships with the faith community.

Mr. SOUDER. Thank you. Let me see if—we're having trouble with our machine here. Let me see if we can get this set up because I can see the time and nobody else can see the time.

Next is Reverend Jones.

Ms. JONES. Hello and thank you for the opportunity to provide testimony to this event.

I will not be reading the written statement. Usually I just make ad hoc comments based on the testimony that I have already heard. One thing that was raised as relates to us is although we are part of a larger denomination, when we began our program we did not receive denominational support. Our denomination was not in favor of Charitable Choice. So it wasn't until we were significantly up and running and they actually saw it in the paper did they know, and that was 2 years later. So we did not receive any significant financial support. We didn't receive any significant technical assistance. And even though our denomination has legal advice, we did not receive it.

Also are we a small member congregation. We have 100 members at this time and it was less than 3 years ago when we began the project. We are a congregation made up of people in our community. Our community is north central Philadelphia. The community is an economically depressed community. We have a high school dropout rate of 65 percent. At the time we began, 46 percent for the residents of our community were receiving full TANF benefits and less than 10 percent of the community residents within our ZIP code of 30,000 persons were working.

At the time we began maybe about 5 years ago, we began doing what normal churches do in our community to help the needy. We started a food pantry. We had a clothing closet, a soup kitchen, and people were coming in on a regular basis; and we started seeing the same people week after week, month after month, year after year. When welfare reform hit, we started seeing more people. And people were coming to us not only for food but they were also sitting with us and saying that they were very concerned—they did not understand welfare reform. They didn't understand what they were going to need to do, but they knew they had to get a job. They didn't understand how they could get a job without training or education. So they were having a hard time dealing with the system and also dealing with fear.

So we found ourselves doing a lot of ad hoc counseling; and before we knew it, we were making phone calls to employers. And before we knew it, we were offering tutoring because people started wanting their GEDs. Before we knew it, we had something going on and we wanted to expand it but we did not have the resources.

At that time in Philadelphia, the metropolitan Christian Council started to gather together church people that were doing community ministry; and we were one of them. We all came together, and we talked about Charitable Choice and that is how we heard about it.

We were the only church of that group that decided to do it, but we were also the only small church with no resources. The other churches were large organizations. They already had separate 501(c)(3)'s, so they didn't really have to do it. They were already set up. We were a local congregation. We did not have a 501(c)(3).

Our congregation reflects the community. At the time, I was the only person in the congregation with a high school—with a graduate or upper level degree. We did not have any professionals in our congregation. But our congregation has and had a lot of love.

We looked into becoming a 501(c)(3). We brought in a consultant to work with us to build the capacity to have a 501(c)(3). As soon as the consultant said to us that a 501(c)(3) would make us a separate secular organization, the congregation said that is not who we are. We are a church. We are not an agency. We want to remain a church. So we made a decision to do what we do as a church. That was important for the congregation because in this community where people don't have a significant sense of accomplishment, it made a big difference to them to say that our church does this.

Since we began, we have served over 189 clients. We have an 87 percent success rate in job placement. And also we find that right now as more and more people who have not successfully traversed the whole welfare reform system—we are finding more and more people with issues related to abuse and other significant family issues coming to us because of the love and support that we give and still finding confusion in county assistance offices. And we are finding that we are serving as an effective liaison between the people and the county assistance offices.

We do education and training, job development, job placement. We have a voluntary Bible study curriculum as well. We are careful. Right now we have both private and public dollars. We do not use public dollars for religious education, and we do not proselytize. However, our clients continue to tell us that it feels different; and we also find that we have a greater reach. We can minister to people and to extended family. Many times, someone will come in to us with a significant problem that is not caused by someone in their family that is on public assistance. We, because we're a church, can knock on doors and go into situations that a public agency cannot go in.

We have had situations where clients were victims of abuse. They could come in to us. If we were a public agency, we couldn't say what we say as a church. As a church we can say you don't need to go home. If you have to, you can sleep here. An agency can't say that. And we can followup with people at a greater level, and we're glad to do it. Even though we can and would if we had the income pay overtime, right now we don't because our people that work for us don't ask for it. They stay overtime voluntarily. But if they asked for it, we would pay it.

I think the biggest issue for us is that what Charitable Choice did for us is it allowed us to come to a table that we normally would not have been invited to. And it also recognized the good work that we were already doing.

Just in closing, my grandmother is from a small town in Kentucky. And in that small town is a one-room schoolhouse that she graduated from and went to Fisk University. That one-room schoolhouse produced many wonderful people, but that one-room schoolhouse did it at great strain on the organization. Now in that same community, that same school is fully funded. It makes a tremendous difference. It is not as though the school did not do a good job when it was a one-room schoolhouse. It makes a big difference

when there is enough funding to really support what organizations honestly can do.

And with that, I know my red light is on so I thank you for the time.

Mr. SOUDER. Thank you.

[The prepared statement of Ms. Jones follows:]

Cookman United Methodist Church, Philadelphia, PA
Our Experience with Charitable Choice
1 of 2

Like many urban African American churches, Cookman already had a history of social ministries designed to empower its community. Although many social service agencies exist in the neighborhood, issues of distrust, mis-information, and dis-respect for poor people's issues caused persons in need to seek alternative solutions through various community based-organizations (including churches) to their life-challenges. All of our outreach efforts have always been open to all residents regardless of faith commitment.

As welfare reform became a reality, we started to see more and more residents coming to us for referrals, tutoring and other assistance. We also found many residents were very confused by the system and by their county assistance office personnel. In order to meet their needs we chose to utilize the Charitable Choice provision to compete for federal funding for our what was becoming an increased demand on assistance for persons receiving TANF (Temporary Assistance to Needy Families) benefits.

We have also, like many churches in our area, chosen not to actively proselytize persons in need of our help, feeling that it is not appropriate to in any way force religion on the needy. Therefore, when charitable choice came our way, we did not see that it would impede what we were used to doing in anyway.

We did see it as a Godsend. For years, our small congregation had been providing various services to needy families with a very limited budget. This put a tremendous strain on too few volunteers. And, since we are not a "professional church" (Other than myself, there is only one other person with a post-high school diploma) we started to feel the weight of trying to provide better quality services in response to person's felt needs. We found our community agencies tried hard, but were unable to handle the volume of issues found in our high-risk community alone. The additional funding allowed us to hire targeted staff, and improve our curriculum. The extra staff actually made it easier to solicit volunteers, as they were not so easily burnt-out.

Our experience with the State of Pennsylvania has overall been very good. We had a challenging start as we each tried to understand the freedoms and restrictions of Charitable Choice. But we worked together with our monitor to develop what we feel has been a beneficial collaboration for the citizens in our area who have fallen through the systemic cracks. This help enabled us to expand our program of education, life-skills, job placement, job development and computer literacy, and children and youth services.

We offer a voluntary Bible Study at the beginning of the day. We advertise that we have a Christian program, but we are careful during orientation and on a regular basis through out the program to let clients know that religious activities are not mandatory and that they have every right to pursue other valuable activities at the same time, such as: computer lab, job search activities, or counseling/case management. So far we have served 182 women. At last count, our job placement rate at 20 hours/week or greater was 87%.

We have a separate account for funds received for the welfare to work program, and the church continues to have to meet its own operating and ministry expenses. We make a distinction (both now and before charitable choice) between what we do in mission and what we do in evangelism. We do not see social service (helping the needy) as evangelism so we have never had an issue with trying to proselytize someone who needs help.

The government collaboration has increased the level of beaurocracy and paper work we were used to. However, for the most part this has been welcomed. We have better records than we

would have every dreamed of having before and we are linked to a State Wide database that has been exceptionally helpful to us in follow-up with the families we help. While some of the paper requirements are tedious, most are necessary such as financial records, case notes, accurate client files, and employer and family information. Although it was a challenge for us in the early months, now that we've been at it for a few years it has been a tremendous blessing for follow-up.

The State also has not in anyway impacted our free exercise of religion. They have not in any way interfered with the organization or structure of our church. Nor seemed to care – appropriately.

Lastly, churches receiving funds for various programs from non-religious sources is not new. Many foundations and private donors fund church programs and place guidelines on how those funds are to be used. Churches make choices daily to accept or reject funding based on the donor's wishes. We believe that churches are more than able to follow clearly defined guidelines when receiving government funding as well. We are also capable of declining funds if we disagree with the way a contract is asking us to define a project. Churches also make choices daily regarding when and how to share our faith. Organizations that have overt prosyletization as part of their methodology are not likely to compete for government funds.

To us, the bottom line remains that churches have been actively engaged in providing much needed services to their communities for quite some time. However, we have not been invited to compete as peers with other non-profit agencies for the funding necessary to support our work. We have been invited to set up separate *secular* entities under which to provide charitable services, but this to us takes away from our integrity as a *sacred* agency. The word sacred does not say anything about how we share or don't share our faith. It does speak to our motivation for doing our work. It means that we hold our responsibilities to help the needy extremely important and get great satisfaction from being their for people as agents of God's love. This means that we tend to go the extra mile, make the extra call, visit the extra family member in the hospital (who may not be particularly entitled to our service): all in an effort to bring wholeness to our community.

Lastly, Charitable Choice has not changed our church – we still worship on Sundays, have pot-luck dinners, attend choir rehearsal, Bible study and Sunday School, and go out evangelizing the community on Sundays. It has however improved our ability to provide quality help to the needy who know us, trust us and expect a bit more dignity and love from us.

Mr. SOUDER. Next is Mr. Raymond.

Mr. RAYMOND. I want to thank you for the opportunity to present this testimony today. And I am coming from the perspective of a practitioner having worked in Ottawa County with Mr. Snippe, as the executive director of Good Samaritan Ministries, utilizing government dollars to mobilize congregations to get more deeply involved with this process.

In my perspectives on the future of faith-based initiatives, Charitable Choice expansion and greater involvement on the part of faith-based organizations including local congregations may be somewhat different than those articulated by others. I want to talk about what I call intermediary organizations. My specific interest is in helping agencies and local congregations move into deeper levels of community connections along a continuum of charity, service, community development, advocacy and social justice.

My perspective is that productive and effective work to alleviate poverty entails an integrated approach that includes all of these pieces. In addition, I believe that effective work in this arena needs the proper balance of professional expertise, grass-roots experience, and volunteer mobilization. To rely solely on professionally based services will never be sufficient due to funding and personnel limitations. Over-professionalizing can also lead to a sense of distance and paternalism on the part of the helpers.

Conversely, to rely primarily on small, essentially volunteer-driven organizations can limit the scope. I believe that there is a way to combine the strengths of these approaches, minimize the limitations, and achieve a more balanced and integrated strategy with which to address the questions around Charitable Choice and faith-based initiatives.

What I am talking about is a process of building connections and capacity within communities and congregations and developing a mechanism that helps average citizens become part of the solution rather than simply disengaged bystanders. Ordinary citizens are looking for ways to be involved and Charitable Choice has opened avenues of involvement. For the past 3 years, I have been working with communities, congregations, and public and private human service organizations to establish what I call intermediary consulting organizations. This concept grew out of my work as executive director of Good Samaritan Ministries in Holland and as a consultant with a variety of groups and congregations throughout the United States.

An intermediary organization is an equipping, training, and capacity-building organization that exists between the faith community and the human service community. It is not a church, house of worship, or other religion congregation; and it is not a traditional human service delivery agency. It exists to help bring congregations and human being service agencies and frontline ministries together in common interests, service, and resource development within a community.

It is an organization that understands the culture, rules, expectations, and processes of public and private agencies and congregations. It is staffed by people who understand community, agency, congregational, and family systems who can then help make the

necessary connections and translate the competing realities and cultures that exist among those differing systems.

I think these organizations are needed for a number of reasons. One, public and private agencies often are interested in soliciting help from the faith community, but are unfamiliar with the cultures and the expectations of the various groups. They lack experience in recruiting, mobilizing, training, and supporting congregations.

Two, it is more efficient for government agencies to interact or contract with one or a few central organizations rather than try to maintain contact with numerous individual congregations or community-based organizations. Intermediaries can be developed along a variety of organizing principles with different expressions in evangelical, ecumenical, or interfaith opportunities. A faith-based intermediary is often better positioned to win the congregation's trust than a government agency.

An intermediary can also build trust with public and private agencies and help them extend their mission by helping to connect families and individuals to ongoing community support systems. An intermediary can be an objective third party or buffer that helps interpret different organizational cultures, expectations, and ways of conducting business. It can also help protect the rights of all involved.

An intermediary can act as a central contracting source to channel resources to congregations and help smaller or inexperienced congregations and groups negotiate relationships with city, county, and State officials and private funding sources such as corporations and foundations.

There are three basic approaches developing an intermediary structure. The first is to work with an existing nonprofit organization with considerable internal strength, capability, and integrity. A second is to start a new organization when there is no existing nonprofit. And a third is to work with individual congregations as an extension of who they are as a local congregation.

The scope of the project has to be taken into consideration. The scope of these initiatives varies depending on the type and the size of the community. For smaller communities, one intermediary can be sufficient. In moderate-sized communities, the picture becomes more complex and more than one intermediary can be indicated. In larger urban areas, several intermediaries may be indicated.

The types of faith-based organizations that are involved need to be taken into consideration also. There are three broad types of organizations: Large national and/or international organizations from Protestant, Catholic, Jewish, and other religious traditions. These very large organizations have high visibility and well-developed infrastructure. There are also moderate to large local or regional human service agencies and organizations that exist in most urban and suburban areas in the country. These local and regional organizations usually have well-developed infrastructures and capacity and are key players in the provision of social services in most communities.

Many of these larger organizations have utilized a variety of funding sources for many years, including government funding, and have also developed an excellent track record in providing and

evaluating services as part of the human service infrastructure in our society.

In the debate over faith-based initiatives in the past few years, there has emerged a growing awareness of more front-line, grassroots organizations, such as small neighborhood-based services, community development corporations and congregations of all shapes sizes and locations. In developing an intermediary initiative, all the above organizations need to be taken into consideration.

Too often, public and private organizations work independently from one another and proceed from the assumption that their work is mutually exclusive. The intermediary process and attitude can help these different organizations discover ways of working together. The larger organizations can take on the role of an intermediary and begin to utilize their expertise as teaching organizations and community-capacity builders.

In turn, I believe many of the larger professional organizations have much to learn from front-line grassroots ministries and organizations. Poverty, welfare, homelessness, and related social concerns are critical issues throughout the country and faith-based organizations; and congregations could be a key part of the solution process. This is not an attempt to privatize welfare or to have congregations or other faith-based organizations replace existing approaches, systems, or jobs. It is a strategy to create strategic structured alliances of professional accountability, frontline expertise, and focused volunteer involvement that builds capacity and blends the best of all approaches so that lives and systems are truly changed. Thank you.

Mr. SOUDER. Thank you very much.

[The prepared statement of Mr. Raymond follows:]

The Role of Intermediary Consulting Organizations as Catalysts for Faith-Based Initiatives and Partnerships

Testimony for the
U.S. House of Representatives
Subcommittee on Criminal Justice

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The Role of "Intermediary Consulting Organizations" as Catalysts for Faith-Based Initiatives and Partnerships

Introduction

My perspectives on the future of faith-based initiatives, charitable choice expansion and greater involvement on the part of faith-based organizations, including local congregations may be somewhat different than those articulated by others.

The faith community has been the object of a mixture of intense interest, speculation, criticism and optimism in the welfare reform, charitable choice and poverty debate of the past few years. Some of the optimism regarding congregations and faith-based organizations is warranted, but much of it is also unduly unrealistic. Congregations are bodies with much potential, but in relation to helping the poor in North America in any kind of strategic, intentional and deep way – far too many churches have been relatively silent, reluctant, and ineffective. In addition to an unexamined aversion to the unknown represented by those in a different socioeconomic status, congregations can be quite competitive and turf oriented in ministry development. This results in what Lester Salamon of Johns Hopkins calls "philanthropic particularism" or the tendency to "focus on particular subgroups" to the exclusion of others. Salamon's concept of "philanthropic paternalism" also applies here, in that "there is a tendency for those running voluntary associations (in this case congregations) to be relatively well off and thus not sufficiently sensitive to or knowledgeable about those in need". On the other side of picture, some public and private agencies, in their zeal to attract congregational support, can present a confusing array of needs and opportunities that result in stimulus overload and/or paralyzing guilt. The end result on both fronts is too many congregations that are unorganized, unchallenged and lacking in coherent vision for community outreach efforts.

Yet in the midst of this relative ineffectiveness is an emerging desire to reach out in real and meaningful ways to impact the lives to families struggling to make the transition from welfare to work or to move beyond homelessness and out of poverty. Congregations have heard the calls to help but many have been reluctant because of a fear of not knowing how to respond.

Congregations are confronted with needs of families such as Ann, a 19-year-old single mother and her 3-year-old daughter. Ann spent time in foster care and went through a broken adoption when she was nine years old. She has no extended family of her own in the area and now is faced with the prospect of raising a child, dealing with welfare, finding and maintaining a decent job, while trying to cope with her own personal needs, fears and dreams.

Volunteers are moved with concern, but they may be reluctant because they feel that they aren't equipped to help Ann and her daughter or they may not understand what Ann is going through. In these situations the congregation needs support as much as Ann does. They need someone to train, encourage, support and guide them to take the risk to help Ann realize her dreams and goals. They can provide support, material assistance and advocacy, but they often need someone to guide them.

My specific interest is in helping local congregations move into deeper levels of community connections and ministry along a continuum of charity – service – development – advocacy and justice. I do not have sufficient time to fully develop this continuum in detail, but each of these themes represent a particular approach and set of assumptions regarding what it means to successfully confront poverty, welfare, homelessness and other aspects of human need. Too

often we approach the work in an isolated and fragmented fashion, with certain camps espousing particular strategies and excluding others.

My perspective is that productive and effective work to alleviate poverty entails an integrated approach that includes all of these pieces. In addition, I believe that effective work in this arena needs the proper balance of professional expertise and volunteer mobilization and enthusiasm. Too rely solely on professional based services will never be sufficient due to funding and personnel limitations. Conversely, to rely primarily on small, essentially volunteer driven organizations, is naïve and shortsighted. I believe that there is a way to combine the strengths of both of these approaches, minimize the limitations of both and achieve a more balanced and integrated strategy with which to address the increasing conflict around charitable choice and faith-based initiatives. This approach may not satisfy critics on either side, but I believe that this idea is worth examining in much greater detail, especially in light of the level of need in our communities.

My goal is to develop this theme in the remainder of my remarks.

Assumptions

For the past three years I have been working with communities, congregations and public human service organizations to help establish what I call "intermediary consulting organizations". This concept grew out of my work as Executive Director of Good Samaritan Ministries in Holland, MI and as a consultant with GRACE/Mentoring Partners in Grand Rapids, MI. Before I define what I mean by an "intermediary" organization, I want to put forth some assumptions that I bring to the process.

1. A primary emphasis needs to be placed on equipping local congregations and other community groups to engage in ministry/work with families dealing with poverty, welfare, homelessness, domestic violence, abuse/neglect and incarceration.
2. Congregations have much to offer but also much to learn. Many need to overcome fear, isolation, ignorance, and turf orientation. There is much potential but too many congregations are "closed systems" with a primary internal focus only.
3. Experiential learning through transformational activity is the key. Need to go beyond dialogue to action.
4. There needs to be a place for the "average citizen in the average community or congregation" to make a difference.
5. The intermediary process is based on public and private partnership – not a privatization effort or one system dominating the other. Collaboration needs to be aggressively pursued.
6. Requires a blend of professional and volunteer skills and gifts. Poverty is more than an economic issue, but it is a fundamental economic issue nonetheless.
7. Congregation and state can partner effectively via a process of "connected autonomy". Both entities need to understand that congregations and public/private agencies represent different organizational cultures and this work needs to be viewed as "cross-cultural" work.
8. Congregational/Faith-based involvement needs vision, leadership, planning, structure and intentionality. Congregations need to be serious about resource development and develop

multiple sources of funding. Faith-based organizations can strategically use public funds, but they should no become dependent on them.

9. Congregations don't spontaneously organize to work together, in most cases.
10. The process is systemic and developmental in nature. Not every congregation or faith-based organization is equipped or ready to engage in the same level or type of activity. There are multiple readiness levels to be sorted through.
11. The process requires mutually transformational relationships at all levels – congregation/state; congregation/family; congregation/private agencies.
12. The process is based on coordination and collaboration – not congregations replacing legitimate role of public or private human services. What is in it for everyone? Families, state, & congregation.
13. Each partner needs to take the view that part of their mission is to help the other partners succeed. All need to be servant leaders and servant followers.
14. A locally owned and operated "intermediary consulting organization" is key in helping human service community and individual congregations work together. Value added approach. Focus is specifically on mobilizing, training, equipping, resourcing and supporting the faith community. It provides an ongoing mobilization process for congregations.
15. Sporadic, isolated and episodic outreach by congregations, however well intentioned, is not sufficient to address issues. Congregations need to coordinate and collaborate more. Tendency is for both congregations and agencies to be turf oriented and competitive (can be intentional or unintentional).
16. This is a non-duplicative and non-competitive process and builds on what is already in a community. Asset and strength based at all levels – systemic, organizational and personal.
17. The process needs to go beyond welfare reform or welfare to work – to a focus on poverty, wealth and community capacity building and health. Beyond entry-level jobs to sustainable individual, community and economic development and a broader awareness of fundamental justice issues.
18. The process cuts across a variety of interconnected issues – welfare, poverty, homelessness, domestic violence, community development, affordable housing, youth and family, education, abuse and neglect to name a few.
19. The process transcends political, denominational, theological, and racial differences.
20. Most agencies have to stop serving people at some point. Congregations can pick up where agencies leave off. This builds a process for community, congregation and family capacity building.
21. The process needs to integrate expertise from a variety of perspectives such as – public policy, faith/ministry, case management/human services, family systems, community development, community organizing, and organizational development.

