

The Expanding Administrative Presidency

George W. Bush and the Faith-Based Initiative

Office of the President

Executive Order

Establishment of White House Office of Faith-Based and Community Initiatives

By the authority vested in me as President of the United State by the Constitution and the laws of the United States of America, and in order to help the Federal Government coordinate a national effort to expand opportunities for faith-based and other community organizations and to strengthen their capacity to better meet social needs in American communities, it is hereby ordered as follows:

Policy. Faith-based and other community organizations are indispensable in meeting the needs of poor Americans and distressed neighborhoods. Government can not be responsible for all social needs, but it can and should welcome them as partners. The paramount goal is to achieve the best possible results, and private and other community groups, including religious organizations, should be given the fullest opportunity to participate at all levels of planning and implementation.

By Anne Farris, Richard P. Nathan and David J. Wright



The Roundtable
on Religion and Social Welfare Policy

A Project of the Rockefeller Institute of Government - Supported by The Pew Charitable Trusts

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August 2004

Executive Summary

This new report by the Roundtable on Religion and Social Welfare Policy – a project of the Rockefeller Institute of Government with support from The Pew Charitable Trusts to produce independent, non-partisan research on the role of faith-based social service providers in America – documents that the absence of new legislative authority has not stopped the Bush Administration from using its executive powers to widely implement the Faith-Based Initiative throughout the federal government.

The Expanding Administrative Presidency: George W. Bush and the Faith-Based Initiative examines the steps taken to promote and implement the Faith-Based Initiative since it was first introduced by President Bush in January 2001. The report details changes in federal rules, bureaucracies, funding, and public outreach advanced by the Bush Administration to increase partnerships with faith-based groups to provide a vast array of human services. Religious organizations are now involved in government-encouraged activities ranging from building strip malls for economic improvement to promoting child car seats to distributing Medicare prescription cards.

While supporters hail these moves as a way of ending the exclusion of certain religious groups from public programs and widening the choice of providers, critics question whether efforts to remove barriers facing faith-based organizations have also weakened longstanding walls banning religious groups from mixing spiritual activities with their secular services.

Among the report's findings:

- o In the absence of new legislative authority, the President has aggressively advanced the Faith-Based Initiative through executive orders, rule changes, managerial realignment in federal agencies, and other innovative uses of the prerogatives of his office.
- o Among those innovations is the creation of a high-profile special office in the White House, the White House Office of Faith-Based and Community Initiatives, connected to mini-offices in ten government agencies, each with a carefully selected director and staff, empowered to articulate, advance and oversee coordinated efforts to win more financial support for faith-based social services. These ten agencies include: the departments of Agriculture, Commerce, Education, Health and Human Services, Housing and Urban Development, Justice, Labor, and Veterans Affairs, as well as the Agency for International Development and the Small Business Administration. A similar office has also been created within the Corporation for National and Community Service. In addition, the Initiative has been promoted in a myriad of other government offices overseeing programs ranging from homeownership and business development to energy conservation.
- o With assistance from the White House Office, these federal agencies have proposed or finalized a host of new regulations that together mark a major shift in the constitutional separation of church and state. Examples of these regulatory changes include:
 - The federal government now allows federally-funded faith-based groups to consider religion when employing staff.

- The Department of Justice now permits religious organizations to convert government-forfeited property to religious purposes after five years, replacing the previous policy prohibiting such conversions.
- The federal government now allows federally-funded faith-based groups to build and renovate structures used for both social services and religious worship.
- The Veterans Administration no longer requires faith-based social service providers to certify that they exert “no religious influence.”
- The Department of Labor now allows students to use federal job-training vouchers to receive religious training leading to employment at a church, synagogue, or other faith-based organization.

The Roundtable report also details the extensive administrative changes which have been made to advance the administration's Faith-Based Initiative. These include an overhaul of internal procedures within federal agencies, with many programs simplifying the length and complexity of their grant applications to encourage expanded participation by smaller faith-based service providers. Many agencies have also published informational guides, developed web sites, and held grant application training workshops which are specifically aimed at such organizations.

Some uncertainty remains as to the full extent of federal funding for faith-based social services. The substantial majority of federal support for such purposes is in contracts or grants awarded by state and local governments rather than in Washington, and few public programs record whether or not contractors are faith-based. The Roundtable report cites White House estimates that indicate a significant increase in the availability of federal funding to faith-based social service providers. For instance, during Fiscal Year 2003, the Departments of Health and Human Services (HHS), and Housing and Urban Development (HUD) reported that grants to faith-based groups increased 41 percent and 16 percent, respectively. Overall, the Bush Administration claims that five federal agencies provided competitive non-formula grants of \$1.17 billion to such organizations – a total of eight percent of the \$14.5 billion awarded.