What is an Intermediary Organization?

An "intermediary consulting organization" is an equipping, training and capacity building organization that exists between the faith community and the human service community (public and private non-profit organizations). It is not a church, "house of worship" or other religious congregation and it is not a traditional human service delivery organization. It exists to help

bring congregations and human service agencies together in common interest and service within a community. It is an organization that understands the culture, rules, expectations and processes of public and private agencies and congregations. It is staffed by people who understand community, agency, congregational and family systems who can help make necessary connections and translate reality among the differing systems.

So called "faith-based initiatives" are very popular at the moment, but in the zeal to tap into the resources of congregations there can be many unexamined assumptions regarding the capacity, readiness, and willingness of congregations to get involved. In addition a local congregation has a different "corporate culture" than a human service organization. This is especially true of public or governmental agencies that are highly bureaucratic and rule/policy governed. Most congregations are very process oriented as they endeavor to engage in a broad array ministry areas. Volunteer involvement is the primary method of engagement. Human service organizations typically serve an identified population with paid, professional staff for a set period of time.

The intermediary acts as a broker to help extend what agencies provide to people they serve by mobilizing, training and equipping local congregations to begin to pick up where an agency has to leave off in the provision of services. An example of this in the service arena is that of a family who is homeless. The family stays in a homeless shelter and receives a variety of services designed to help build skills and avoid homelessness in future. Most homeless shelters provide so-called emergency shelter for a relatively short period of time. Ideally, at the end of that time a family is ready and able to move into some sort of more permanent housing, although this is not always the case.

For some families the next step is "transitional" housing, where they can receive additional services and engage in further skill building. Volunteers from a congregation can become involved at this point in some very effective and creative ways through engaging in a family support relationship with the family who was homeless. The intermediary organization can work on behalf of the congregation and the homeless shelter to recruit, train and support volunteers from the congregation to walk with the homeless family in the supportive relationship. This helps to connect the family to a community-based support system and it helps the congregation/volunteers move deeper into the issue of homelessness by engaging in a helping relationship with a real family facing real issues. The volunteers can begin to discern the complexities of homelessness and engage in ministry that not only looks at personal or individual reasons for homelessness, but that also leads them to look at systems issues as well. This process is being played out in Holland, MI as Good Samaritan Ministries has partnered with other community agencies through the HUD Continuum of Care process to mobilize, train and connect local congregations with families living in HUD funded transitional housing units. My own congregation is part of this initiative.

It is conceivable that the homeless shelter staff could go directly to a local congregation and recruit volunteers for this type of involvement, but for most shelters this is outside their mission and scope. Many organizations do not have the staff, time or funding to fully develop this type of congregational/volunteer involvement. They provide a service and when that service has ended the assumption is that the person or family will be able to engage or re-engage with the

community and move forward.

For many people in our society this can be a difficult transition. For many families dealing with welfare and homelessness, in particular, there can be a sense of feeling cut off from a support system. Congregations can help with this transition by providing relational and practical support.

The intermediary can work on behalf of the congregation by providing training and ongoing support to volunteers. This helps to build capacity in the congregation as they engage in a ministry area that may be new to them. In addition the intermediary can extend the services of the homeless shelter by connecting the family that they worked with to a caring, supportive community which can build on the work that was accomplished while at the shelter. The intermediary acts as an extension of the outreach ministry of the congregation while helping to extend the work of the shelter.

In many respects the main "clients" of the intermediary are the local congregations or small faith-based organizations. The goal is to equip, train and support these groups and help them build the vision, capacity and infrastructure necessary to engage in effective community outreach.

I used homelessness as an example, but this approach can be applied in many other areas including welfare to work, women seeking support after leaving an abusive relationship, prisoners transitioning into a community after incarceration, immigrants and refugees displaced from other countries, individuals who are working to maintain sobriety or stay off drugs after completing a rehab program, and families who have been connected to the child welfare system. There are many possibilities to apply this model – it is only limited by a lack of vision or willingness.

Why Intermediary Organizations are Needed

1. Government (and private non-profit organizations) often are interested in soliciting help from the faith community, but are unfamiliar with the cultures and expectations of the various groups. They lack experience in recruiting, mobilizing, training and supporting congregations. An effective intermediary can help decrease competition among agencies for congregation resources.
2. The scope of need (i.e., the number of low-income families needing assistance) is too large for any one congregation. To make a notable impact, many congregations are needed.
3. Congregations may not be well equipped to screen and assess needy families. An intermediary can more effectively coordinate faith-based efforts to serve families and help congregations deal with their fear of fraud and exploitation.
4. Congregations often have the desire to help, but aren't sure how to proceed. Training, support and infrastructure are needed.
5. It is more efficient for government agencies to interact with one (or a few) central organizations, rather than try to maintain contact with numerous individual congregations or community based organizations.
6. A faith-based intermediary is often better positioned to win the congregations' trust than is a

government agency. Congregations can expect that the faith-based intermediary understands and respects their religious mission and desire to minister out of its faith convictions.

7. An intermediary can also build trust with public and private agencies and help them extend their mission by helping connect families and individuals to ongoing community support systems. An intermediary can be an objective "third party" that helps interpret different organizational cultures, expectations and ways of conducting business.
8. An intermediary can help congregations understand the culture, values and policies of public and private agencies.
9. An intermediary can be a buffer between congregation and state – help congregation and state build partnerships without becoming unduly entangled.
10. An intermediary can be a means of helping congregations build and demonstrate visible, practical unity. It can help congregations of various backgrounds work together in non-threatening, non-competitive ways.
11. Intermediaries can be developed along a variety organizing principles, e.g., Evangelical, Ecumenical, and Interfaith options.

What Intermediaries Do

1. Assist government and other non-profit agencies in designing congregation-state partnership (or other collaborative) initiatives to assist families.
2. Act as a supportive association for local congregations – a professional support that enhances their ministry.
3. Recruit and mobilize local congregations to join the initiative. Marketing process.
4. Help congregations complete "readiness assessments", evaluate the level/type of community ministry the congregation can do effectively and show congregations how to mature in their ability to engage in a wider range of ministry – charity, service, development, justice.
5. Help congregation members learn to relate and communicate cross-culturally.
6. Engage in a "train the trainer" process for mentoring or other congregation based ministries with local congregations. Equip congregations for deeper ministry and involvement.
   - Teach volunteers/congregations to become effective listeners and problems solvers
   - Show volunteers/congregations how to assist families in defining their goals
   - Show volunteers/congregations how to winsomely address families' spiritual needs in a natural and non-coercive manner.
   - Show congregations how to build "mutually transformational" relationships and not treat families as a "project".
7. Screen and assess the needs of low-income families that volunteer for the initiative, then match these families with local congregations properly suited to assist them.
8. Provide ongoing support and advice to congregations and volunteers participating in the initiative; troubleshoot problems, offer advice on outreach policies.
9. Sometimes intermediaries coordinate gatherings of volunteers and congregations for encouragement, support, fellowship, inservice training and sharing of experiences and lessons learned.
10. Act as a central contracting source to funnel resources to congregations and help smaller or inexperienced congregations or groups negotiate relationships with city/county/state governmental agencies and private funding sources such as corporations and foundations.
11. Maintain records of assistance given to families and monitor progress made by families in

achieving their goals. Assure good reporting procedures to governmental or other funding agency. Provide an ongoing evaluation component. Act as a central administrative support for congregations so they don't have to get caught up in heavy administrative oversight.

12. An effective intermediary can act as a buffer between congregation and state – so that congregation and state can partner together without becoming unduly entangled. The Intermediary can also be a buffer between congregation and congregation; denomination and denomination; congregation and agency; and congregation and family.
13. Intermediaries can help bridge the gap between congregations and the human service community. Agencies and congregations can unwittingly compete over how best to help. Also congregations need to learn from professional helping perspectives and agencies need to learn and benefit from congregation ministry/volunteer perspectives.
14. Intermediaries can help congregations be effective "mediating structure"
15. Intermediaries can help the congregation engage in the necessary leadership, structure, vision and intentionality so that resources in the congregation are "unleashed" in effective programs. It can help the congregation be salt and light and become a more open system.
16. An effective intermediary can help the congregation engage in visible unity – congregations working together achieve a whole that is greater that the sum of the parts.
17. An effective intermediary truly consults, trains, equips and supports local congregations and community groups. It is not there to do the direct service or to compete with human service agencies that provide direct services. The intermediary helps congregations extend the good things that agencies do and pick up where an agency has to leave off.

Key Components of a Functioning Intermediary

The first is that communities, congregations and families need to be assessed from an **asset or strength-based perspective**. Natural alliances must be discovered and developed at the community level in order for a systematic response process to be effective. In the same way families are not simply collections of problems. The best approach is to help the community, the congregations, and the families engage in mutually beneficial, transformational relationships that move in the direction of meaningful and achievable results. This approach is probably best exemplified at the community level through the Asset-Based Community Development Institute and the Christian Community Development Association. At the interpersonal/family system level it is well articulated by author/practitioners such as Insoo Kim Berg, Lisa Kaplan and William Madsen.

The next component is **comprehensive support and cooperative/collaborative efforts.** Dolores Curren has identified various factors that characterize healthy families. One of those characteristics is an ability to acknowledge the need for, and utilize effectively, a good support system. In too many cases in our society the natural support systems we are used to having are breaking down. The "mediating structures" of the past are not as viable as they once were – neighborhoods, schools, labor unions, and volunteer associations are examples of mediating structures that have weakened over time. Churches/congregation are also mediating structures and are viewed by many as keys to resurrecting the idea of effective mediating institutions. Many people are looking to religious congregations to lead the effort in helping to rebuild civil society and my consulting work is based upon the assumption that congregations have much to offer in this regard, but they cannot do it alone. They need to form strategic alliances with other mediating structures, government, businesses and non-profits in order achieve the desired results. This means that these institutions must learn from and support one another in order to help

families and individuals gain the support that they need.

The third aspect that needs to be considered is that of **ongoing supervision of the congregations by trained professionals who can train and equip others and who are comfortable achieving results through others**. The focus is on building capacity in the community, faith-based organizations and congregations. It is very much a process of collaboration and sharing of resources. Many congregations do not have adequate preparation and direction and have difficulty successfully addressing the kinds of needs faced by struggling individuals and neighborhoods in our society. Expert coaching by professionals from the arenas of community development, social work, education, psychology, ministry and business can have a powerful impact - making this equipping and supportive approach extremely effective. This is a "train the trainer" approach as well as a capacity building model to increase capacity in local congregations. This system relies heavily on volunteers, but also assumes that a strong infrastructure must be in place to recruit, support, train and encourage congregations if they are to stay involved for a significant period of time. It is extremely difficult, if not impossible, to sustain this type of initiative over time if this professional consulting/support component is missing. To have well-meaning but untrained and inexperienced volunteers (or untrained staff) recruit and coordinate other untrained or inexperienced personnel simply does not work in this context. This component address what Lester Salamon describes as "philanthropic amateurism" or the tendency of untrained personnel to oversimplify the helping process by engaging in an overly linear, cause and effect mode of thinking. The goal is to utilize professional expertise in a capacity building way. It is a creative mix of volunteer and professional resources and involvement.

Developing an Intermediary in a Community – Issues to Consider

Basic approaches to developing an "intermediary" structure. The first option is to work with an existing non-profit organization or organizations with considerable internal strength, capability and integrity that will incorporate the new initiative into their vision and strategy. A second strategy is to start a new organization when there is no existing non-profit. This will take longer to develop; given the dynamics of starting a new organization and the amount of time it takes to develop trust, communication, and recognition in a community. These two options involve working with a group of congregation, FBO's and other agencies and developing a networked approach. The third option is to work with individual congregations to develop the "intermediary" process within the congregation. This helps to build capacity within that congregation, but it does not address the larger scale question of helping congregations work together in a networked or collaborative manner.

Scope of the Project: The scope of these initiatives varies depending on the type and size of the community. For smaller communities one intermediary can be sufficient to build and sustain a long-term initiative. In moderate size communities the picture becomes more complex and more than on intermediary can be indicated. In larger, urban areas several intermediaries may be indicated. There is no magic number of groups that are needed to begin this process. The key is having congregations and other groups that are firmly committed to the process.

Types of Faith-Based Organizations Involved: There are at least three broad types of faith-based organizations – large, national and/or international organizations such as the Salvation Army, Catholic Social Services, Lutheran Social Services and World Vision are the first type. There are also moderate to large local or regional human service agencies and organizations that exist

in most urban and suburban areas of the country. These moderate to large local, regional and national agencies usually have well developed infrastructures and capacity and are key players in the provision of social services in our communities. Many of these organizations have utilized a variety of sources of funding for many years, including government funding. Many of these organizations have also developed an excellent track record in providing and evaluating services and are part of the human service infrastructure in our society. In the debate over faith-based initiatives in the past few years there has emerged a growing awareness of more frontline, grassroots organizations such as small neighborhood based services, community development corporations and congregations of all shapes, sizes and locations. In developing an intermediary initiative all of the above organizations need to be taken into consideration, at least from the perspective of whether they wish to be involved, and how they might be involved. Some strategic thinking needs to be applied as to how each of these organizations fit into the picture. Some may want to fit into the picture, some may not and others may want to dominate the picture. Key decisions need to be made regarding type and scope of the initiative and the type of faith-based organizations that will be involved.

Too often these different types of faith-based organizations work independently from one another and proceed from the assumption that their work is mutually exclusive. The intermediary process can help these different organizations discover ways of working together. The larger organizations can also take on the role of an intermediary and begin to utilize its expertise as a "teaching organization" as a way of building up smaller, grassroots organizations and congregations of varying sizes.

Conclusion

Poverty, welfare, homelessness and related social concerns are critical issues throughout the country and congregations can be a key part of the solution process. Regardless of the official status of welfare policy or who is in power in state capitals or in Washington DC, there is a need for planning, coordination and strategic thinking on the part of the faith community to begin to effectively address the problems. The intermediary process has the potential to transcend the political, denominational and economic divisions that so often inhibit creative and collaborative solutions.

This is not an attempt to "privatize" welfare or to have congregations or other faith-based organizations replace existing human service organizations, systems, or jobs. It is a strategy to create structured, strategic alliances of professional guidance and support with focused volunteer involvement that builds adaptive capacity and blends the best of both approaches so that lives and systems are truly changed.

The Role of "Intermediary Consulting Organizations" as Catalysts for
Faith-Based Initiatives and Partnerships

Hosting Options for Intermediary Initiatives

Options	Opportunities	Challenges
Congregation Based Single congregation involved in working with families or issues from a defined area or referral source.	• Can be very mission driven • Congregation can control philosophy and funding • Creates ministry opportunities for members • Can be developed relatively quickly • Simpler, focused approach	• Limited in scope • Funding can be limited • Perspective may be limited • Lower diversity • Limits number of volunteers • May have limited program and administrative capacity • May become turf oriented • May duplicate other ministries/programs
Neighborhood/Parish Based Neighboring congregations/ groups form a partnership to work with families or issues in their neighborhood.	• Coordinated effort • Broadens ownership and resources • Broadens diversity • Broader funding base • May create better access to outside resources • Creates an economy of scale	• More work to sustain • More relationships to manage • Increases potential for disagreement • Scope may still be limited or small • Sufficient funding can be a concern
Agency Based Public or Private Agency Recruitment of congregational volunteers to work with agency clients or issues.	• Driven by mission of the agency • Administrative and program structure in place • Can be built on track record, if agency is well established • Professional staff in place to administer and oversee	• May be perceived as pulling resources away from congregations • Can become competitive and turf oriented • Scope that the agency wants may outstrip the capacity of congregations • Reporting/evaluation requirements may be a hindrance for congregations • Agency agenda may overshadow congregational and volunteer perspective
Intermediary Consulting Organization Specialized organization developed to intentionally consult with congregations. Congregational ministry development focus. Church centered cooperative and coordinated effort. Church and community capacity building focus.	• Strong network element • Increased partnerships • Helps diverse congregations and groups increase involvement according to their own philosophy and background • Demonstrates congregational unity • Blends professional and volunteer expertise and perspectives • Broader base of support • Economy of scale	• Different approach/paradigm. Non-traditional & can be hard to explain, at least initially • Requires a sharing of turf • Can become spread too thin • Need to continually work on behalf of partnering congregations and help them go deeper into ministry • Need to focus on achieving results through others • Need to avoid tendency to become another direct service agency
Collaboration A defined number of organizations form an intentional collaboration (distinct from cooperative or coordinated efforts). Can include public or private agencies and congregations.	• Can build on or incorporate the intermediary process above • Emphasizes shared resources and complementary strength • Powerful mechanism for change • Can leverage funding more effectively • Can decrease competition among organizations • Built in process to deal with differences and conflict	• Needs to be carefully developed • Complex and tricky to manage • Can be difficult to maintain • Requires strong commitment with trust and communication • Requires commensurate levels of resource allocation among collaborators • Don't let one or two strong partners dominate

Mr. SOUDER. I appreciate your patience, Ms. Stanley; but you get to be the summer-up. And then we will start into the questions.

Ms. STANLEY. Mr. Chairman, distinguished members of the committee, I thank you for the opportunity to come before you today to discuss issues surrounding the expansion of government support for faith-based and community organization.

I also want to thank Representative Elijah Cummings for inviting me here today. My testimony will include a very brief description of Associated Black Charities, along with an overview of our work in the community with faith-based institutions and other organizations, along with recommendations for actions and activities that we believe should be implemented in order for faith-based institutions to work optimally.

I have been executive director of Associated Black Charities for the last 12 years, and the organization was founded in 1985 to represent and respond to issues of special significance to the African American community and also to foster coordinated leadership on issues concerning these communities.

From the very beginning, the black church leadership saw the need for an organization like Associated Black Charities and really strongly advocated for our creation. Through the generosity of our individual United Way, corporate, and foundation donors, Associated Black Charities has provided approximately $6 million in grants and thousands of hours of technical assistance to over 300 community-based organizations in Maryland. About 1 million of our grant dollars have gone to faith-based institutions.

Associated Black Charities is intimately familiar with the rigorous standards of accountability for Federal dollars. Under contract with the city health department, we provide staff support for what is called the greater Baltimore HIV Health Services Planning Council, and it is a body that is responsible for establishing priorities for the regional funding for HIV services and responsible for setting priorities for about $16 million in Federal funding.

We also understand the needs of our communities. Associated Black Charities has been at the epicenter of every major regionwide initiative of note for the last 16 years. As a grantmaker, we recognize that without strong leadership even a major infusion of funds can have minimal impact. Without support and coordination, a fragmented series of programs is frequently redundant and ineffective.

In 1994, we created the Institute for Community Capacity Building in order to offer leadership development programs and to provide technical assistance and training to faith-based institutions and other nonprofit organizations. We received advice and counsel from clergy. With funding from the Maryland State Department of Human Resources in June 1996, we partnered with Morgan State University to perform a study of church-based human services, and the results of this human services study informed our technical assistance work.

The copy of that study is available in the written testimony.

The churches in the study represented several denominations; and while mostly were Black, many of the churches were racially mixed. Some of the findings were that over half of the churches had someone that does coordination on their staffs, but overwhelm-

ingly these people were volunteers. One quarter of the churches had tax-exempt organizations from which human services programs were offered. One fifth of the churches received some type of government funding and two out of three of the churches indicated the need for technical assistance. Of those reporting in our survey, the average budget was $5,000.

We now work with something called the Faith Academy which is a collaborative effort with several partners that provides workshops and technical assistance to ministers and laypersons whose faith institutions—and we have had Christians, Jews, and Muslims in attendance—are involved in community outreach. Workshops have focused on, or will focus on, organizational development, economic development, real estate teaching sessions, social, and community development, etc.

No one would ever expect that lawyers, accountants, real estate agents, human resources professionals, etc., would be able to do their jobs without training specific to the profession or ongoing information relative to the field. So it is with managing a nonprofit organization that is in the business of helping people. Administrators of not-for-profit organizations must be skilled and have a wide range of knowledge in areas of human resources management, financial management, facilities management, fundraising, and other administrative areas.

Faith-based institutions are not-for-profit organizations; and especially if they are going to develop and administer programs serving the community, they must also have leadership that is knowledgeable in these areas. Technical assistance and training is necessary. Faith-based organizations like community-based organizations must have the appropriate infrastructure in place or a funding body must be willing to commit resources in order to ensure that organizations have enough funding to develop it.

And, finally, I offer for consideration the idea of using intermediary organizations as funding vehicles in partnership with faith-based organizations, if the Federal Government decides to increase the availability of funding for social programs. Intermediary organizations should be reflective of the organizations with which they are partnering and have the ability to assist in developing evaluation plans for programs, monitor the program development and implementation, and offer appropriate financial management and control mechanisms. And I also thank the committee for allowing me to be here.

[The prepared statement of Ms. Stanley follows:]

WRITTEN TESTIMONY

OF

DONNA JONES STANLEY

EXECUTIVE DIRECTOR, ASSOCIATED BLACK CHARITIES OF MARYLAND

To the United States House of Representatives

Committee on Government Reform's Subcommittee on Criminal Justice, Drug Policy, and Human Resources

April 26, 2001

Congressman Souder, distinguished members of the Committee, I thank you for the privilege to come before you to discuss the issues surrounding the expansion of government support of faith-based and community initiatives.

My testimony will include a very brief description of Associated Black Charities, along with an overview of our work with community and faith-based institutions over the past several years and recommendations for actions and activities that we believe should be implemented in order for faith-based institutions to work optimally.

I have been executive director of Associated Black Charities for the last 12 years. The organization was founded in 1985 to represent and respond to issues of special significance to Maryland's African American communities, and to foster coordinated leadership on issues concerning these communities.
From the very beginning, Black church leadership saw the need for an organization such as ours and strongly advocated for our creation.

Associated Black Charities opened its doors with donated offices, a United Way-sponsored planning grant of $100,000, three staff members and 45 leadership volunteers.

Today, Associated Black Charities owns its headquarters building, has approximately 10,000 contributing donors, a healthy, growing endowment and an operational budget of over $2.4 million.

Sixteen years later, Associated Black Charities is widely recognized as a catalyst for community development that provides funding for programs and is respected for its role in community planning and service coordination.

Through the generosity of individual donors, the United Way, and corporate and foundation support, Associated Black Charities has provided approximately 6 million

dollars in grants and thousands of hours of technical assistance to over 300 community-based organizations throughout Maryland.

The organization is governed by a 30 member board of directors and run by a small, but efficient administration and program management team.

The organization has nine standing committees and works with more than 200 community volunteers; we also enjoy the adhoc involvement of an average of 250 additional volunteers annually for special projects and fundraising events.

Associated Black Charities is intimately familiar with the rigorous standards of accountability for federal dollars. Under contract with the Baltimore City Health Department, we provide staff support for The Greater Baltimore HIV Health Services Planning Council, a 35 member body concerned with reducing the impact of HIV/AIDS on the region's population. The Planning Council is responsible for identifying public sector service needs for persons living with HIV/AIDS, and for establishing priorities for the regional allocation of approximately 16 million dollars in federal HIV/AIDS treatment funding.

We also understand the needs of our commuities. Associated Black Charities has been at the epicenter of every major region-wide initiative of note for the last 16 years and is no stranger to coordinating major community-wide initiatives involving massive collaborations.

In 1992, Associated Black Charities led a team of organizations and individuals concerned about the downward spiral of Baltimore City Public Schools and determined to help prepare a plan that would help guide the system in overcoming impediments to positive change.

A management study was recommended and implemented. The funding and process for the Management Study of the Baltimore City Public Schools was coordinated by Associated Black Charities.

The organization was a part of the External Review Committee for the study and oversaw the study process and reviewed preliminary findings at key study junctures. The management study and resulting recommendations was a precursor to the System's reorganization.

From 1991 through 1993, Associated Black Charities funded and was a full partner in the **City Wide Liquor Coalition** which has led the nation in the struggle to eliminate exploitative alcohol and tobacco advertising targeted toward children and the poor in City neighborhoods.

Prior to Associated Black Charities funding and involvement, the issue did not achieve the well-deserved attention necessary to spur momentum.

The Baltimore City legislation removing the offensive billboards from our city neighborhoods was recently upheld by the Supreme Court as valid and necessary to keep our communities whole.

A current initiative includes **Safe and Sound**, a 10 year initiative funded by the Robert Wood Johnson Foundation designed to "ensure the health and safety of children in distressed urban areas" was co-spearheaded by Associated Black Charities and the Baltimore Community Foundation.

This initiative has attracted national attention and garnered additional millions of dollars of foundation support.

As a grantmaker, we recognize that without strong leadership, even a major infusion of funds can have minimal impact. Without support and coordination, a fragmented series of programs is frequently redundant and ineffective.

Associated Black Charities has long been aware of the need for additional technical assistance and training for not-for-profit organizations. In 1994, we created the Institute for Community Capacity Building to offer leadership development programs and to provide technical assistance and training to faith-based institutions and other nonprofit organizations.

Our work began with a Clergy Advisory Committee. We received advice and counsel on what technical assistance was needed and began work on what was then termed the Shepherd's Institute.

We recognized then that there is an abundance of untapped talent available in the community. Though a wealth of knowledge and expertise exists, it is often not utilized because of poor access to information, critical networks and capital.

With funding from the Maryland State Department of Human Resources, in June 1996, Associated Black Charities partnered with the Institute for Urban Research at Morgan State University to perform a study of church-based human services. Results of this study further informed our technical assistance work.
A copy of the survey is attached to my written testimony.

The churches in the study represented several denominations, and while mostly Black, (58%) many of the churches were racially mixed. Some of the findings of the study were that over half (53%) of the churches have a coordinator responsible for overseeing outreach and human service programs provided to the community. Overwhelmingly, the staff are volunteers.

One fourth (23 %) of the churches have a tax-exempt organization from which human service programs are offered to the community.

One fifth (22%) of the churches receive funds from local, state, or federal government agencies.

Two out of three (67%) of the churches indicate the need for technical assistance or additional funds to expand existing services or provide other human services. Churches requesting technical assistance identified a desire to provide direct services to children, youth, and families.

Nine out of ten (86%) of the chuches provide one or more outreach services. An average of 120 persons are served each month by outreach programs.

Only one-fourth of the churches provided budget information for their outreach programs. Of those reporting, the average budget was $5,000.

The Shepherd's Institute has been renamed Faith Academy – and is a collaborative effort with several partners, including HUD, Baltimore African American Real Estate Professionals (BAAREP), Empower Baltimore Management Corporation, Maryland Citizens for Housing for the Disabled, Baltimore City Mayor's Office and key clergy.

The Faith Academy provides workshops and technical assistance to ministers and lay persons whose faith institutions (we have had Christians, Jews and Muslims in attendance) are involved in community outreach. Workshops have focused or will focus on Organizational Development -- forming a non-profit organization, organizational management for faith-based institutions; Economic Development – neighborhood stabilization projects appropriate for faith institutions; Real Estate Teaching Sessions -- the legal aspects of real estate development, legal and business aspects of the contract, hiring a development consultant; Infrastructure Issues -- working with architects, contractors, construction managers, and financing; Social/Community Development Sessions -- covering faith-based community organizing; and Human Development Sessions where participants learn the "How To's" for planning and evaluating programs and how to locate funding for the programs.

No one would ever expect that accountants, real estate professionals, human resources professionals, etc., would be able to do their jobs without training specific to the profession and ongoing information relative to the field. So it is with managing a non profit organization that is in the business of helping people.

Administrators of not for profit organizations must be skilled and have a wide range of knowledge in the areas of human resources management, financial management, facilities management, fundraising, and other administrative issues. Faith-based institutions are not for profit organizations and especially if they are going to develop and administer programs serving the community, must also have leadership that is knowledgeable in these areas. Technical assistance and training is necessary.

Faith based organizations, like community based organizations must have the appropriate infrastructure in place or a funding body must be willing to commit resources to ensure that organizations have enough funding to develop it. This means that organizations must have the ability to strategically plan their work, collaborate with government and other nonprofit organizations to deliver the programs and evaluate

their services.

And finally, I offer for consideration the idea of using intermediary organizations as funding vehicles in partnership with faith-based organizations should the federal government decide to increase the availability of funding for social programs.

Intermediary organizations, like Associated Black Charities, are reflective of the organizations with which they are partnering and have the ability to assist in developing evaluation plans for programs, monitor the program development and implementation, and offer appropriate financial management and control mechanisms sometimes missing in newly formed organizations.

I again thank the Committee for allowing me time to express my views.

Mr. SOUDER. Thank you, and I should have said that Congressman Cummings apologized. He had a meeting that he had to go to and was extremely important. He was hoping to get back before he had to head out tonight, but he wanted to make sure that you all understood he was disappointed that he had to leave.

A second thing is that do any of you have planes here? I mean, we're past the time we originally said. How close are you? If anybody needs to leave, just feel free to ask to be excused because we have a number of questions, and this is an opportunity to go across the board on some of the responses.

A number of you said explicitly in your—I can watch this and if it is OK, we will do 10 minutes with each one so we can more fully have an across the board on our questions.

A number of you said that you did not require participation in religious services, that Bible studies were separate, that faith-based were separate components.

Could I have each one of you—if you have an individual program like Reverend Jones, you can respond on your individual program. If you are an intermediary group, respond for people who are intermediary. If you are more associated with the government branch, if you can say how you do with your clients.

The question that Congressman Scott asked earlier, do you have a bright-line separation of prayer, Bible study, religious activities from where the government funding occurs? Or does sometimes the line get muddled? You want to start? And we will go left to right.

Ms. JONES. Yes, we do have a line of separation, and we do several things to ensure that clients understand what is going on with the Christ-centered curriculum that we also use. For one thing, we do have a 5-day orientation period where we explain to everyone that the faith development curriculum is completely optional; and we do it in a way that people don't feel as though they have to feel bad if they don't accept it.

We have had Muslims in our program and we always offer the resources of the imam at one of the local masjids and we also have people that have no faith commitment and we let them know that it is quite all right.

The second thing is that every day our educator, at the beginning of the day and at any time, even during the faith-development curriculum, she always begins—even for students who say "I want to be here," she begins by saying you don't have to be here.

We also have the students sign a waiver at orientation that says that they completely understand that the faith curriculum is voluntary. We do the faith curriculum at the beginning of the day, or we do it at the end of the day. So in that sense the faith curriculum is kind of packaged in such a way that if a student chooses not to come to the faith curriculum, they don't have to feel bad that they are leaving class or that their day is getting interrupted. So we try to do it in such a way that the people's integrity and sense of respect is maintained.

Mr. SOUDER. Thank you. Ms. Kratky.

Ms. KRATKY. With 36 different contractors from various different faiths, we absolutely have to have a clear understanding that there are lines that you cannot cross. The groups themselves in the very beginning decided how to do that, and some groups do it just ex-

actly as the pastor has described. They may have services at 7 a.m., and start the program at 8 or at 6 p.m., and end their program at 5. Others, however, have opted not to blur the line at all not to offer any of those services during the program; but instead make it known that after hours if there is a need, they are available. But because we do have so many faiths involved, we have had to be very careful about how that is handled.

Mr. RAYMOND. In our situation, it was more of a mentoring family support process so there is no definite curriculum involved. It was more relationship based. And, again, when we train volunteers, they were told that there is no proselytizing and there is no expectation that the families would attend their congregation or attend any kind of sectarian instruction or Bible study.

One of the roles that an intermediary could play—there were a couple of situations where congregations said we want to be paired with a family to provide support but if we are paired with that family, we expect them to attend our church. We politely declined to make a connection to that congregation in that situation, saying that is not allowed under these guidelines and in good conscience we can't make that connection. So to me that is an example of protecting the rights of the participants who are involved in the process. But that did not happen very often. The churches and the volunteers understood what the process was and got involved simply because they wanted to help the people deal with the life issues that they were facing in making that transition from welfare to work.

Mr. SOUDER. Ms. Humphreys.

Ms. HUMPHREYS. We do have a bright line. As part of our program, all of the services are funded through performance-based contracting. And so we believe that the burden is on the provider of the service understanding what they are supposed to be doing in order to fulfill the terms of their contract. But we have also put the burden on the recipients of the service as well and have supported them in that.

We are in the process of developing materials. There will be posters and pamphlets that will be available in the agencies and churches that we're contracting with. And they will be that "you are in the driver's seat." And it will explain to the participants in the programs what their rights are as they receive services from the contracting entities. So we have taken a two-pronged approach to that.

Mr. SOUDER. Mr. Snippe.

Mr. SNIPPE. We were the government organization that contracted with good Samaritan; and as Bill Raymond just explained, the expectation was from our agency that Good Samaritan Ministries would provide the training to the churches, that this issue would be covered very clearly, and that the expectations were very clearly established and the lines were drawn.

As one of my bureaucratic friends in our central office said, can you guarantee me that there will be no proselytizing by the volunteers that are involved? I said, I can't guarantee exactly what is going to transpire between a volunteer and a client. All I can tell you is what is in our contract, what training is expected, etc.

When churches would sometimes ask that question, what can we say, we would very definitely give them an answer. On the other hand, if a client would sometimes ask what motivates you, you have been working with me for 6 months, you have helped me buy a car, you did so many things. At that point in time, to share your religious motivation for what is behind it was OK, as long as they opened the door and it wasn't the approach of the church that asked them to participate or it wasn't an expectation of the church.

Mr. SOUDER. Ms. Stanley.

Ms. STANLEY. This applies to me only as it relates to the funding that Associated Black Charities has given to faith-based institutions over the last 16 years. And in our experience, the faith-based institutions perform these services as their outreach services, as their missionary work. And, of course, they are going to share their feelings, their faith feelings with the people that they work with. That is not necessarily to say that they will proselytize, but it is saying that they are very faith-filled people; and that they do share that faith with the people that they are working with.

So in the programs that we fund, we expect that the faith-based institutions are going to share that; and that is not a problem for our organization.

Mr. SOUDER. Do you receive any government funds? Because you say that your primary funding came from the United Way and then private sector funds. If you don't receive any government funds, they can proselytize all they want. Do you have any government funds?

Ms. STANLEY. Not that we give to the churches, no.

Mr. SOUDER. And let me say, because I did not say this in the beginning—and I am sure this is true for all of us—first and foremost, we respect the work that each you are doing in trying to help meet peoples's needs. If our questions seem overly legal and overtechnical, it is because we are working on legislation right now to make sure that we can work through Constitutionally how we do this.

And we don't want to start each thing by saying you are doing a wonderful work, you are doing a great job. We assume that and each one of you wants to tell us the stories of the great works that you are doing and we ask you technical questions. One of the big things I struggle with is—when I go like this, that means I am at 10 minutes. I will give a clue when we're at 9 or 10.

One of the problems we have in intermediary institutions is the combination of how do you do the adequate reporting for government and accountability versus making sure you get the maximum dollars to the individuals? I have toyed around for years and I am thinking about dropping this in, but trying to figure out how to do it as we go Charitable Choice legislation of what Bob Woodson said years ago was a ZIP-Code test. That a certain percentage of the dollars have to get into the ZIP Code of where the people live. Because anybody who is working these issues knows that the people who are most effective are there from 7 p.m., till early in the morning, not those who work there often in the middle and go when the problems go.

The number of pastors and community activists I met with in Fort Wayne last week suggested to me that one of their concerns

is while they understand the need for intermediary organizations, and several of you represent that, how not to have, in effect, them have to go begging to the same intermediary organizations that ignored them in the past. And second, how to make sure that the bulk of the dollars for staff and, say, coverage of health insurance and everything don't go to the intermediary organizations leaving almost enough for the people at the grassroots to pay the light bill. Could each of you kind of address that question briefly? Why don't we start this side first.

Ms. STANLEY. Our organization is a nonprofit 501(c)(3). And in the instances where we have acted as intermediary for other organizations, there has been a cap on how much can be spent for any program at all. How much on administration.

Mr. SOUDER. What percent is that roughly?

Ms. STANLEY. Of the grant—10 percent.

Mr. SOUDER. Thanks.

Ms. STANLEY. And it is different for every grant. In tobacco restitution, it is 7 percent. And the Maryland State legislature set that.

But it is our opinion that any organization that is about the business of doing—helping people or about any business at all, really needs to set up appropriate administrative mechanisms. And in order to set up appropriate administrative mechanisms, you have got to have the dollars to fund that.

The intermediary organizations, from the way that we operate, all we are doing is taking some administration away from the churches or other nonprofit organizations so that they can be about the business of doing what they do best. And we are just doing the administration and reporting and helping them to do evaluation, etc. So we are taking away the administration. They are doing the programs, and it works beautifully.

Mr. SOUDER. Mr. Snippe, do you have any kind of caps, or how do you address this kind of question?

Mr. SNIPPE. We contracted specifically with Good Samaritan Ministries to administer this relationship-building program. We did not contract with them to provide any specific direct service. And so, again, they recruited and they trained. They did it a whole lot cheaper than what we could, as a government organization, hire our own employees to go directly to the churches. They already had the relationship that was there that we needed.

So we thought it was an effective use of dollars. And as I said in my presentation, what we are buying ultimately on the frontline was love, support, emotional support for the people that we serve. We, as an agency, were providing the dollars for rent, for food, etc. So they were doing what they were doing best through the churches; we were doing what we were doing best as a government organization.

Mr. SOUDER. Ms. Humphreys.

Ms. HUMPHREYS. We really have taken a flexible approach to this. We have not encouraged intermediary organization nor have we discouraged. We too share everyone's concern about making sure that as many dollars get to the direct service as possible. And so we have encouraged organizations, if they are not capable or don't have the breadth in their organization to do certain things to

partner with other organizations; but we have not taken a firm position on intermediary organizations.

Mr. SOUDER. Mr. Raymond, you outlined lots of things of why intermediary organizations are important and lots of challenges. How do you view this particular subject and how to do it?

Mr. RAYMOND. I view it—and that's why I used the term "consulting" in the middle of that "intermediary consulting organization." It is an organization that is not focused on, in a sense, meeting a particular mission. Its focus is on to help though neighborhood groups, congregations, meet their mission. It is a lean, focused organization that provides technical assistance, training, resource development from a variety of funding sources, not just government.

I think all organizations need to have a diverse mix of funding and the private sector could do a much better job of stepping up to the table and providing funding. So the intermediary consulting organization is really focused on helping other groups meet their mission. Because as an organization, or if I'm a traditional service provider trying to work with congregations, often there is a dilemma of "I want you to help me meet my mission; and in the process, you may or may not meet yours." But if I am focused on helping you meet your mission, I will automatically meet mine as an intermediary organization. So when I do my consulting and work with groups, that is part of the attitudinal change that I think some of the larger more established organizations have to come to grips with in order to partner effectively with grass-roots organizations and congregations in neighborhoods throughout the country.

Mr. SOUDER. Ms. Kratky, in Texas, how have you related to this problem of the intermediary and Reverend Jones's little church and the accountability intermediary?

Ms. KRATKY. Well, I think work-force boards really are an intermediary organization, as it were. We are a quasi governmental agency, and our funding comes primarily from the Department of Labor and Health and Human Services. So we're held to all of the same rules and regulations that have been discussed earlier by Mr. DeIulio: procurement rules, preaward surveys.

Our job is to make sure that the majority of the money goes directly to the provider. We have a cap of 7 percent. Our board made that decision in administration, and all the rest goes to direct delivery. But it's our job to make sure that those contractors do spend the money appropriately, and we monitor that.

And I know when Congressman Scott was asking about audits, we—I am sure many of our contractors would love to tell you the horror stories of all of the audits that we have to do. Some of our organizations have been audited in the past 3 months by the Department of Labor, by the Texas Workforce Commission, by the Texas Department of Human Services, by independent auditor, and by me. So I think they feel like they get monitored quite well.

Mr. SOUDER. Maybe they can recruit someone for their church.

Ms. JONES. Our experience has been that we have not had significantly good experience with intermediaries. As a small urban congregation in our community, there were no intermediaries willing to fund us. So we would not have been able to start if we were

dependent on intermediaries. We did go to intermediary organizations to get funding, but there were none that would fund us.

The second thing is that now we have a track record, we have gone to intermediaries; but we have only gotten very limited funding. So right now it requires $134,000 a year to run our project, and the funding we receive from the intermediaries that are out there have been $10,000 or less. So it is not enough to meet the budget for what we do. But that is just our particular experience.

Mr. SCOTT. What was the $10,000? Say it again.

Ms. JONES. $10,000. You know, there were intermediaries that worked with us with funds for a particular part of our project or a particular project that we were doing.

Mr. SOUDER. I am convinced—one of the things that you hear and we're all working with is that "one size fits all" is not going to do a lot of this kind of stuff. And one of the things is that what we have done in small business is that there are tightening regulations as you go up the grant structure. When you look at the microcredit programs around the world that we have done international, and Bangladesh is one of the more innovative, that the paperwork requirements, auditing requirements based on the size of the grant; and there are a whole bunch of questions that we each may ask. We may give you a couple of written questions too.

Mr. Davis, I went way over my time.

Mr. DAVIS OF ILLINOIS. Well, thank you very much Mr. Chairman. And you have already indicated that Mr. Cummings had a meeting that he had to attend. He had a lot of faith, but I don't know if he had enough faith to leave redistricting in the hands of his colleagues without being there.

Mr. EDWARDS. That is getting into miracles.

Mr. DAVIS OF ILLINOIS. But he did ask if I could read this statement for him for the record in which he says:

> Mr. Chairman, I am deeply disappointed that Reverend Lynn, executive director for Americans United for Separation of Church and State, will not be accepted and allowed to present his testimony in person before this subcommittee. He is the minority witness that we asked to come today and present his views on the role of community- and faith-based organizations in social services.
>
> I understand, however that, his testimony will be entered into today's hearing record. And of course, he appreciates the opportunity for that.

Mr. SOUDER. And I want to say for the record that we did not learn of the witness request until a few hours before the hearing and we had already done the panels and Mr. Cummings and I are trying to work out a future date for Mr. Lynn and we will put the testimony in.

[The prepared statement of Mr. Lynn follows:]

TESTIMONY OF

REV. BARRY W. LYNN

EXECUTIVE DIRECTOR
AMERICANS UNITED FOR SEPARATION OF CHURCH AND STATE

ON THE ROLE OF COMMUNITY & FAITH-BASED ORGANIZATIONS IN PROVIDING EFFECTIVE SOCIAL SERVICES

BEFORE THE SUBCOMMITTEE ON CRIMINAL JUSTICE,
DRUG POLICY AND HUMAN RESOURCES

THURSDAY, APRIL 26, 2001 2:00 P.M.

ROOM 2247 RAYBURN HOUSE OFFICE BUILDING

Mr. Chairman, Ranking Member Cummings, thank you for this opportunity to present testimony on behalf of Americans United for Separation of Church and State on the Charitable Choice aspect of the "Faith-Based" plan. Americans United is a religious liberty watchdog group founded in 1947, representing 60,000 members and allied houses of worship in all 50 states.

Americans United is also a leading member of the Coalition Against Religious Discrimination, a broad ranging coalition that includes religious, civil rights, education, health, labor and civil liberties organizations. This broad coalition is united in its strong opposition to Charitable Choice, and has been working tirelessly to educate the public and Members of Congress about the grave dangers of this plan.

In fact, just this week, we released a letter, signed by over 850 of our nation's clergy, asking Congress to reject Charitable Choice. The amazing thing is that we have only circulated this letter for about three weeks. Because of the tremendous response we've heard from pastors from Hawaii to Maine, we are going to keep accepting signatories. We expect the list of signers to grow and grow as more religious leaders learn of the true nature of this plan.

However, partnerships can exist between religiously affiliated organizations and government. Despite claims that religious groups have been "discriminated against" for years, the truth is that these partnerships have existed for years.

Religiously-affiliated institutions, such as Catholic Charities, Lutheran Services, United Jewish Communities and numerous smaller religious nonprofits perform government-funded social services – but they do not discriminate in staffing, do not force people into worship or proselytize, follow civil rights laws and follow all state and local rules and licensing standards.

Charitable Choice, however, seeks to change all that. It is designed to undo all of these safeguards.

First and foremost, Charitable Choice grants religious organizations a license to discriminate. While churches, synagogues, mosques and other houses of worship are permitted – with their own private funds – to limit their hiring to people of their religion or religious beliefs under the religious exemption to Title VII of the Civil Rights Act, religious institutions must not engage in discrimination when using taxpayer funds to administer government services.

The underlying premise of Charitable Choice is that religious institutions – such as churches themselves – that utilize the Title VII exemption from the prohibition on religious employment discrimination should be able to both receive government funding *and* discriminate.

Taxpayer dollars should not be used to discriminate against someone because of their religion or religious beliefs. It is both unconstitutional and morally wrong.

And this discrimination is not just limited to hiring coreligionists. As the latest "Charitable Choice" bill, H.R. 7, the Watts-Hall bill, explicitly states, government-funded religious groups would be able to discriminate based on their "religious practices."

What does this mean? In the real world, it means that a woman who is unmarried and becomes pregnant can be fired. It means a gay man can be told to pack up his office and hit the road. It means that an applicant for a job can be denied employment because he or she is divorced. All this would be done on the basis of scriptural interpretation.

And a ll of this discrimination would happen in the context of positions funded with taxpayer dollars. That is unconscionable.

Secondly, despite the spin from its sponsors, Charitable Choice allows for the proselytization of people seeking government assistance. While the Watts-Hall proposal and other Charitable Choice bills say "no funds" should be expended for sectarian worship, instruction or proselytization, it still allows for proselytization of government beneficiaries in the program by privately paid employees of the institution. For example, a victim of domestic violence who seeks help through a government program could be proselytized or coerced into worship under Charitable Choice, as long as the employee engaging in the activity is paid with private funds.

That is just plain wrong. A Muslim man seeking government services should not be pressured to study the New Testament to receive government aid. A Baptist should not be pushed to read the Talmud to receive help.

In our view, any program or activity that receives tax dollars should be required to forego evangelism in that program. We do not forfeit our constitutional religious liberty rights when we seek help from the government.

In addition to violating the personal religious liberty of those seeking need, Charitable Choice will undermine the independence and autonomy of our nation's churches, synagogues and other houses of worship. With government dollars come government oversight, audits and accountability measures for taxpayer funds. Will our nation's churches simply become an arm of the state?

The men and women of America's clergy are understandably worried about maintaining the integrity of their faith-driven, spirit-filled ministries when government pays the tab and promulgates the restrictions. One of the most important roles that churches, synagogues, mosques, and temples have played in contemporary American history is the prophetic challenge to the culture, and sometimes, even the government. Some doubt that dissent would be as vigorous when it is the government itself purchasing the microphone.

The traditional role of religion as a prophetic critic of government will be seriously harmed by this proposal. Charitable Choice will make some churches dependent on tax dollars, and like every other government-subsidized group, religion will be less likely to bite the hand that feeds it.

Charitable Choice also puts the government in the constitutionally and morally suspect position of choosing among faiths to decide which is "best." Some religious leaders and groups have already jumped into the fray by declaring that the government should not fund certain religions. For example, television evangelist Pat Robertson has declared his opposition to the funding of the Unification Church, Hare Krishna and the Church of Scientology.

Charitable Choice will disrupt the ecumenical efforts being made in America's faith communities by having all of us battle each other for the crumbs from the government's table. An inescapable fact is that the politically savvy and well-connected institutions will end up with more tax dollars in their collection plates.

I have heard some of the backers of Charitable Choice say that expanding it is not very important because President Clinton has already signed versions of it into law, and it has worked well for the last few years. That is very misleading.

President Clinton did sign large omnibus bills that contained Charitable Choice, but in signing statements he explained that he would not enforce several key aspects of Charitable Choice that would violate the Constitution. President Clinton said – and I quote – "I construe the Act as forbidding the funding of pervasively sectarian organizations and as permitting Federal, State, and local governments involved in disbursing funds to take into account the structure and operations of a religious organization..."

In other words, the Clinton Administration read Charitable Choice as little deviation from traditional government funding of religiously affiliated organizations, such as Catholic Charities, which has occurred for decades.

However, the Bush Administration has made clear that it will now interpret Charitable Choice legislation consistent with former Senator John Ashcroft's original intent. That is why the current fight over Charitable Choice is very different from what went on during the Clinton Administration. All of the dangers we pointed out over the last few years are now coming to fruition, as this Administration is poised to turn Charitable Choice into the great danger we have always said it was.

If expanded or widely implemented, Charitable Choice will do untold damage to religion and personal religious freedom in this country. While it may sound good at first to some, the reality is that there are many devils sitting there laughing in the details of Charitable Choice.

I only ask that this committee and this Congress carefully scrutinize this dangerous plan before acting on it.

Thank you Mr. Chairman.

Mr. DAVIS OF ILLINOIS. Thank you very much. Ms. Humphreys, I wanted to begin with you and ask: Have you experienced many complaints of discrimination on the part of individuals who may have wanted to work with any of the initiatives that you fund and found that they could not do so?

Ms. HUMPHREYS. The faith-based organizations themselves?

Mr. DAVIS OF ILLINOIS. Or individuals who may have had complaints against the faith-based organizations.

Ms. HUMPHREYS. No, we have not. We do onsite monitoring with the programs that we have. And as I said earlier, we are putting together materials that allow the participants in the program to understand what their rights are as they participate in these programs with respect to proselytizing and other kinds of infringement on their rights to receive specific services. But we have not received any significant complaints.

Mr. DAVIS OF ILLINOIS. Does the State of Indiana have a concrete definition of what "proselytizing" or what might constitute——

Ms. HUMPHREYS. No, actually, we don't, but we do deal with this issue through our performance-based contracting. And as I said earlier, it is our position that we fund programs to perform certain tasks and to achieve specific results. And those programs do not get paid until they achieve certain results. It is a graduated payment system. So for example: In a training program, the faith-based organization might have a certain percentage of participants who must receive their GED.

We potentially, through our contracting process, would support some of the initial capital investment, the acquisition of computers and that sort of thing, but the organizations must perform according to the contract.

Mr. DAVIS OF ILLINOIS. And I know that there are a lot of people who use terminology like "God bless you," or "you be blessed," or "have a blessed day" and all of these. These kinds of things in all likelihood would not be considered proselytizing.

Ms. HUMPHREYS. We would not consider that proselytizing.

Mr. DAVIS OF ILLINOIS. I also noted that in a performance-based program—and it sounds like you are saying that one could sing Amazing Grace and whatever they wanted to do, but if the program had to do with individuals passing the GED test and nobody passed, Amazing Grace just wouldn't cut it.

Ms. HUMPHREYS. Correct. We are looking at results. We assume that we are purchasing certain services to achieve certain results.

Mr. DAVIS OF ILLINOIS. So you have not experienced any real difficulty relative to individuals complaining about any of the things that we have been hearing as possibilities?

Ms. HUMPHREYS. No, there was one instance where there were some concerns that came about as a result of one of our site visits, and we have taken appropriate steps in counseling that particular agency. And as I said, we are taking this parallel approach where we are making sure that the contracting agencies understand their obligations, but we are also trying to support the participants in the program so that they understand what their rights are as well. And we anticipate that as that is implemented in the next 3 or 4 months, we may have evidence of additional problems. But right now, we really only have agencies that are 6 months into this.

Mr. DAVIS OF ILLINOIS. Has your agency, Ms. Kratky, have either one of you experienced any what one might call extremist entities attempting to be engaged in the activities?

Ms. HUMPHREYS. If I could respond, we just put out another RFP and had responses. And out of about 150 responses, only about 50 of those will actually receive contracts; and only about a third of those are faith-based organizations. We, to date, have not had any faith-based organization that would not be considered a, quote, mainstream, and please don't ask me to define what that is.

Ms. KRATKY. No, in fact we have a bidders conference after we let every request for proposal, as required by our board policy; and during the bidders conference, we talk a whole lot about demonstrated effectiveness. So an organization understands if you are going to go to all the trouble of writing a grant, and that is no simple feat, that you have to show demonstrated effectiveness. And so far, I haven't had any extreme organization who has ever submitted a proposal because I think they know that unless they could demonstrate effectiveness they would be doing a lot of work for nothing.

So no. We have had over 1,000 customers served; and we have never had, in 3 years, a complaint about a feeling that they have been intimidated or required to do something that they shouldn't have to do, either from the community-based organizations or the faith-based organization. I think the biggest complaint comes around areas as discussed earlier like child care and transportation and those issues. Those seem to be far greater.

Mr. DAVIS OF ILLINOIS. Have any of the providers had experiences with questions of liability or size and scope of activity that would mitigate against small faith-based organization being able to participate?

Ms. KRATKY. I think that's a great question. I think the biggest challenge for us in this process is capacity building. There are many, many fine small faith-based organizations who want very much to participate, but capacity building and infrastructure building is a significant issue. If you are going to be an intermediary or if you are going to be, as we are, a work force board, you have to be willing to do a lot of technical assistance, onsite technical assistance and training and that, I think, is a big challenge for all of us.

Mr. DAVIS OF ILLINOIS. Have you come into any who have decided to consolidate or to amalgamate their efforts in order to be able to do that?

Mr. RAYMOND. I worked with a project in Grand Rapids, MI which is a collaboration of six faith-based groups, Catholic, Protestant, Hispanic Ministerial Coalition, an African American pastors association, and a couple of other ecumenical groups. So those six groups formed a collaboration and are working with family independence agency or public dollars in the Grand Rapids area to be able to have a variety of organizations, large intermediary and smaller groups involved in the process. So I think that is an example to me of a good and creative blending of size and scope and capacity because some of the organizations can learn from the others and find out different ways of doing things and be able to have the scope that the family independence agency wants because it can be

difficult for a public entity to contract or connect with a variety of smaller organizations. So this collaborative intermediary helps give the scope that the State wants.

Mr. DAVIS OF ILLINOIS. Let me thank you all for your patience as well as participation.

Mr. SOUDER. Will the gentleman yield to a supplement to your question?

Mr. DAVIS OF ILLINOIS. Yes.

Mr. SOUDER. Because this came up in a number of my meetings too. Like home health care, if it takes a certain amount of insurance coverage and it takes a certain amount of liability coverage of damages at the facility, have you heard that this is keeping small groups from even applying?

Ms. KRATKY. It's a line item. It can be a line item in the grant. So that insurance can be covered through the grant in a line item. And we would require that.

Mr. SOUDER. Is that true in Indiana as well?

Ms. HUMPHREYS. That's correct.

Mr. SOUDER. And in Indiana, even though most people think of us as a 99 percent German isolationist area, the truth is that in Fort Wayne, we have the largest population of Burmese dissidents in the United States, and clearly social services are being delivered to them. We are becoming a center for Bosnian Serbs, so we're getting applications coming through our system now for those type of groups.

Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman. I want to thank you again for allowing us to participate. And I want to thank the panel because we have had excellent testimony. Reverend Jones has testified before a committee we held a couple of days ago, and I am delighted to see her again.

Reverend Jones, you testified at the last hearing and again this time, that during the program, you don't need to proselytize; is that right?

Ms. JONES. Right.

Mr. SCOTT. Did we hear that from everybody? That you don't need to proselytize during the program?

Ms. HUMPHREYS. Yes.

Mr. SCOTT. Obviously before and after it is available but not necessary but, during the program, you do not.

Is there any—and Reverend Jones, you said day before yesterday that advancing the mission of your program did not require you to discriminate based on religion.

Ms. JONES. Right. That's correct for us.

Mr. SCOTT. Does anyone need the—I guess we call it the flexibility to discriminate against people based on religion in order to fulfill your mission?

Ms. HUMPHREYS. No, sir.

Mr. SCOTT. The record will reflect that everyone had the opportunity and no one feels that they need the right to discriminate with Federal moneys for the first time in 60 years, certainly since the civil rights bills have passed.

I am intrigued on the question of capacity building, the idea of intermediaries is something that we haven't really discussed be-

fore. Reverend Jones, you indicated that one of the reasons you liked this idea is that unsophisticated organizations can get funding without the paperwork and other things that usually come with government funding.

It seems to me that same problem that would be a disadvantage to a small church would be the same disadvantage to any small community organization. A neighborhood organization trying to do an after-school program, I mean, you know, they don't have election of officers, they are just a group, everybody knows who the leader is, no 501(c)(3) tax-exempt status and all of that. It is just a group that is doing good work.

And it seems to me that intermediaries could provide some of the technical assistance in getting a grant and could also serve as the—there is a technical word for it——

Ms. STANLEY. Fiscal agent.

Mr. SCOTT. Fiscal agent, that is exactly—so the taxes get withheld, the moneys—when you come with an audit, you have the paper trail and can have receipts and everything and you have someone who knows what an audit is and when it comes they are ready for it.

Mr. Raymond, I believe, you indicated that you provide technical assistance for groups, some of which are straight up religious groups. Is this service available to any group, religious or otherwise?

Mr. RAYMOND. Yes.

Mr. SCOTT. So you open your technical assistance to anybody that needs technical assistance in getting Federal or government money to help do good works?

Mr. RAYMOND. The intermediary process—I apply that to the religious community, because I believe that there are many, many in that community that need this type of assistance and need to work together more effectively. But it cuts across a variety of issues, barriers, boundaries and to me it is part of that community capacity building of helping different organizations work together in a variety of ways. And I think we need to pursue that more in our society both, hopefully, through the Charitable Choice process but also other funding stream so that whatever happens to Charitable Choice, there are opportunities for collaboration and partnership building in many ways.

Mr. SCOTT. Well, you don't need Charitable Choice to get government money, so long as you don't proselytize and discriminate. The old rules would work. You have the same accounting problems under Charitable Choice that you would have under the new rules or old rules. But funding faith-based organizations is not contingent upon Charitable Choice. Charitable Choice is a specific legislative proposal that allows you to proselytize and discriminate. And from what I have heard, nobody here needs that kind of flexibility in order to do the good work that you are doing.

However, the technical assistance is another area because small organizations, small churches, small neighborhood organizations could benefit from the technical assistance, fiscal agent, withholding the taxes, getting ready for the audit, making sure—applying for the—filling out the RFP and that kind of thing. These intermediaries appear to be able to do that.

Reverend Jones, you said that you weren't getting help from the intermediaries. If you had, after you got funded, would having a fiscal agent be helpful to you?

Ms. JONES. There are more than one type of intermediary from our experience. One is an organization that the government funds to provide the service and then they subcontract the services out. So when I responded before, I was talking about those types of intermediaries. They receive the money from the government and then they subcontract and then the grants were just too small. The other type of intermediary are those intermediaries who provide fiscal support, which I think is an excellent idea. And also those that provide capacity building, which I also think is an excellent idea. In our experience——

Mr. SCOTT. What is capacity building? What do you mean by that?

Ms. JONES. Capacity building is that you could come in and do training, monitoring, help people with results. In our experience with the State of Pennsylvania, however, we did have a monitor, and our monitor came to visit us monthly, plus as often as we needed him to come. And he actually is the one that worked with us for capacity building, so we did not have the need for an intermediary. And we also hired a CPA so the fiscal stuff was taken care of.

But as we expand the field of churches, I doubt that the government will be able to provide a monitor for every church that gets a grant. So I see that as an excellent place for intermediaries that can do fiscal stuff and also do capacity building to make sure that the smaller organizations, especially first-time grant recipients, first-time recipient and understand the language, understand the terminology of the State, understand what the State means with their performance requirements and things like that.

Mr. SNIPPE. Just a comment from an Ottawa county perspective. We have over 300 churches and about 100 of those participated in the mentoring program that I explained before. There was—in no way would we have had the capacity to contract with those 100 churches separately if we did not have Good Samaritan Ministries serve as the in-between agency.

Ms. KRATKY. Congressman Scott, there is something that you might be interested in looking into. The Rockefeller Foundation has just begun a project in three cities—Boston, I believe, Nashville, and Fort Worth—to look at capacity building. So the foundations are stepping up to the plate and understanding that with more funding becoming available to faith-based organizations, there will be a need for infrastructure building and capacity building and Rockefeller has stepped up to the plate to take that challenge on.

Mr. SCOTT. And part of this could be teaching churches—I mean pervasively sectarian organizations, how to run an after-school program with their own money.

Ms. KRATKY. That's right.

Mr. SCOTT. How to have literacy programs, how to involve children, how to give awards around graduation time so that children receiving reinforcement are not just the athletes but some of those doing well in academics, making sure that anybody on the Honor Roll gets recognized. Teaching how to do that, even if you are

teaching that process to pervasively sectarian organizations, would not be a problem. It is just when you start spending government money to advance one religion over another, we start getting into problems.

Mr. Chairman, I thank you, I think this has been an excellent panel.

Mr. SOUDER. Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman. And let me also add my thanks for your commitment to addressing service social problems throughout our country.

Could I ask if each of you has a written policy on proselytizing, could you send a copy of that to the committee? I think one of the questions is not only your good intent to not use public dollars to proselytize, but how do we, despite all good intentions, get that out to the hundreds and thousands of entities and tens of thousands of individuals who would be using Federal funds in this process?

I would like to go back to the fundamental question of do we need new Charitable Choice legislation or what is wrong with the longstanding law that has allowed Catholic Charities, Lutheran social services, and other groups to use Federal dollars, but under three conditions: That they set up a 501(c)(3), they don't proselytize, they don't discriminate.

In answering Mr. Scott's questions, you said you don't believe you need to proselytize with Federal dollars, you don't need to discriminate in job hiring with Federal dollars based solely on someone's religion. That takes us to the only other reason to have any Charitable Choice legislation and that would be arguing that money should go directly to the church or house of worship rather than the 501(c)(3).

And, Reverend Jones, you said that your church chose, for various reasons, not to set up a 501(c)(3). But my concern about not setting up a 501(c)(3) is this: In my home town, the Governor's home county of McLennan County, TX, Waco, TX, a charter school was set up several years ago under State law. People of good faith and intention set up this charter school.

They now, 2 years later, 3 years later, cannot account for half a million dollars of taxpayer money. They did not pay payroll taxes. And I don't think they had any intention other than in good faith to provide a good education of children in a low-income area of my area, of my home town. The children had to repeat a year of education and the taxpayers lost half a million to $2 million.

If we have thousands of churches getting money directly. Despite all good intentions, some of them may not have an accounting firm or intermediary to help them. And I fear greatly that we will end up having to prosecute churches, as the founders of this charter school in my home town and the Governor's home county, prosecuting pastors and board members of churches, congregation members for misuse of Federal dollars. Not out of any malicious intent, although there might be some out there in the world that would use Federal money for selfish purposes; but they are going to get prosecuted simply because they were not accountants, CPAs, etc.

Tell me what is wrong with this argument: let's have the Federal Government provide resources to help churches, houses of worship, figure out how to set up a 501(c)(3). Provide that resource to help

them. Let's continue the longstanding law you can't proselytize or discriminate in job hiring using Federal dollars.

Tell me what objection any of you might have to that argument. What is wrong with that? I ask that honestly. Tell me what is wrong with that argument. Let's set up 501(c)(3)'s, require that. Can't discriminate. Can't proselytize.

Ms. JONES. For us, the 501(c)(3) issue was related to our understanding of what it meant to be a house of worship and the context out of which we do ministry, which is related to our ideology as a house of worship. And, as I stated earlier, for the people in my congregation, it meant that who we were—we were not a church doing ministry, because that organization was separate and secular.

The other thing is that I believe that every organization, including nonprofit organizations, have had and will have and can have issues related to misappropriation of funds. The issue I think is training, guidelines, and everything else. When we began the project and we sat with our State monitor, it was our monitor that sat with us and said, OK, Reverend Jones, that you need to make sure that there is a separate account. You need to make sure that you hire someone, because there will be an audit.

And once we had that information, OK fine. So I would say that for houses of worship, it would be the same as for other local nonprofits, that we would be instructed whether through an intermediary or the State or grant-writing process. But the other thing is that even with instruction, there is always room for misappropriation and that is not just with churches.

Mr. EDWARDS. I agree, but my concern is that the specter of the Federal Government prosecuting churches all over America really creates great concern for me. And I believe that even the concept of religious freedom and the separation of church and state.

Could I ask you, Reverend Jones, in your case, what could your church do legally—what could your church do receiving this money directly as a church that you could not have done had you set up a 501(c)(3)?

Ms. JONES. As far as the service that we offer to our community, there is no difference. As far as the way—the impact of doing this ministry on our local congregation from a pastor's standpoint has been significant. We are able, as a church, to offer services that we just couldn't do before. If we set up the—and for those folk that are from small communities, our urban communities or communities where people don't often have a sense of great success, the impact of this ministry on Joe and Jane Average in my congregation when they pass through and see the work that they are doing, we had a situation some—in fact some of our folk are back here from our program—we had an open house and one of the members of our church was there, Mr. Pryor, and he spoke afterwards about how good it feels to him that this is part of our ministry. And how much it means to him because he was denied a job. He had to leave a job because of his lack of education.

When we said "separate, secular, nonprofit" to Mr. Pryor, his first response was that means we are not doing it. And at our level, at the grass-roots level it means so much to our people to have that sense of ownership around this ministry. And as soon as the consultant said it is not yours legally, that was the issue.

Mr. EDWARDS. How much money does the church receive on an annual basis from the government?

Ms. JONES. From the State? Probably about $70,000.

Mr. EDWARDS. $70,000. Do you have an intermediary that handles the finances?

Ms. JONES. No. We do—we hire an accountant.

Mr. EDWARDS. You do hire an accountant?

Ms. JONES. For the government—for the funding that we receive for our transitional journey ministry. We have separate accounting for that than from the funding that we have with the local church.

Mr. EDWARDS. Do you have a written policy on not proselytizing?

Ms. JONES. We have a written policy—yes—yeah, we'll be sending that.

Mr. EDWARDS. OK. Can you at least—and I'll finish with this, Mr. Chairman.

Can you at least see—while, you know, you are success stories all of you here, and bless you for that—if all of a sudden you're talking about tens of billions of dollars of Federal funding going out to tens of thousands of entities all over America, that we could end up with a lot of churches getting in difficult trouble with Federal auditors and Federal agents, and then prosecutors, for not setting up a separate 501(c)(3)?

Ms. JONES. I don't see that would be a big difference. For one thing there would be—the paperwork required to apply for any Federal grant, if any church can get through it, they probably are able to do the necessary safeguards to ensure they run a credible organization. That's No. 1.

The other thing is that the average church isn't going to be applying for $1 million. I think the average church will be like us. We are not $1 million organization and we're not going to be. You know, the $60,000 $70,000 that we receive is what we needed to do what we do because we're a small organization.

Mr. EDWARDS. If this is implemented 20 years from now, I hope in all good faith that you're right. I'm afraid that experience shows that there will be, not necessarily through maliciously intent, but just accounting difficulties and problems, a lot of churches are going to be having to face down Federal auditors.

Would the rest of you just—finally, my original question—any of the rest of you see any fundamental problem with the idea of not proselytizing, not discriminating, and let's have the government help people set up 501(c)(3)'s?

Ms. KRATKY. I've been dying to answer that question, since I'm a fellow Texan. I'd also like to talk about it from the governmental standpoint, when you asked why charitable choice and why an organization should not establish a 501(c)(3), to be quite frank, from my standpoint, I would have lost three of the best contracts I had because they were from the faith community and they specifically did not want to lose their faith identity.

They provide me—for every $1 I give them, I get $2 or $3 in match, and if you know anything about government finance, to get a lot of grants, like Welfare-to-Work, you've got to have a one-to-one or a one-to-two match; and when you can count volunteer time at $11 an hour, you're getting—and if I'm paying $50,000 for that grant, but I'm getting $150,000 in match, and I'm getting success,

then that for me personally—it's not really—it doesn't have to do—as a governmental entity, it isn't about church or state for me. It's about getting services for our clients and getting the most bang for the buck in Fort Worth.

Mr. EDWARDS. And those three churches would have refused to provide volunteers if they'd set up a 501(c)(3)?

Ms. KRATKY. Yeah, primarily because the money wasn't enough. They didn't need $50,000 or $60,000; they needed $20,000 or $30,000, and to set up a separate 501(c)(3) would not have been expedient or cost effective.

But I do understand your point, and I believe that's why in Tarrant County we feel so strongly about having strong technical assistance and strong monitoring.

Mr. EDWARDS. Thank you, Mr. Chairman. And respecting the time of the committee, if there are any others who would like to submit written responses to the question, I'd appreciate that.

Mr. SOUDER. I appreciate both of you joining this debate. We are at the front end of what's going to be an interesting series of votes as different bills move through.

I wanted to make sure, for the record, that—I thought I saw in the testimony that Indiana initiated their program after TANF passed, after welfare reform?

Ms. HUMPHREYS. Correct.

Mr. SOUDER. And in Michigan it was just before. There was welfare reform, but it took a State law basically that really initiated the program?

Mr. RAYMOND. It was pre-charitable choice.

Mr. SOUDER. But there was a State initiative that did it?

Mr. RAYMOND. Yes.

Mr. SOUDER. And in Texas it began just before national, but Governor Bush initiated the law and it passed in the State?

Ms. KRATKY. Yes.

Mr. SOUDER. Because there's no question this type of stuff was allowed in the past, but even the charitable foundations moving toward this were stimulated by a combination of State and Federal law.

That—another point in searching through, it's been interesting debate about the 501(c)(3), and while it's interesting to you, we're actually trying to debate which way to go in the legislation; and I personally don't understand why somebody wouldn't set up a 501(c)(3) if the technical assistance was there to do it. But it's important for us to understand that some people don't, and if they want to take what I believe is a rather extraordinary risk that their whole church is going to get audited, I'm not sure I should be the person making that decision and that's what we're wrestling through.

But, at the very least, we need to be able to have some sort of intermediary organization that—for those who want to, because it's true, for a $30,000 grant, you're not going to go through all the headaches. There's also, I think, a concern if the boards were the same; is it really different anyway than having the church sued? And at the same time, if the boards aren't the same, then the church doesn't have control and there's not the ownership.

It's a very thorny thicket, and it's one of the things that we're trying to work through in this process. And you heard me say it and you also heard the White House office say it, in that the irony is the focus here from the perspective of the new administration, the charitable choice is the tail, not the dog. The dog has to try to figure out how to get more funds into the different organizations and the tax reform will do it.

The compassion fund right now is not in the bills, and bluntly said, I'm not on the House bill because I believe that this question of how we are going to work through this question is a difficult question. And we are having some differences that we are trying to air and learn in the process as we move through.

A third point is that as we—well, you heard our debate, and it was interesting discussion, about private money and public, which leads to the big question that many of us are searching through because kind of like the—a lot of people have misunderstood what the thrust of a lot of this is. We are trying to reach many small institutions that are largely in urban centers, to some degree rural, who have been left out of the existing system; and it's fine to talk about its being allowable, but the questions are what reasons aren't they in, and that many of them are very small and many of them don't know about it.

And the question to me from a lot of people in the minority community is how in any new system do you protect that it isn't just going to be the same old people who got the grants and that it isn't going to be the large institutions, and how can we help people at the neighborhood level who are the flowers blooming in many of the toughest areas in the country? How can we get them, to some degree, involved in this process, without which is what I'm very concerned about; and the reason we can debate even when we disagree on the fundamentals is, I'm concerned that while I believe as a committed Christian that part of being a Christian is caring and helping others, and if somebody is hungry or doesn't have shelter, you can't really talk to them about salvation.

It isn't ever the business of the government to fund the theological part of the church. And I'm worried that if too many people get hooked into the works part that it will undermine the theological part of the church; and thus, I'm trying to figure out where these lines are, too, and we are trying to work this through.

We are not likely to ever totally agree, but we have a lot of the same questions. And in trying to work through this, you've been a tremendous help today. We will continue to have hearings, and you will have been some of the first people to be involved in that process and we appreciate it very much.

With that, the hearing stands adjourned.

[Whereupon, at 5:55 p.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

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Statement of Congressman Robert C. "Bobby" Scott
Hearing on "The Role of Community & Faith-Based Organizations in Providing Effective Social Services"
Subcommittee on Criminal Justice, Drug Policy and Human Resources
House Committee on Government Reform
April 26, 2001

Chairman Souder and Ranking Member Cummings, I would like to thank you for holding this hearing on the issue of the role of community and faith-based organizations and specifically Charitable Choice. It is only fitting that the Gentleman from Texas, Mr. Edwards, and I be here today for this occasion as we both were there at 1 o'clock in the morning in October of 1998 when the first House debate on Charitable Choice was held.

First of all, I would like to say that support for funding faith-based programs in general should not be confused with the specific legislative proposal called "Charitable Choice". Under current law without Charitable Choice, religiously affiliated organizations such as Catholic Charities, Jewish Federations and Lutheran Services can compete for and in fact now operate government programs.

They are funded like all other private organizations are funded: they are prohibited from using taxpayer money to advance their religious beliefs and they are subject to civil rights laws. Charitable Choice however, specifically allows the sponsor of a government funded program to promote religion during the program and to discriminate in employment based on religion when using taxpayer dollars.

Mr. Chairman, notwithstanding the apparent prohibition against government funding proselytization, sectarian

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unless we turn the clock back on our civil rights.

I, therefore, thank you for holding this hearing and thank you for your courtesy in allowing me and the Gentleman from Texas to participate.

ANALYSIS APPLIES TO ALL CHARITABLE CHOICE PROVISIONS

LDF
NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC.

Regional Office
1444 Eye Street, N.W., 10th Floor
Washington, D.C. 20005
202-682-1300 202-682-1312 fax

THE CHARITABLE CHOICE PROVISIONS OF H.R. 4365 SHOULD BE AMENDED TO BAR ANY FORM OF DISCRIMINATION IN THE USE OF FEDERAL FUNDS

- The Charitable Choice provisions contained in H.R. 4365 would permit religious organizations receiving federal funding to invoke Title VII's exemption from the ban on religious discrimination with respect to employees or applicants for employment in positions that are involved with the delivery of federal program services. This is wholly inconsistent with longstanding principle that federal monies should not be used to discriminate in any form. H.R. 4365 should be therefore amended to reflect this principle.

- The Title VII exemption relieves private religious organizations from the prohibition against employment discrimination on the basis of religion. 42 U.S.C. § 2000e-1(a). The exemption originally applied only to the employment of individuals who performed work connected with the employer's religious activities. However, Congress broadened the exemption in 1972 to allow religious discrimination in employment relating to all of the organization's activities, not merely those involving "religious activities." Thus, private religious employers can discriminate against persons with respect to such secular positions as janitor or receptionist. An employer can discriminate not only on the basis of religious affiliation, but also on the basis of conduct or views inconsistent with a religion's tenets and teachings.

- Allowing Title VII's religious exemption to be applied to staffing decisions by religious organizations as they deliver the services contemplated by H.R. 4365 will result in a glaring exception to the longstanding principle that federal funds may not be used in a discriminatory fashion. In 1964, with strong bipartisan support, Congress passed the Civil Rights Act to outlaw many forms of racial discrimination in the United States. A centerpiece of that law is Title VI, which bans discrimination by recipients of federal funds. For the last 35 years, the principle that government money should not support discrimination has been bedrock principle. Without amendment, H.R. 4365 threatens to erode that principle.

- H.R. 4365 would allow religious organizations to receive federal grants, enter into contracts with the federal government, and administer services under a federal program. Non-religious recipients of federal funds are prohibited from discriminating on religious grounds against staff members whose jobs are connected with federal programs. But H.R. 4365 would exempt all employees of religious organizations — even those who are specifically hired with federal grant funds for the purpose of administering the federal grant or contract — from the protection against religious discrimination that is provided by Title VII of the Civil Rights Act of 1964. This is unnecessary and unwise.

The NAACP Legal Defense and Educational Fund, Inc. (LDF) is not a part of the National Association for the Advancement of Colored People (NAACP) although LDF was founded by the NAACP and shares its commitment to equal rights. LDF has had, since 1957, a separate board, program, staff, office and budget. Contributions are deductible for U.S. income tax purposes.

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SEP 26 2000 3:26 PM FR TO 22583354 P.02

Supporters of Charitable Choice Argue It Should Trump Contrary State and Local Nondiscrimination Employment Laws

According to Center for Public Justice's website:

"Question 1: Do FBOs have to comply with state and local nondiscrimination laws?

Yes, except where an employment practice is motivated by the FBO's sincerely held religious beliefs. States and municipalities often have nondiscrimination laws and procurement policies enacted pursuant to governmental spending power. When these spending-power laws do not permit FBOs to select staff on the basis of faith commitments, the laws are not enforceable against FBOs acting pursuant to charitable choice contracts or grants. This is because the federal statutory guarantees in §604a that promise to protect the "religious character" of FBOs preempt contrary provisions in state and local laws." (emphasis added)

See "Isn't Charitable Choice Government Funded Discrimination" www.cpjustice.org 4/24/01

Congressional Research Service Report to Congress
on Charitable Choice and Constitutional Issues
(RL30388)

Congressional Research Service is the nonpartisan, independent research arm for Congress.

"As noted in the beginning, charitable choice is an ongoing effort to widen the universe of religious organizations that can participate in publicly funded social welfare programs. More specifically, its intent appears to allow religious organizations to continue to practice and express their faith[s] in carrying out such programs rather than having to secularize their operations. Whether its provisions actually allow that to happen is a matter of debate. But to the extent that charitable choice does so, ***charitable choice appears to push the envelope of existing judicial interpretations of the establishment of religion clause of the First Amendment concerning direct public funding of religious organizations, even as revised by the Supreme Court's recent decisions on the subject. As a consequence, charitable choice may, at least in some forms of its implementation, invite litigation that tests the continuing viability of those interpretations.***" (emphasis added)

■ ASHCROFT IS BUSH'S CHARITABLE CHOICE

SOCIAL WELFARE

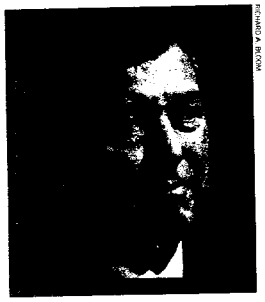
BY MEGAN TWOHEY

Those intent on deciphering George W. Bush's commitment to "compassionate conservatism" might be surprised to find more than a few hints of it in his nomination of former Sen. John Ashcroft of Missouri as U.S. Attorney General.

Ashcroft, a Republican, made a very subtle but significant mark on social policy while in the Senate by introducing "charitable choice," which allows faith-based groups to use federal funds to deliver social services without having to alter the religious character of their organizations. During his campaign, Bush emphasized the importance of charitable choice, calling it "the next bold step of welfare reform."

In addition to nominating Ashcroft, Bush has signaled that he'll tap Stephen Goldsmith, the former mayor of Indianapolis, to head a new Office of Faith-Based Action in the White House. Goldsmith was an early supporter and user of charitable choice in his city. Bush's selections show that the new President is intent on shifting some responsibility in administering social services from government to religious institutions.

Charitable choice surfaced when Ashcroft introduced it as a provision to the 1996 welfare reform bill. Since then, states have had the option of channeling their federal or state welfare dollars directly to churches, synagogues, and other religious institutions that provide social services, such as child care or substance abuse treatment help to low-income families. Before welfare reform, only organizations with arm's-length religious affiliations, such as Catholic Charities USA or the Salvation Army, were eligible for government funding.



RICHARD A. BLOOM

JOHN ASHCROFT: Former Senator was the author and chief congressional proponent of "charitable choice," which lets faith groups deliver social services with federal money without altering the religious nature of their organizations.

The Clinton Administration, however, didn't much like the idea of charitable choice. The Justice Department, in an advisory opinion to President Clinton when he was considering signing the welfare reform bill, said that any direct funding of religious organizations through charitable choice would be unconstitutional. Clinton, of course, signed welfare reform. But in a later package of amendments to it, he proposed a technical correction that would have prohibited states from giving welfare dollars to "pervasively religious" organizations. Congress rejected that correction.

Should Ashcroft be confirmed as Attorney General, Justice will likely drop its objections to charitable choice and look for ways to ease its adoption. Ashcroft, after all, in addition to sponsoring the very first charitable choice provision, wrote legislation last year that would have applied the concept to every current and future public health and social services program that receives federal funds.

"Bush's nomination of Ashcroft to be Attorney General is not just an appeasement of the Republican Right," says J. Brent Walker, executive director of the Baptist Joint Committee, which opposes charitable choice. "He nominated the ultimate champion of charitable choice. To me, that signals Bush's significant interest in moving forward with it."

Goldsmith, who is one of Bush's top domestic policy advisers, is debating whether he wants to run the new Office of Faith-Based Action. As mayor of Indianapolis, he made charitable choice a hallmark of his urban renewal strategy. "My view is that so long as government doesn't fund religion directly, it should be able to support social services to which faith-based organizations may add a religious component. That is, if a church runs a homeless shelter with beds paid for by the government, it shouldn't be prevented from asking guests to pray once a day," Goldsmith writes in *What's God Got to Do With the American Experiment?* a collection of essays edited by E.J. Dionne Jr. and John J. DiIulio.

The Office of Faith-Based Action, in addition to serving as a clearinghouse of information on partnerships between government and faith-based organizations, is expected to provide advice and technical assistance to religious groups and state agencies and to work to change federal regulations that hinder funding of faith-based organizations.

In Congress this year, charitable choice provisions are likely to pop up in every bill that funds social services. The concept has received bipartisan support in the House and Senate, despite criticisms from civil rights advocates who say it clearly violates the First Amendment prohibition against "respecting an establishment of religion."

The prospect of unified support from the White House and an Ashcroft-led Justice Department has discouraged critics of charitable choice. "Goldsmith's notion is that government is the enemy, and we should drop responsibility on the church doorstep," says Barry W. Lynn, executive director of the Americans United for Separation of Church and State. "Congress can now look at what appears to be an intractable problem like drug abuse and say, 'We don't know what to do—let's dump these people in churches, plop down money, and hope the two find each other....' Churches get money, and politicians are able to say, 'Look at how religious we are.' "

Despite such attacks, Bush remains committed to charitable choice. Some attribute Bush's commitment to the role that faith played in helping him overcome his problems with alcohol. "When Bush visits religious groups and hears people talk about how they have changed, he believes them because he's gone through a similar transformation with alcohol," says Marvin Olasky, a senior fellow at the Acton Institute for the Study of Religion and Liberty in Michigan and the author of the book *Compassionate Conservatism*, which includes an introduction by Bush. "He says, 'I know this works.' " ■

Survey Exposes 'Faith-Based' Plan Hurdles

Respondents Back Bush Proposal in Theory but Balk When Asked About Specifics

By Hanna Rosin and Thomas B. Edsall
Washington Post Staff Writers
Wednesday, April 11, 2001; Page A04

Most Americans strongly support the basic idea behind the Bush administration's plan to give federal grants to religious social service providers, but they oppose key elements of the proposal, according to a survey released yesterday.

By 75 percent to 21 percent, respondents endorsed the idea of "allowing churches and other houses of worship" to compete for government grants to provide such social services as job training and drug treatment, according to the survey of 2,041 adults conducted last month by the Pew Research Center and the Pew Forum on Religion & Public Life.

Respondents described religious organizations as crucial to solving America's social problems and associated them with care and compassion. But when probed on the specifics of the administration's signature "faith-based" initiative, such as exactly which religious groups should be eligible for public funds and whether they could proselytize, many respondents balked, suggesting the program faces major hurdles winning public support.

"In theory, the concept makes sense to them," said Andrew Kohut, director of the Pew Research Center. "But when you get down to most of the specifics, you get pretty strong objections."

A key premise of the Bush plan is that it would be open to all religions and sects. Critics had feared it would be dominated by Christians.

When the public was asked, however, whether non-Judeo-Christian institutions should be eligible, majorities and pluralities were opposed. The opposition to Muslim and Buddhist participation was weakest, with 46 percent against grants to those faiths and 38 percent in favor. In the case of the Nation of Islam, 53 percent were opposed and 29 percent were in favor, and for the Church of Scientology, 52 percent were opposed and 26 percent were in favor.

The survey exposes rifts that the Bush initiative plays down, mainly concerning whether religious groups could receive federal funds if they turned away people who didn't share their views.

In deciding how to handle this question, the Bush proposal defers to an exception in federal civil rights law that allows religious groups to favor job candidates who share their faith. But the exception does not necessarily apply to groups that receive federal funding.

When people were asked whether "religious groups that use government funds [should] be allowed to hire only those who share their religious beliefs," 78 percent said "no" and 18 percent said "yes" -- a degree of objection that so surprised researchers that they repeated the question three different ways, only to find steady opposition.

Also, 6 in 10 worried that religious groups might force their views on those they helped, and they did did not want federal funds going to groups that encouraged conversion, a central goal of some groups.

At the same time, two-thirds worried that federal funding might weaken religious organizations, forcing them to water down their views.

NEW YORK TIMES MAGAZINE

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April 1, 2001

Faith-Based Discrimination: The Case of Alicia Pedreira

By EYAL PRESS

The first time Alicia Pedreira heard from co-workers that they had spotted her picture in a photo exhibit at the state fair in Louisville, Ky., she was baffled. "I thought: Photograph? What photograph?" Pedreira said recently of the strange sequence of events that began in August 1998 and would soon upend her life. "I had no idea what they were talking about."

At the time, Pedreira was working as a therapist at the Kentucky Baptist Homes for Children, a religious organization that contracts with the state to provide a range of services for at-risk youth. Pedreira liked her job, and she had a sterling reputation among her peers. But she wasn't the chattiest person in the office. On the advice of the man who had hired her, she generally kept her personal life to herself -- until, that is, her photograph unexpectedly popped up at the Kentucky State Fair. Taken by an amateur photographer during a 1997 AIDS walk and entered, without her knowledge, in the state-fair art competition, the image depicts Pedreira, who is 37, in the company of a woman with short-cropped brown hair whose arms dangle suggestively around Pedreira's waist. The two women look distinctly like a couple, an impression that Pedreira's tank top -- which bears a map of the Aegean Sea with an arrow pointing to the "Isle of Lesbos" -- all but announces.

"The minute I heard what I was wearing," said Pedreira, "I thought immediately, I've lost my job." She was right. On Oct. 23, 1998, a few weeks after word of the photograph circulated through the office, Pedreira was fired. A termination letter explained that Pedreira's "homosexual lifestyle is contrary to Kentucky Baptist Homes for Children core values."

Pedreira was devastated; several of her colleagues were so angry that they resigned in protest. Friends urged her to fight back. Last April, Pedreira and the American Civil Liberties Union filed a federal lawsuit in United States District Court in Louisville, accusing the Kentucky Baptist Homes for Children, which receives more than three-quarters of its money from the government and is the state's largest provider of services for troubled youth, of engaging in religious-based discrimination.

Now, as Congress prepares to consider President Bush's agenda to allow an array of government-financed social programs to be administrated by religious groups, her case is being monitored by proponents and opponents alike of so-called faith-based initiatives. Pedreira's lawsuit may well become the most important gay rights case since Boy Scouts of America v. Dale -- although the issues it raises are

overturning the law. "Charitable Choice authorizes religious-based employment discrimination in government-funded programs," said Michael Adams, Pedreira's attorney. "This case, if we prevail, will say, 'You can't do that, it's unconstitutional.'"

Alicia Pedreira lives in a one-story white clapboard house on a quiet residential street in Germantown, a working-class neighborhood in Louisville. The matchbox houses on Pedreira's block look more or less the same. Hers, however, is the only one with a gay-pride flag fluttering above the entrance.

Dressed casually in jeans, running shoes and a wool sweater, Pedreira greeted me at the door one day in February. She has short black hair and a muscular physique; she was once a competitive bodybuilder. We went to sit on the leather couch in her living room, beneath several oil paintings of landscapes adorning the walls. Pedreira painted them herself, she explained, telling me it was her passion for art that initially sparked her interest in becoming a therapist -- and led her to the doors of the Kentucky Baptist Homes for Children.

"I had been working various jobs but never found anything I really liked," she explained in a soft voice that bore the trace of a New York accent, which is where Pedreira, the daughter of Puerto Rican immigrants, lived as a child. In 1997, roughly a decade after she moved to Louisville to live near her older sister, Pedreira completed a degree in expressive therapy, a Jungian approach that aims to help patients explore their emotions through artistic creation. After working for several months with mentally ill patients at a local hospital, she was approached about an opening at a place called Spring Meadows, one of the Louisville branches of the Baptist Homes.

Pedreira was initially skeptical. "I wasn't sure if I wanted to work for Baptists," she recalled. "I mean, the year before they had boycotted Disney for offering benefits to gays and lesbians." Still, the idea of working with teenagers intrigued her, the salary was good and her interviews with Jack Cox, Baptist Homes's clinical director, went well. Pedreira recalls that Cox asked her what she would do if one of the children she was treating were gay. Pedreira said she would try to help the patient work through his or her emotions; she revealed nothing about her personal identity. At the start of the next interview, however, she informed Cox that she was a lesbian.

"I said, Look, if this is a problem, don't hire me, because I don't want to work here six months and then get fired," she recalled. "It was prophetic."

According to Pedreira, Cox (who declined to be interviewed for this article) assured her she would be fine, provided she kept the matter to herself. It was, in essence, a "don't ask, don't tell" policy, and Pedreira followed it faithfully, disclosing her sexual orientation only to a few fellow clinicians.

At the same time, she did not overhaul her daily life to avoid the risk of being outed. While working there, Pedreira regularly appeared in public with her girlfriend at the time, Nance Goodman, the woman standing next to her in the state-fair photograph. And she remained active in the gay political scene in

At the very least, the policy of Baptist Homes runs counter to the trend in publicly financed employment positions: all federal employees, for example, are now protected from discrimination on the basis of sexual orientation. Allowing government-financed groups to disregard this standard has begun to raise concerns in Congress. "We can't adopt a system here that allows religious groups to meet a lower standard of civil rights protection than nonreligious groups," Senator Joseph Lieberman recently said in a statement.

But this is not the only concern. Because courts have interpreted the Title VII exemption to include all the "tenets and teachings" of a faith, the door could be open to a seemingly wide range of government-financed discrimination practices. Consider what would happen if a state decided to contract out services to the Nation of Islam. Catholics, Jews or any other group that runs afoul of the Nation of Islam's teachings might find themselves excluded. This is not a hypothetical example. Back in 1995, Bob Dole and other Republicans denounced the Department of Housing and Urban Development after discovering that federal funds were used to hire a security firm linked to the Nation of Islam. Despite reports that the firm was effective, HUD promptly revoked the contract. Yet in 1996, many of these same politicians helped pass the first Charitable Choice legislation.

Baptist Homes does not hide the fact that its religious tenets prohibit more than just homosexuality. "We've made it clear as to the values we're looking for in the staff we hire," said Smithwick. In general, he explained, leadership positions at the agency must be filled by Baptists. "It's not just a single issue that brought this whole thing to a head. There are other issues."

One of those other issues, according to Dawn Oaks, who worked at Baptist Homes for two years, is couples who live together out of wedlock. "When I started working there, I had a male roommate," Oaks said. "Then we started dating. Now, I was raised a Baptist, so I knew this would not be accepted." Oaks worried constantly about being discovered. A co-worker in the same situation, she says, installed a separate phone line in her home for protection. What if one of the women had gotten pregnant? Court precedent suggests that they could have lost their jobs.

Oaks was the first of several colleagues who resigned after Pedreira's firing. "It was hard, because I really think the agency provides good treatment," she said. "But a lot of the kids there are dealing with problems like birth control and sex and sexual identity. What kind of message did this send? I felt I could not stay." It's a feeling others shared. To show support for Pedreira, the University of Louisville and Spalding University stopped assigning students to field placements at Baptist Homes.

None of this has moved the agency to alter its employment policies or any other aspect of its approach. "Our mission is to provide care and hope for hurting families through Christ-centered ministries," Smithwick has said. "I want this mission to permeate our agency like the very blood through our bodies. I want to provide Christian support to every child, staff member and foster parent." If forced

Congressman Scott. "I think it's turning the clock back to say that in a government-funded program, we can practice bigotry." A better alternative, argues Julie Segal, an adjunct government professor at American University who has written widely on the subject, would be to restrict public financing to religiously affiliated groups that agree not to discriminate, thus enabling them to provide social services without violating basic principles of fairness.

One night during my visit to Louisville, Pedreira drove me over to Spring Meadows. It was her first time back.

"Hey, that was my building," she said as we approached the facility, a series of large, red-brick cottages situated atop a vast expanse of green lawn. We slowed to a halt, and Pedreira, who is normally voluble, fell silent. "What gets me," she finally said, "is that it had nothing to do with my work. I did good work. And I cared about those boys."

Though her case is still in the early stages, Pedreira seemed unfazed by the prospect of a protracted legal battle. "My goal is not the lawsuit; it's education," she said. "I want people to know this can happen." In Louisville, where local media coverage has been steady, she has already achieved this objective. "People walk up to me all the time," she said, "and tell me I did the right thing."

Pedreira even got the chance to confront Governor Patton, who appeared one day when she was volunteering for a Democratic Congressional candidate. "He shook my hand and said, 'Hi, I'm Governor Patton,'" she recalled. "I said, 'Hi, I'm Alicia Pedreira.' He kept walking, so I squeezed his hand again and said, 'I'm the woman who got fired from Kentucky Baptist Homes for Children.' He said, 'Oh, that was a terrible situation for everybody,' but he never looked me in the eye, which made me think he knew what happened was wrong."

For all the gratifying moments, however, Pedreira has also suffered plenty of lows. "I've had people throw trash in my yard," she said. "I've been called a pedophile." And she is still dealing with the aftershocks of a traumatic experience. "I was depressed, and I didn't work for months," she confessed. "I felt lost." Since losing her job, Pedreira has not felt inclined to pursue work as a therapist; at present, she's working as a repair technician for Bell South. "Before, I had hoped to climb the ladder, maybe even direct my own program one day," she said. "But I haven't felt ready to go back to that."

Pedreira told me that she has fallen out of touch with the children she once counseled. But there are certain things she keeps around to remind herself of what happened. Back at the house, I asked her about the infamous photograph that caused her troubles. She left the room for a moment, then returned with a manila envelope. "Here it is," she said, laying the black-and-white still on the table. "I'd still have my job if not for that photo," she said. Then she smiled. "It is a lovely photograph. One day, I'm going to have it framed."

Eyal Press is a contributing editor at Lingua Franca. He last wrote for the magazine about a Congolese refugee's first year in New York.

Charitable Choice Has Not Been Implemented in Existing Programs

Charitable Choice has largely not been implemented by the states since its passage as part of welfare reform in 1996. Even most of those programs cited by supporters as examples could have been funded without Charitable Choice.

Supporters of Charitable Choice acknowledge that it has largely been ignored by the states and so there are few examples of what charitable choice grantees will look like. See below.

Center for Public Justice

EQUIP CITIZENS · DEVELOP LEADERS · SHAPE POLICY

P.O. Box 48368 · Washington, DC 20002-0368 · 410-571-6300 · Fax: 410-571-6365 · www.cpjustice.org

Press Release
For immediate release: September 28, 2000

Contact: Stephen Lazarus, 410-571-6300

STATES FAIL CHARITABLE CHOICE CHECK-UP

National Report Card Shows Continued Discrimination Against Faith-based Services for the Poor

WASHINGTON, D.C.—Nearly 40 states have failed to follow the direction of Congress to become more flexible in how they work with faith-based groups to provide welfare services for the poor, according to a report card released today by the Center for Public Justice. Only 12 states received passing grades for implementing new guidelines, known as Charitable Choice, that allow religious groups to compete on the same basis as other organizations to provide publicly funded social service programs, such as job training for welfare recipients.

STATE OF MICHIGAN

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FAMILY INDEPENDENCE AGENCY
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JOHN ENGLER, Governor

FAMILY INDEPENDENCE AGENCY

DOUGLAS E. HOWARD, Director

05-10-01

The Honorable Mark E. Souder, Chair
Subcommittee on Criminal Justice, Drug Policy and
Human Resources
B-373 Rayburn House Office Building
Washington, DC 20515

Dear Representative Souder:

Thank you for the opportunity to appear before the Subcommittee on Criminal Justice, Drug Policy, and Human Resources to provide information regarding Michigan's, and in particular Ottawa County's, experience in working with the faith community to address the social services needs within our community. I was particularly impressed with the care and caution by which the Subcommittee is proceeding to address this sensitive issue.

After hearing the testimony of the presenters regarding their experiences with the faith community, the Subcommittee members asked several questions of the panelists. One of the issues discussed was that of proselytizing. Specifically, the panelists were requested by the Subcommittee to send copies of their agency's policy on this issue.

As I indicated in my testimony, the Family Independence Agency (FIA) is a State administered agency. The Ottawa County FIA is just one of many local offices. Therefore, the proselytization policy that I am referencing in this letter is a policy of the State of Michigan and is found in the "boilerplate" language of the appropriations bill that was enrolled for the FIA for fiscal year 2001. It reads as follows:

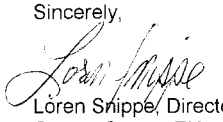
> **Sec. 220. (1) In contracting with faith-based organizations for mentoring or supportive services, and in all contracts for services, the department shall ensure that no funds provided directly to institutions or organizations to provide services and administer programs shall be used or expended for any sectarian activity, including sectarian worship, instruction, or proselytization.**
>
> **(2) If an individual requests the service and has an objection to the religious character of the institution or organization form which the individual receives or would receive services or assistance, the department shall provide the individual within a reasonable time after the date of the objection with assistance or services and which are substantially the same as the service the individual would have received from the organization.**

The Honorable Mark A. Souder
May 10, 2001
Page two

(3). Notwithstanding subsections (1) and (2), the department shall cooperate with faith-based organizations so that they are able to compete on the same basis as any other private organization for contracts to provide services to recipients of department services, including, but not limited to, mentoring or supportive services. The department shall not discriminate against an organization that applies to become a contractor on the basis that the organization has a religious character.

I hope you find this information helpful. Thank you again for the opportunity to provide testimony regarding Michigan's Welfare Reform Initiative and our experience in working with the faith community.

Sincerely,



Loren Snippe, Director
Ottawa County FIA

cc: LeAnne Wilson, Director
Washington Office
Douglas E. Howard, Director
Michigan Family Independence Agency

Frank O'Bannon, Governor
State of Indiana

Indiana Family and Social Services Administration
402 W. WASHINGTON STREET, P.O. BOX 7083
INDIANAPOLIS, IN 46207-7083

Katherine Humphreys, Secretary

May 23, 2001

The Honorable Mark Souder, Chairman
Subcommittee on Criminal Justice, Drug Policy and Human Resources
U.S. House of Representatives
B-373 Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Souder:

Thank you for the recent opportunity to testify before the House Subcommittee on Criminal Justice, Drug Policy and Human Resources. It was exciting to be able to share with you and members of the committee the work being done in Indiana to include community and faith-based organizations in the delivery of human services.

Pursuant to your letter of May 7, enclosed please find written responses to follow-up questions posed for the record by Rep. Elijah E. Cummings. It is my hope that the enclosed responses further help inform this process of reviewing the role of community and faith-based organizations in providing human services.

We have reviewed the transcript of my testimony and have no corrections to offer.

Again, thank you for the opportunity to explore these important issues together and this further opportunity to elaborate on our work in Indiana.

Sincerely,

Katherine Humphreys

Katherine Humphreys
Secretary

KH:as

Responses to Follow-up Questions
from U.S. Representative Elijah E. Cummings

1. **The CATO Institute has recently stated, "Faith-based charities on the government dole eventually could find themselves becoming increasingly dependent on federal funds, forcing them to alter their original missions and religious character that made them so successful in the first place." Do you agree or disagree with this statement? Do you believe that government has a role (or any role) to play in providing social services for its citizens? If so, how do you answer critics who fear that your initiatives will lead to government not funding these services? Does it concern you that the diversion of funds to faith-based charities may make it harder for government to actually carry out its mission?**

   The State of Indiana's Family and Social Services Administration has been contracting with non-profit and profit and public and private organizations for years. In fact, the majority of social service funding is contracted out to local providers of service. State staff continually advises that contractors should have diverse funding sources so as not to rely solely on any government funds, which can be an inconsistent source of funding. Any organization seeking assistance from the State also is advised that the services provided should be in keeping with their organization's central mission and should not detract from that mission. These issues of organizational capacity are evaluated during proposal review processes and are addressed during any technical assistance conversations with staff. This process and the information provided are the same to any applicant organization - for-profit, non-profit, or faith-based.

2. **The CATO Institute, according to Michael Tanner, director of health and welfare studies, has also said that, "The weight of federal bureaucracy in the dispersal of such funds would create additional problems. For smaller churches and organizations, compliance costs will be a terrible burden. Beyond civil rights issues, there is a host of labor, safety, licensing, staff training and other regulations that come into play once a charity accepts public funds." Do you think that faith-based institutions receiving these funds would be equipped to deal with the compliance, licensing, safety and staff issues? Should these organizations not have to comply with these laws? If not, why not? Should we make it easier for small institutions to apply for contracts? If so, how do we justify providing what many view as "preferential treatment?" Is such assistance offered to others interested in doing business with the state?**

   Faith-based and community-based organizations that express an interest in government funding receive technical assistance that includes detailed information regarding administrative compliance issues, such as reporting requirements and fiscal accountability, etc. The State of Indiana has a responsibility to be accountable with taxpayer dollars and to provide quality services to families in a safe, non-discriminatory environment. Organizations are made aware of these requirements so that they may determine whether public funding is the right source of support for their services. Some organizations have the capacity to handle these requirements, others do not; however, if they are to enter into a contractual arrangement with the State to provide social services, they must

comply with the requirements required by the funding source. If they decide that public funding is not the right match for their organization, technical assistance also may point them to private sources of funding and resources for grants from foundations and other private entities. There is no preferential treatment for any organization. Technical assistance is offered to interested organizations and detailed information about requirements is given up front to ensure that the highest quality services are made available to our families.

3. **The President has proposed loosening federal guidelines and regulations to allow religious organizations to receive federal taxpayer dollars to provide social services. Can you give me some examples of the kind of regulations and guidelines you might want to loosen or change, and in what way?**

The State of Indiana offers faith-based organizations the same opportunity to access funding for social services as any other organization. Therefore, there is no need to change regulations or guidelines in the State.

4. **How are you proceeding with administrative actions to promote charitable choice under the federal programs? What meetings or events have you had so far with outside groups and who was invited? What are your plans for the next few months?**

Governor Frank O'Bannon launched *FaithWorks Indiana* in November of 1999 to support faith-based and community-based organizations and contribute to their success in providing social services to Indiana families in need. The first 16 months of the initiative resulted in a statewide technical assistance network to assist organizations interested in public funding of social services. Contractual awards of almost $3.5 million were made to approximately 40 faith-based organizations across the state. Indiana received one of four A's from the Center for Public Justice in its recent evaluation of state efforts to implement the *Charitable Choice* provisions of the *Personal Responsibility and Work Opportunity Act of 1996.* In the spring of 2000, the initiative held informal meetings across the state that allowed over 1,000 members of local communities to provide input on the direction of *FaithWorks Indiana.* Technical assistance is offered at annual workshops around the state; at individualized, on-site consultations; and through a web site and toll-free number that are available for organizations throughout the year. A statewide work group, which includes representatives of the faith community, service provider community, various state agencies and potential funding sources, and members of organizations that are skeptical of faith-based involvement in social services, meets every other month to discuss issues of implementation, *Charitable Choice* compliance and strategies for outreach.

5 & 6. **Do you understand that this legislation would allow organizations to get federal funds to run a program and then turn around and say that you cannot work in this federally-funded program because you have the right qualifications, but you belong to the wrong religion? Would you ever discriminate based on religion? Charitable Choice also allows federally-funded religious groups to require employers to adhere to the religion's teachings. Do you believe that a federally-funded religious group should be able to say that their religious teachings allow it to fire a person because he or she is: pregnant and unmarried? Married to a person of a**

different race? Married to a person of a different religion? Is gay or lesbian?

We understand that the *Charitable Choice* provision affirms that whether a faith-based organization receives federal funds may not affect their exemption regarding employment practices and religious discrimination. Faith-based organizations, however, like other providers, are subject to other federal nondiscrimination laws. The State is in compliance with the federal laws.

FOLLOW-UP TESTIMONY SUBMITTED BY JOHN J. DIIULIO, JR.[1]
COMMITTEE ON GOVERNMENT REFORM,
SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY & HUMAN RESOURCES

Questions Submitted by Chairman Mark Souder

1. Please provide a statement on the ramifications of providing tax incentives for Americans who do not itemize on their tax return forms.

   According to the Treasury Department, about 70 percent of all taxpayers – an estimated 75 million American households – did not itemize deductions on their 1998 tax returns. Allowing these taxpayers, most of them lower- and middle-income wage earners, to deduct charitable donations would increase support for innumerable neighborhood-serving charities across America.

   A recent, privately-commissioned report by PricewaterhouseCoopers projects that extending the charitable contributions deduction to lower- and middle-income Americans who don't itemize, as originally proposed in the President's budget for FY 2002, will increase giving by almost $15 billion in the first year alone – an 11 percent annual increase in charitable giving – and $160 billion over 10 years. This single tax code change will, according to the report, stimulate 11 million Americans to become new givers to charity, to family and youth programs, cultural and health organizations, educational groups, domestic violence and AIDS charities, etc. And because there exists a strong correlation between giving and volunteering, it is likely that this important tax reform will also produce a surge in hands-on volunteerism. This outpouring of private giving, both personal and financial, will doubtless outweigh any effect on tax receipts and will enable charities across America to expand their community-serving efforts and reach more of their needy neighbors.

   Tens of thousands of national nonprofit groups, foundations, and corporate philanthropy programs in every state in America – a sweeping nonprofit, nonpartisan alliance – have formally joined together to amplify the overwhelming grassroots support for the President's pro-charity proposal for non-itemizers. The Administration is committed to a charitable contributions deduction that rewards the generosity of *all* taxpayers and looks forward to working with the Senate and eventual conference committee members to make the nonitemizer deduction as robust as possible.

Questions Submitted by Representative Elijah E. Cummings

1. In a speech before the National Association of Evangelicals, in Dallas, Texas, on March 7, 2001, you stated that:

   > Compared to predominantly ex-urban white evangelical churches, urban African-American and Latino faith communities have benevolent traditions and histories that make them generally more dedicated to community-serving missions, and

[1] Dr. DiIulio prepared this follow-up material prior to his departure from the White House in September 2001.

generally more confident about engaging public and secular partners in achieving those missions without enervating their spiritual identities or religious characters.

Could you explain what you mean by your statement and why you believe that predominantly white, ex-urban evangelical leaders should be careful and not presume to speak for anyone other than themselves and their own churches?

There is a significant and growing body of empirical findings regarding patterns of social service provision by faith-based organizations (FBOs). The best available survey research data, as well as the most widely-cited case studies, all indicate that faith communities in the United States (i) provide enormous amounts of social services, but (ii) vary in the extent to which they engage in community-serving activities and partner with secular and government organizations. Religious leaders know well their own benevolent tradition or history, but they may be unaware of these patterns. For example, on average, predominantly African-American urban congregations have more, and more extensive, community-serving ministries for needy urban children, youth, and families than other urban congregations and, as per my remarks in the speech you referenced in your question, than ex-urban congregations. (For detailed survey data, *see* Ram A. Cnaan, *Black Church Outreach*, CRRUCS REPORT, University of Pennsylvania, 2001. For an overview, *see my chapter*, "Supporting Black Churches," in Christopher H. Foreman, ed., THE AFRICAN-AMERICAN PREDICAMENT, Brookings Institution, 2001.)

2. In your testimony, you state that the federal government must do more to acknowledge the vast and vital role grassroots faith-based organizations play as effective agents of social delivery, social change and civic renewal. How effective and or successful have these organizations been? How has their effectiveness been measured? Is this across the board or just select programs and organizations? Please explain.

There are at least five separate but related empirical literatures that go to your question, all of which document the vast, varied, and vital civic role of faith-based organizations in the effective, humane delivery of social services.

First, there is a substantial literature on the extent of faith-based social service provision. It shows that local congregations, para-church groups, and grassroots religious charities supply more, and more varied, social services to needy children, youth, and families than has generally been acknowledged. In Philadelphia alone, for example, about 85 percent of the city's roughly 2,000 congregations supply one or more social services – health clinics to homeless shelters, job training to drug treatment, community economic development to family home ownership, preschools to prisoner aftercare, and literally hundreds more. The conservatively estimated monetary value of these services in Philadelphia is a quarter-billion dollars a year. (*See* the Cnaan study referenced above in Response to Question One.) As Philadelphia Mayor John F. Street has said, the city could not survive without these faith-motivated good works. Yet the community-serving ministries in Philadelphia and nationally receive virtually no support from the public sector, and precious little from the corporate and philanthropic sectors as well. They are dealing with ever more social needs with a small and, in many cases, shrinking pool of resources.

Second, there is a growing literature on the impact of FBOs that work in partnership with secular organizations and government to achieve civic purposes – running welfare-to-work programs, addressing youth violence, mobilizing volunteers to mentor the low-income children of prisoners, and so on. This research suggests that FBOs are often able to mobilize volunteers at scale, tackle the hardest problems, and sustain community-serving partnerships. To cite just three examples, Public/Private Ventures is completing a national, multi-site study of how faith-based organizations collaborate with juvenile justice systems and programs. The Hudson Institute, in partnership with the Center for Public Justice, has released a nine-state study documenting how well FBOs have participated in government programs already covered by existing Charitable Choice law. Big Brothers-Big Sisters of America is expanding its collaboration with local congregations based on the dramatic success it has had in mobilizing school-based mentors through churches, especially with respect to prisoners' children and other historically under-served, high-need populations. Virtually all of the data are positive, but they also indicate that faith-based groups need greater technical assistance and capacity-building help from all sectors, including a more welcoming set of public laws and policies that reward, not punish or trivialize, their civic contributions.

Third, there is a significant literature on the relationship between religious commitment and socioeconomic outcomes. For the most part, it shows that, other things being equal, religious commitment varies inversely with social problems. For example, first-rate statistical studies across several social science disciplines have found that religious commitment, variously measured, reduces substance abuse, decreases the probability of criminal involvement, improves health outcomes, and much more. For a non-technical overview, you might consult the relevant essays contained in my co-edited Brookings volume, cited above in Response to Question One. You might also consult the numerous journal articles and reports by Dr. Byron Johnson at the University of Pennsylvania.

During the hearing, mention was made of a newspaper story quoting Dr. Johnson, one of the country's leading "faith factor" scholars. The story quoted Dr. Johnson, who I myself recruited to Penn from Vanderbilt University, accurately but badly out of context. Dr. Johnson's quoted remarks did *not* refer to the totality of the scientific literatures on faith-based social service programs or religious variables in relation to socioeconomic outcomes. Rather, they applied specifically to the fourth literature in question, namely, that concerning the efficacy of *particular faith-based programs*. In particular, he was referencing such much-publicized programs as Teen Challenge. His point was that, were faith-based and community initiatives pursued solely on the assumption that there was a settled body of experimental or quasi-experimental research proving the efficacy of specific programs, the pursuit would be unfounded, because most of the evidence *in that literature* remains anecdotal.

I myself, let the record show, have stated and written that we need more and better research in all areas, but most especially this fourth area, of faith-based empirical studies. (*See, for example*, my recent essay in *The Public Interest,* my preface to a recent Hudson Institute volume of proceedings, or the chapter in the Foreman volume referenced above.) The efficacy of specific faith-based drug treatment and other programs needs to be studied, but we should all honestly acknowledge (i) the overwhelming empirical data on the astonishing extent of faith-based social service delivery, (ii) the preliminary but powerful evidence on the success of religious/secular and public/private collaboration, (iii) the growing and

increasingly robust findings that religious influences and engagements improve significantly the life prospects of even the most severely needy or at-risk children and youth, and (iv) the prospect that suitably scientific efficacy studies on particular faith-based drug treatment or other programs, once we have them, may well yield positive findings.

We should also acknowledge that there is a fifth literature that is relevant here, namely, the literature on the efficacy of existing government-supported programs. After several decades and literally hundreds of billions of dollars spent, we can count on our fingers and toes the number of experimental or other rigorous evaluation studies of major public programs administered largely, if not entirely, through secular non-profit organizations. And we can spare our toes and use just our fingers to count the number of such programs that, again, after decades of funding, have been proven effective through such research. I do not, however, think that this incredibly paltry, secular-non-profit research record justifies de-funding or disrespecting those programs, or should deter us, despite what I am learning about the risks of intellectual straight-talk in political settings, from encouraging genuine research into all aspects of faith-based social service efforts.

3. According to a GAO report commissioned in 1998 by the former Speaker of the House, Newt Gingrich, and the current Speaker, Dennis Hastert, "experts have yet to agree on how to define faith-based drug treatments." If the assumption is that faith-based organizations have better social programs than federally-funded programs, is there any current in-depth statistical data to prove that?

   I believe that this question is covered above in Response to Question Two. I agree wholeheartedly that taxpayer money should go to programs that "are proven effective." By that standard, however, Congress would need to revisit its billions in funding of literally hundreds of social programs, the vast majority of which boast zero empirical studies to document their efficacy or cost-effectiveness, and some of which, despite suitably scientific studies that call their efficacy or cost-effectiveness into serious question, have continued to enjoy taxpayer support. Again, I do not think that this record justifies disrespecting or de-funding wholly unproven programs administered largely, if not entirely, through secular non-profit organizations. I do, however, think that it is both prudent and fair not to employ a double standard where faith-based social service networks, delivery systems, partnerships, or particular programs are concerned.

4. Should religious organizations that are directly federally funded be able to discriminate?

   For 37 years, Title VII of the Civil Rights Act of 1964 (which only applies to employers who have 15 or more employees) has expressly recognized that religious groups have a fundamental interest in applying religious criteria to employees. 42 U.S.C. § 2000e-1(a). The ability of religious groups to staff on a religious basis is *itself* a cornerstone civil rights safeguard enshrined in federal law for a generation. It is a narrow, limited provision that reflects the importance that religious freedom enjoys under our nation's First Amendment. As the U.S. Supreme Court has recognized, this guarantee is central to a religious group's ability to define through shared beliefs its own religious mission, vision, and distinctiveness. (Importantly, religious groups are not statutorily exempt from having to comply with Title VII's ban on race, color, sex or national origin discrimination in employment. Moreover, under Charitable Choice, faith-based charities must serve clients of *any* background.)

Those who favor disqualifying groups who refuse to surrender their federally-protected freedom under Title VII would take federal policy in a radically new direction. Indeed, denying federal funds to any religious organization that has been guaranteed the ability under Title VII to staff on a religious basis would weaken America's social services and health care safety nets and de-fund the human services backbone of many suffering neighborhoods. America's neediest families would be the hardest hit. Many moms on welfare might see their children's day-care centers shut down, because religious or congregation-run day-care centers, which likely exist in every congressional district in America, would now be disqualified from receiving federal funds. Many poor college students might have to leave school because religious colleges and universities would be stripped of federal higher education funding. Many infirm, elderly patients might go unserved because the Catholic and Jewish hospitals that serve them would be barred from receiving Medicare payments. Here are some unflinching statistics to illustrate the point, from a recent scholarly survey by Professor Stephen Monsma: 51 percent of child service agencies he surveyed described themselves as having a clear religious base and orientation, and 82 percent of those faith-based agencies receive public funds. *See* Stephen V. Monsma, WHEN SACRED AND SECULAR MIX: RELIGIOUS NONPROFIT ORGANIZATIONS AND PUBLIC MONEY at 68, Table 3 (Rowman & Littlefield Publishers, Inc. 1996). Professor Monsma's survey shows that 44 percent of religiously-based child service nonprofits give an employment preference on a religious basis. *Id.* at 75, Table 7. Another example: 70 percent of nonprofit colleges and universities Monsma surveyed described themselves as having a clear religious base and orientation, and 97 percent of them receive taxpayer funds. *Id.* at 68, Table 3. Fifty-six percent of them exercise their federal civil rights protection to staff on a religious basis. *Id.* at 74, Table 6. Religiously-affiliated educational institutions like Baylor, Notre Dame, and Yeshiva have the legally-protected freedom to hire on a religious basis even though they receive public funds. 42 U.S.C. § 2000e-2(e)(2). Religious hospitals, colleges, even K-12 schools, have long received federal assistance, yet these entities can and do assert their Title VII protection when hiring faculty, professional, and administrative staff. Nobody seriously favors de-funding these vital institutions, all of whom have the express freedom under the 1964 Civil Rights Act to staff on religious grounds. This is not "taxpayer-funded discrimination" any more than exempting congregations from sales and property taxes, or giving their philanthropic donors a tax deduction, is "taxpayer-*subsidized* discrimination."

A bipartisan Congress and a unanimous U.S. Supreme Court settled this "religious staffing" issue long ago. In 1972, Congress passed the Equal Employment Opportunity Act, which not only preserved but *broadened* the established civil rights protection afforded religious organizations to staff on a religious basis to cover *all* staff, not just those carrying out "religious" activities. In 1987, the U.S. Supreme Court upheld the constitutionality of the extension 9-0, saying that religious groups have an interest in preserving a "shared religious vision" – not only in religious roles but also in nonprofit activities that are not strictly religious in nature. *Corporation of the Presiding Bishop v. Amos*, 483 U.S. 327 (1987). This protection, the Court noted, constitutionally may be applied to the secular activities of religious entities, and it serves a legitimate secular purpose: "alleviat[ing] significant governmental interference with the ability of religious organizations to define and carry out their religious mission." *Id* at 335. Bottom line: The highest court in the land ruled 9-0 that it was constitutional for Congress to include the nonprofit "secular" activities of religious groups within the scope of their religious staffing protection.

Does the receipt of federal funds defeat this protection from Title VII suits? No. Indeed, numerous federal cases make it clear that religious organizations do not waive their Title VII protection to hire on a religious basis once they start providing federally-funded social services. *See, e.g., Hall v. Baptist Memorial Health Care Corp.*, 215 F.3d 618, 625 (6th Cir. 2000) (dismissing an employee's religious discrimination claim against a religious entity exempted under Title VII and noting that the receipt of substantial government funding didn't require the entity to forfeit the exemption); *Siegel v. Truett-McConnell College*, 13 F. Supp.2d 1335, 1343-45 (N.D. Ga. 1994), *aff'd*, 73 F.3d 1108 (11th Cir. 1995) (table) (dismissing a faculty member's religious discrimination case and holding that the college's Title VII exemption wasn't forfeited when it accepted federal funding and didn't violate the Establishment Clause); *Young v. Shawnee Mission Medical Center*, 1988 U.S. Dist. LEXIS 12248 (D. Kan. Oct. 21, 1988) (holding that a religious hospital's Title VII exemption wasn't waived merely because it received federal Medicare payments); *see Little v. Wuerl*, 929 F.2d 944, 951 (3d Cir. 1991) (holding that the Title VII religious staffing exemption is not waivable); *Ward v. Hengle*, 706 N.E.2d 392, 395 (Ohio App.1997), *app'l denied*, 692 N.E.2d 617 (Ohio 1998) (holding that the Title VII protection for religious organizations is not waivable); *Arriaga v. Loma Linda University*, 13 Cal. Rptr.2d 619 (Cal. App. 1992) (holding that the religious exemption in state employment nondiscrimination law wasn't lost merely because a religious college received state funding). Faith-based providers indeed may, as a matter of *policy*, elect not to staff on a religious basis – and again, the overwhelming majority of religious charities likely fall below Title VII's 15-employee threshold anyway – but Title VII nonetheless guarantees protection for FBOs who choose to do so, and it has for 37 years.

Under Charitable Choice as passed and extended repeatedly by bipartisan majorities, faith-based organizations retain their long-held Title VII protection to take religion into account in staffing. This agenda is about funding valid, public, civic purposes through a program of aid neutrally available to both secular and religious providers. First, under Charitable Choice, when government partners with religious charities to deliver social services, the sole purpose is obtaining effective help for needy Americans, not advancing religion or underwriting job bias. Second, Charitable Choice specifically requires providers to respect all federal anti-discrimination laws protecting clients. Providers must serve anyone entitled to assistance without bias, and accept clients of any faith or no faith at all. Third, Charitable Choice clearly requires FBOs, like all other groups, to obey federal civil rights laws prohibiting job discrimination on the bases of race, color, national origin, gender, age, and disability. Fourth, Charitable Choice preserves the established civil rights protection for religious organizations, established in the 1964 Civil Rights Act, to maintain their distinct character and mission by hiring staff who share their religious beliefs. Not all community-serving congregations or FBOs take religion into account when staffing despite their legally-protected ability to do so – many, in fact, do not. Besides, most faith-based social service providers rely either completely on volunteers, not paid staff, or have very small paid staffs that still fall well short of the 15 employees necessary to trigger Title VII. Still, this long-standing freedom of religious organizations to hire on the basis of religion is a vital civil rights safeguard that courts have consistently upheld, even when government funds are involved. Religious freedom is one of our most precious civil rights. Many secular nonprofits discriminate in hiring on the basis of ideology, which has the effect of eliminating many traditional religious believers from being hired. The time-honored ability of religious

groups to hire staff committed to its mission is a federal civil rights safeguard, and deserves no less protection than the right of environmental groups to hire only environmentalists, and Planned Parenthood to hire only those who support abortion rights, or teachers unions to hire only school voucher opponents.

5. If faith-based organizations receive contracts from the federal government, shouldn't they be subjected to federal laws governing fair employment, health and safety, and unemployment benefits? If not, why not?

   As discussed above in Response to Question Four, Charitable Choice doesn't alter the existing Title VII landscape; it simply preserves this codified, 37-year-old safeguard permitting religious organizations – hospitals, colleges and universities, child-serving charities, etc. – to staff on a religious basis. Moreover, as the response above points out, this religious liberty protection is not waived when a religious organization receives federal financial assistance. Absent this vital Title VII provision, many of these compassionate neighborhood-serving helpers and healers would be unwilling to partner with government altogether, thus depriving needy Americans of valuable service options. Effective religious charities are indispensable civic assets, and people in need cannot afford to have government place unwarranted burdens on successful service groups that replenish communities and reach people in ways that are beyond government's know-how.

   Finally, Charitable Choice does not intend to affect one way or the other the application of federal health and safety statutes and federal laws relating to unemployment compensation. Charitable Choice plays no part in this determination, and we are unaware of any alteration that Charitable Choice would bring.

6. The President has proposed loosening federal guidelines and regulations to allow religious organizations to receive federal taxpayer dollars to provide social services. Can you give us some examples of the kind of regulations and guidelines you want to loosen and in what way?

   President Bush is results-oriented. He prizes performance over process and believes that government's focus should be on compassionate results, not just compassionate intentions. The U.S. Constitution has not erected a wall of separation between compassion and common sense. While government, of course, has a bona fide interest in assuring public dollars are used for public purposes, it should never become so process-driven that it stifles good programs that achieve strong civic results. The federal landscape is replete with examples of strange regulations, rules, grant provisions, internal policies, etc. that, either overtly or effectively, burden faith-based charities and other small community-serving groups. For example, faith-based grantees under the HHS Adolescent Family Life (AFL) Program and similar federal abstinence programs are required to purge their facilities of religious symbols and icons. Another example: Many federal departments have at least one program that requires applicants to demonstrate support from a local government or other entity that often will be competing for the very same funds. And sometimes, the restrictions are rooted not in formal regulations or guidelines but in simple ad hoc decision-making. For example, HUD eliminated many years ago a "no religious symbols" requirement in its largest community development program, the Community Development Block Grant, but some faith-based grantees still complain that some front-line implementation officials (non-HUD staff) – the

local administrators who dispense the funds and with whom neighborhood-based charities interact most directly and frequently – still apply the old 1980s-era rule. The list goes on and on. Arbitrary obstacles like these, while perhaps arising from good intentions, are devoid of present constitutional justification, needlessly faith-hostile and hamstring the work of heroic Good Samaritans across America.

7. How are you proceeding with administrative actions to promote Charitable Choice under the federal programs? What meetings or events have you had so far with outside groups and who was invited? What are your plans for the next few months?

   Numerous groups – spanning racial, theological, denominational, political, and other lines – have requested to meet with President Bush to discuss his empowerment agenda for faith-based and community initiatives. In recent months, for example, the President has met with hundreds of civic-minded social entrepreneurs and with AMEN (a national coalition of Latino community-serving clergy and religious volunteers), both of whom have strongly endorsed the President's agenda generally and H.R. 7 specifically. Shortly after the office was announced, he met with Catholic Church leaders and the bishops of the eight largest African-American denominations. In addition to being with the President for these meetings, I have spoken in public before numerous groups of Jewish, Muslim, and other religious leaders. Probably the most widely reported address I have given was to the National Association of Evangelicals in Dallas, which you referenced in your opening question.

   Under the terms specified in the President's executive order, the five cabinet centers submitted in late July their inaugural reports on major regulatory and programmatic barriers within their departments that afflict small-scale service groups, both religious and secular. The White House Office of Faith-Based & Community Initiatives issued a report on August 16 summarizing the key findings of the five independent reports. The White House report, titled *Unlevel Playing Field*, is attached.

8. What is the difference between existing laws and their provisions with the proposed Charitable Choice measures? If we do not change any current measures, will that harm any faith-based organization?

   As Professor Monsma documented in his 1996 book, WHEN SACRED AND SECULAR MIX: RELIGIOUS NONPROFIT ORGANIZATIONS AND PUBLIC MONEY (cited above in Response to Question Four), federal, state, and local governments often require faith-based social service charities, as a condition of eligibility, to suppress their religious character. There exists discrimination against religious service groups thought to be "too religious" while funding those judged "secular enough."

   Charitable Choice in current federal laws and its expansion to new areas via H.R. 7 is important to enable faith-based charities to partner with government because:

   - *It clarifies and codifies their right to take part* – clearing away misperceptions and doubts about whether religious groups can deliver publicly-funded social services;
   - *It replaces government suspicion of religious providers with a welcoming environment* – giving a "green light" to expanded collaboration with government and making such partnerships plausible and possible;

- *It ratifies and gives a legal foundation to current flexible practice* – clarifying that the Constitution doesn't require 100 percent secularism, but rather permits neutrality and nondiscrimination;
- *It overcomes explicit anti-faith barriers in federal programs* – remedying specific and unnecessary restrictions, like the requirement in the HHS Adolescent Family Life Program that faith-based grantees remove or cover religious symbols or decorations;
- *It expands the success of current Charitable Choice laws* – building on the positive, real world success of states that have actually implemented the new rules, thus creating new partnerships and widening options for needy Americans, from Democrat-led Indiana to Republican-led Texas;
- *It enables groups formerly excluded to offer their effective services* – freeing local officials to create new collaborations, as evidenced by the definitive study of Dr. Amy Sherman (*The Growing Impact of Charitable Choice: A Catalogue of New Collaborations Between Government and Faith-Based Organizations in Nine States*, Center for Public Justice, 2000), which showed "new players doing new things" and found that most partnerships involved faith-based charities that had earlier been wary of partnering with government;
- *It helps current religiously-affiliated providers better fulfill their service mission* – permitting even larger established groups like Lutheran Social Services to, as President Kurt Senske of LSS of the South put it, get rid of the "thou shalt nots" that have wrongly hobbled religious service groups and kept them from better integrating a moral dimension into their services; and
- *It builds on successful principles in other areas of federal funding* – borrowing fruitful lessons from overseas humanitarian and disaster relief as well as from domestic child care and higher education funding, where, while details vary, the Charitable Choice principles of accountability, performance, pluralism, and religious liberty are valued.

Again, Charitable Choice is nothing new. Rather, it's the settled, consensus law of the land. It's been applied numerous times – all recently: 1996, 1997, 1998 and 2000 (twice) – by strong bipartisan majorities in Congress, beginning with the landmark federal welfare reform law in 1996. President Bush's plan merely applies existing law and principles to other federal service programs. Charitable Choice has gained steady momentum since 1996, on both the national and sub-national levels, and enjoys diverse support that spans political, theological, and racial lines. Studies suggest that while relatively few FBOs either know about or have yet utilized Charitable Choice, about 60 percent of urban community-serving congregations that supply social services are interested in exploring the option, to provide a hot meal or a mentor or a safe haven for children. Where Charitable Choice for welfare services *has* been implemented and supported, in States such as Indiana, Texas, Wisconsin, and Ohio, it has expanded options for needy Americans while respecting their religious freedom and the Constitution. Charitable Choice provides a helpful set of guidelines to discipline and structure these much-needed collaborations.

Charitable Choice aims to (i) widen options for needy Americans, (ii) safeguard the vitality of faith-based charities, and (iii) protect the rights of beneficiaries. Moreover, it honors the U.S. Supreme Court's religion cases, which permit government programs reflecting neutrality and nondiscrimination toward religion. It is fanciful, the Court says, to think that government endorses everything it permits on a non-discriminatory basis. By treating

religious and non-religious groups equally, Charitable Choice ensures that the message is one of scrupulous neutrality rather than endorsement. Charitable Choice is settled law that champions a level playing field and honors the fundamental principles of voluntariness, nondiscrimination and pluralism. By stressing evenhandedness, prizing performance over process, and neither favoring nor disfavoring religion, Charitable Choice eliminates discrimination and secularizing pressures aimed at religious charities and asks "what can you do, and how well can you do it?" not "who are you?" It guarantees that faith-based charities have an equal opportunity – no better, no worse – to deliver government-funded social services. Charitable Choice doesn't grant religious charities any special favors but it ends the special burdens that have often hampered them. It doesn't seek favored status or unique benefits, only equal treatment and an end to affirmative discrimination. Charitable Choice prohibits the government from using religion as a line-drawing criterion for receiving federal funds; legislative favoritism is forbidden, but so is legislative prejudice. On this point – that one's religion ought not affect one's right to participate in a government program – the Free Exercise Clause, the Establishment Clause, the Religious Test Clause, the Free Speech Clause, and the Equal Protection Clause as applied to religion all speak with one voice: targeting religion or religious viewpoints for disfavored treatment is flatly unconstitutional and offends the Constitution's commitment to religious tolerance.

Bottom line: Charitable Choice will challenge and eliminate perverse bureaucratic rules and regulations that have often hampered civic-minded, public-spirited partnerships between government and faith-based social service providers. Under the old rules, to seek support, community-serving religious groups often had to purge, conceal, or compromise their distinct religious character – the very quality that sparked and sustained their success in mobilizing volunteers and achieving uncommon results. The result is a climate of tremendous legal uncertainty, which ultimately harms our most needy and neglected citizens and those grassroots Samaritans, both sacred and secular, who serve them: charities' employment rights and religious liberty are violated; faith-based providers are tentative and operate in fear of losing funding; many groups are discouraged altogether from opening up new social-welfare initiatives or expanding their good works; and people in distress are deprived of effective and enhanced service options. Charitable Choice was written to respond point-by-point to these various restrictions, and to codify current church-state rulings that make certain acts of regulatory suppression unnecessary. By removing these arbitrary and unjustifiable obstacles, it aims to give FBOs an equal opportunity to contribute to the federally-funded mix of services. It explicitly protects religious charities from pressures to secularize their programs, abandon their religious character, or sacrifice their autonomy. It contains specific legal and practical protections that safeguard the right of faith-based groups to retain their religious distinctiveness while also honoring the religious liberty of clients and the constitutional requirements concerning the funding of religious activities. In sum, Charitable Choice attacks the anti-religious bias that pervades too many statutes and regulations, ensures that groups use public funds for public purposes, and provides a helpful set of guidelines to discipline and structure these needed collaborations.

9. Many concerned about Charitable Choice have raised the troubling possibility that extremists, hate-mongers, and terrorists would be eligible to receive taxpayer money under the guise of providing social services in the name of religion. Are extremist, terrorist or hatemongering groups eligible to receive federal money under current Charitable Choice provisions? Who determines if an organization is extremist?

Experience is the oracle of truth. Critics of Charitable Choice voice such fears today, as they did back in 1996 when Charitable Choice was first signed into law (and every year since then that Congress steadily expanded it), but the facts are hostile witnesses. Opponents need not engage in speculation, conjecture, or hunches. Instead, we can all examine the data, the unflinching evidence, a five-year record of real-world implementation. The inescapable conclusion: no such calamities have arisen in the last half-decade since Charitable Choice first became the law of the land.

Any group with a strong record of effective help and respect for clients is eligible to compete for funding. Moreover, a key virtue of Charitable Choice is that it obviates the need for any government-approved definition of "religious organization." Charitable Choice requires evenhandedness, nondiscrimination, and pluralism, ensuring that providers are evaluated without regard to religion. Absent this protection, government officials will often unfairly exclude faith-based charities because they are deemed religious, or "too" religious (displaying religious symbols on the walls, etc.). *That* sort of system, where government officials use a theological micrometer trying to divine whether groups are "pervasively sectarian" or only marginally so, invites arbitrary and meddlesome government judgments among religious charities. Charitable Choice rejects that intrusive model and requires that social service providers be selected without regard to religion.

Charitable Choice's insistence on neutrality means that a service provider's religious or secular character is irrelevant in the competitive award process. All people of goodwill – whether Methodist, Muslim, Mormon, or good people of no faith at all – are constitutionally able to compete to deliver government-funded social services based on results, and provided they honor all governing program protocols, accountability standards, performance measures, applicable anti-discrimination laws protecting beneficiaries and employees, etc. The government should not be allowed to blacklist groups, pre-select winners and losers, compile an arbitrary list of "approved" religions, or disqualify groups because some people might find their beliefs odd or mistaken.

Charitable Choice focuses on achieving strong civic purposes. It is part of a compassionate agenda committed to delivering high-quality social services to the least, the last, and the lost of our society. It aims to combat various social ills and achieve secular public purposes – conquering poverty, curbing recidivism, reducing domestic violence, etc. – not advancing religion or aiding religious charities. Government must widen access, insist on fairness, and focus on performance, judging groups, whether sacred or secular, by their civic results.

10. Given the extraordinary successes of organizations such as Jewish Federations, Catholic Charities, and Lutheran Social Services in the delivery of government-funded social services, and given that these organizations have thrived under a set of rules and safeguards that have ensured that taxpayer money does not go to fund sectarian activity, why should we now support a risky, controversial new contracting arrangement for faith-based partnerships?

Your question presupposes that improving government procurement protocols to welcome grassroots religious groups to partner with public agencies constitutes a "risky, controversial new contracting arrangement." It is not new at all. President Clinton signed the first Charitable Choice law over five years ago. Bipartisan majorities in Congress extended

Charitable Choice numerous times. During the 2000 campaign, both leading candidates gave speeches and made numerous other on-the-record statements supporting both the letter and the spirit of Charitable Choice. Opponents predict all manner of doom-and-gloom calamities if Charitable Choice passes (yet again), but the real-world experience these past five years has shown these fears to be less fact than fiction. Moreover, every opinion survey suggests that upwards of two-thirds of average citizens support public/private partnerships between government and FBOs to serve the needy, help the troubled, and revitalize neighborhoods, and that most citizens rate local congregations as the top problem-solving organizations in their communities.

Let's put things in a more precise perspective. I know Catholic Charities and Lutheran Social Services well. They do great works, and their leaders have acknowledged the need to begin to do them more intentionally through neighborhood initiatives and community-based helpers and healers. They do not pretend that their great successes include addressing all the still vast and unmet social service needs of the populations they serve, and I hear them to be eager to work with government in finding new and better ways to deliver services closer to the streets where their beneficiaries live, shop – and pray! Together, Lutheran Services and Catholic Charities receive about $10 billion a year, much of it through direct government funding. The Charitable-Choice-covered TANF represents about $20 billion, and the total Charitable-Choice expansion contemplated by H.R. 7 would total about $45 billion across nine different program areas. That is, or would be, a grand total of $65 billion out of a total federal social welfare budget that now hovers around $300 billion.

And, of course, all Charitable Choice does is free any qualified faith-based groups, large or small, to seek to administer federal-funded programs on the same equal, non-discriminatory basis as any other non-governmental providers. There are no religious set-asides. Indeed, as we did recently when we discovered a Clinton-era set-aside, we will act to eliminate them.

But neither should there be secular set-asides! Rather, there should be public administration dedicated to fair and cost-effective third-party procurement practices that elevate performance over process.

Even were the government to stop discriminating against grassroots religious groups, even were it no longer to require them to undergo something akin to an organizational strip search (rid your walls of religious symbols) or a bureaucratic re-education camp (stop God talk) as a condition for partnering with *their* government to deliver services to *their* neighbors, would as much as $10 billion go to them in support of public social service delivery?

If so, how would implementing and extending past bipartisan acts by Congress and strong public sentiment in ending a discriminatory procurement practice – how would having qualified grassroots religious groups that administer specific social service programs receive the same amount as the annual budgets of just two of the national religiously-affiliated non-profits you referenced, less than a sixth of the total program funds potentially covered by Charitable Choice 1996-present, and less than 5 percent of the total federal social welfare program budget – constitute "a risky, controversial" reform? In all honesty, I can't see how, especially when the constitutional and legal foundations of this non-discriminatory procurement reform are so strong (see Responses to Questions 11 through 15 below).

11. Sixty years ago this June, President Roosevelt ordered all federal contractors to agree not to discriminate in employment based on race, religion, color, or national origin. That protection against government-funded groups discriminating based on religion has been a cornerstone of our civil rights laws. Does President Bush have any plans to create any exceptions to the current executive order barring discrimination by federal contractors?

    I am unaware of any plans to alter Executive Order 11246, which prohibits discrimination in employment by federal contractors. *See also* Responses to Questions Four and Five above. Charitable Choice – approved repeatedly by Congress and always with strong, bipartisan majorities – *preserves the status quo* Title VII protection for religious organizations which Congress first passed in 1964, expanded in 1972, included in every previously-enacted version of Charitable Choice, and which a *unanimous* U.S. Supreme Court upheld in 1987. As noted in Response to Question Four, several courts have ruled that a religious group's staffing protection under Title VII is not forfeited when it receives federal assistance. Indeed, such a ruling would depart radically from existing law and fray the existing social, education, and health care safety nets in needy neighborhoods all across America.

12. I am concerned about President Bush's executive order asking the Departments of Justice, Labor, HHS, HUD, and Education to identify and recommend ways to remove obstacles to faith-based groups participating in federal programs. My fear is that what you call "obstacles" we call "civil rights protections." Can you assure me that the Administration will not remove any civil rights protections prohibiting federal funds from going to persons who discriminate?

    See Responses to Questions Four, Five, and Eleven above.

13. I am also concerned that the provision in H.R. 7 saying that Title VI continues to apply to government-funded religious programs is a bit of a farce. Title VI only protects against discrimination in federally-funded programs on the basis of race, color, and national origin – not on the basis of religion or sex. Isn't it true that nothing in H.R. 7 would stop a federally-funded religious organization from firing a person of a different religion or a pregnant, unmarried woman?

    See generally Responses to Questions Four, Five, and Eleven. Title VI of the Civil Rights Act of 1964 unambiguously prohibits discrimination on the bases of race, color, and national origin by recipients of federal financial assistance. Title VI is referenced in H.R. 7 because it's prudent to give notice to all concerned, most notably FBOs who must obey it, government officials who must administer it, and beneficiaries who benefit from it, that Title VI remains in full force and effect. The intent is to reassure potential critics that this important law remains 100 percent unaffected by Charitable Choice. Moreover, federal courts have interpreted Title VII to treat discrimination against a woman because of her pregnancy as discrimination based on sex, and Charitable Choice does not exempt a religious organization from a discrimination claim based on sex. The answer is the same whether the pregnant woman is married or unmarried.

14. Citing Title VI in H.R. 7 is also a bit of a farce because Title VI only applies to employment discrimination if a primary purpose of the federal program was to create employment. Thus, if a federally-funded religious group fired a teacher from a literacy program because he or

she married a person of a different race, Title VI won't provide any help – and H.R. 7 will allow that federally-funded group to discriminate based on race. Isn't that correct?

See Response to Question 13 above. The chief reason for citing Title VI in H.R. 7 is to clarify and make it unmistakably clear – to beneficiaries, social service providers, and government officials – that this important civil rights safeguard continues in full force and effect. Title VII of the Civil Rights of 1964 prohibits employment discrimination on the basis of race, and it would continue unaffected to prohibit, as an act of race-based employment discrimination, the firing of the teacher described in your question.

15. In passing the employment provisions of Title VII, Congress intended to provide only very specific, narrow exceptions. The Supreme Court has upheld the constitutionality of the Title VII exception for religious institutions on the sole basis of avoiding governmental interference with a religious institution's ability to serve their faith. Given this background, what is the justification for allowing religious institutions to receive the Title VII exemption as to federally-funded employees when the federally-funded services to be provided are not supposed to be religious in nature?

I respectfully disagree with the characterization of the scope of the exemptions in §§ 702(a), 703(e)(2) of Title VII for staffing on a religious basis by religious groups and certain educational institutions. For example, Congress voted overwhelmingly in 1972 to substantially *broaden* the scope of § 702(a). I also disagree with the question's characterization of the U.S. Supreme Court's 9-0 decision in *Corporation of the Presiding Bishop v. Amos*. *Amos* did not claim to exhaust the constitutional rationale for § 702(a).

Moreover, the question presupposes a contradiction: Because FBOs cannot engage in religious indoctrination within a government-funded program, what possible difference could it make that these employees share the FBO's faith? It's a confusion of perspectives. From the government's perspective, feeding the hungry or housing the homeless is secular business. But from the perspective of many FBOs, a soup kitchen or homeless shelter is a faith-motivated act of mercy, love, and thus spiritual service. To them, ladling soup is not merely ladling soup. Activities that the government characterizes as rote delivery of a social service, religious organizations view variously as the fulfillment of religious duty, a loving and thankful response to unmerited favor, works of kindness that give definition and focus and meaning to a community of faithful citizens, a visible, collective witness and example to the larger society, etc. So even when they're not engaged in "religious indoctrination" such as proselytizing or worship, FBOs understand that the service they're rendering is religiously motivated, filled with religious significance and, for many, a direct response to scriptural mandates to serve their needy neighbors.

16. Are we creating new monies for Charitable Choice?

Charitable Choice is not an appropriations measure; rather, it is a significant government reform measure – passed repeatedly by Congress – that protects religious charities and faith-based organizations, both large and small, from discrimination when they compete to deliver federally-funded social services. Where it applies or would apply, Charitable Choice covers every group from established national organizations to small community-serving, storefront ministries. And H.R. 7 will unlock billions of dollars in federal social service funding to

previously-excluded neighborhood charities, and create a level playing field that will make such groups more amenable to partnering with government to serve distressed individuals and communities. Charitable Choice was not a funding program when first enacted in 1996, or when Congress extended it numerous times since then. It would not be one now, for, again, there cannot be religious set-asides (*see* Response to Question Ten above). H.R. 7 does, however, authorize $50 million in much-needed training and technical assistance for small-scale, neighborhood-based groups, to help marry their tremendous energy and commitment with the nuts-and-bolts skills they need to expand their reach and capacity.

Aside from the procurement reforms of Charitable Choice, though, when it comes to promoting community-based solutions more generally, President Bush has proposed increasing funding for major social welfare and anti-poverty programs – many of which are or might yet be covered by Charitable Choice – by about 8 percent. The President recognizes that it is not enough to praise charities and community groups – we must herald and support them. This is both a public obligation and a personal responsibility.

As President Bush noted in his May 20, 2001 commencement speech at Notre Dame University, the War on Poverty established a federal commitment to the poor, and the 1996 federal welfare overhaul made that commitment more effective. For the task ahead, though, he believes we must launch a third stage of combating poverty in America. Our society must enlist, equip, empower, and enable idealistic Americans in the works of compassion that only they can provide. The President realizes that government has a vital role; it will never be replaced by charities. But government must do far more to aggressively take the side of charities and community healers, most of whom are making bricks without straw, and to support their work. As the President has stated, "We've had enough of the stale debate between big government and indifferent government. Government must be active enough to fund services for the poor – and humble enough to let good people in local communities provide those services."

Under the President's bold agenda to rally America's armies of compassion, additional resources – both public and private – will flow in several new ways to effective community-serving groups, whether sacred or secular, that achieve strong civic purposes. Here are just a few examples:

- Various tax-related and liability-related proposals will spark a multi-*billion* dollar outpouring of private giving, both human and financial, throughout America.

- The cabinet department audits will help identify and eliminate undue regulatory and programmatic barriers to greater participation by neighborhood-based groups in delivering federally-funded social services.

- Efforts to apply current Charitable Choice principles to additional federal social service programs will open up billions of dollars to small faith-based providers and allow previously-excluded groups to compete on an equal footing to deliver effective social services.

- The proposed Compassion Capital Fund – $89 million is proposed for FY 2002 – will support even more capacity-building, training and technical assistance to maximize

the effectiveness of small charities and to help grow model initiatives in distressed areas across the country. The CCF aims to improve both the quantity (through targeted seed or expansion grants) and quality (through valuable skill-building services) of effective charities, both religious and secular, that live in the hearts of needy communities.

- Several other proposed initiatives will target certain high-need populations, including: (i) mentoring the children of prisoners ($67 million); (ii) combating father absence and promoting responsible fatherhood ($64 million); (iii) supporting maternity group homes ($33 million); (iv) providing after-school certificates redeemable at various organizations, including religious charities ($400 million); (v) opening up federally-funded after-school learning programs to community-based organizations, including faith-based groups, through the reauthorization of the 21st Century Community Learning Centers program in H.R. 1 ($846 million proposed for FY 2002); piloting four values-based, prison pre-release programs at four federal prisons to reduce recidivism and help ensure that ex-offenders remain *ex*-offenders ($5 million).

Charitable Choice is an important part of the President's ambitious agenda to unleash the best of America, but only a part. If we want to mobilize and support the quiet heroes across America who are lifting lives and healing neighborhoods one act of kindness at a time, government must welcome faith-based charities as partners, not resent them as rivals.

7. In other words, will all faith-based organizations be competing for the same funds as other programs, including federally funded, secular and nonprofit programs?

See Response to Question 16 above. I would add only that, given the probable successes of programs administered via effective faith-based organizations and religious/secular or public/private partnerships, more leaders and citizens might come to resonate more strongly to the civic anti-poverty challenges outlined by President Bush in his recent commencement address at Notre Dame University. As the President has stated consistently, we seek to increase support, both human and financial, both public and private, for those who serve needy children, youth, and families.

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