The report looks beyond a focus on the rhetoric of President Bush's personal beliefs on the role of religious organizations in publicly-funded programs, and shows how this view has been pervasively and methodically implemented in the workings of the federal government. The common perception is that President Bush's Faith-Based Initiative has been stalled by a reluctant Congress. But as this report illustrates, the Bush Administration has made concerted use of its executive powers and has moved aggressively through new regulation, funding, political appointees and active public outreach efforts to expand the federal government's partnerships with faith-based social service providers in ways that don't require Congressional approval.

The Expanding Administrative Presidency: George W. Bush and the Faith-Based Initiative

INTRODUCTION

“(A)s President, I have an authority I intend to use. Many acts of discrimination against faith-based groups are committed by Executive Branch agencies. And, as the leader of the Executive Branch, I’m going to make some changes.”

President George W. Bush speaking to religious leaders in Philadelphia, December 2002

Within days of becoming president, George W. Bush launched a “Faith-Based Initiative” to promote partnerships between government and religious social service providers. Media reports have suggested that the Initiative – a cornerstone of President Bush’s avowed compassionate conservatism – has languished owing to inaction in Congress. However, in the absence of new legislative authority, the President has used executive orders, rule changes, managerial realignment in federal agencies, and other prerogatives of his office to aggressively implement the Initiative. The two most controversial rule changes allow religious institutions to use government money to build and renovate places of worship and to employ staff members based on their religious beliefs. These provisions have opened new and uncharted territory, raising questions and concerns about their legal status and constitutionality.

Government partnerships with religious groups have a long history in America. Faith-based organizations have received federal funds for generations – either directly from federal agencies or funneled through state government – to provide an array of social services. However, to maintain the distinction between church and state, the federal government has typically required such groups to create separately incorporated entities to receive such funds, and to use them to pursue only secular activities.

But where some saw the Establishment Clause of the Constitution as requiring a separation between church and state protecting both, the President and his advisors perceived discrimination in requirements that faith groups become more secular to receive public funding. The Bush Administration has sought to remove barriers to participation by faith-based organizations, but in so doing, may also have weakened longstanding walls preventing religious groups from inserting spiritual activities into secular services. The Administration’s test of the constitutional limits of religious neutrality on the part of government has inspired both strong support and a fierce opposition, manifest in a series of law suits brought by opponents. This litigation has brought, and will continue to bring, various aspects of the Faith-Based Initiative under judicial scrutiny.

The Bush Administration has complemented these policy changes with a new layer of bureaucracy designed to promote and facilitate partnerships with religious groups throughout the federal government. Published analyses of President Bush's merging of religion with government have only touched the surface of his actions, focusing mainly on the President's personal beliefs and his promotion of "compassionate conservatism." No in-depth and penetrating reporting has been undertaken to explain how, for three years, the Bush Administration has methodically implemented a faith-based policy – both in ideology and deeds – in the workings of federal government.

This report documents the expansion of the Faith-Based Initiative in myriad federal government agencies since 2001. We describe the rules, structures, and activities used to promote the Initiative and reflect on their political and legal implications.

Litigation, bitter disputes, and huge legal, academic, and journalistic literatures deal with the exercise of "executive Power" ["power," not "executive," being capitalized but singular as the terms appear in Article II of the U.S. Constitution] by American presidents. Modern presidents – conservatives more so than liberals in recent times – have attempted to strengthen their capacity to achieve intended ends by wielding administrative powers through the bureaucracy, rather than working through divided powers with a fractious legislative branch. They have taken strong, sometimes creative steps to advance their values and purposes by attempting to assert control over federal agency operations. Questions about whether this is the right thing to do, how far it can be taken, and whether it is legally permissible, have not been, and may never be, fully resolved.

The presidential administration of George W. Bush is pushing into this area with the Faith-Based Initiative in new ways. President Bush was not the first chief executive to create an office within the White House or to appoint cabinet and sub-cabinet level staff in the federal agencies committed to carrying out his initiatives. Activities like these, and the use of executive orders and budgetary powers, are hallmarks of activist presidents, from FDR to Reagan.

But these efforts, in the words of Hugh Heclo, typically lack *local cells* that provide the *feet and hands* needed to organize and implement presidential initiatives. The innovation in the Bush Faith-Based Initiative is the creation of a high-profile special office in the White House, *connected* to mini-offices in ten government agencies, each with a carefully selected director and staff, and empowered to articulate, advance and oversee *coordinated* efforts to win more financial support for faith-based groups as publicly-aided providers of domestic public services.

How and how well these organizational and appointive steps achieved their goal – to *penetrate agency operations* – is described in this report. Whether or not one

agrees with the policy objective, the character and scale of the Bush Faith-Based Initiative – because it has been carried out so methodically and across the whole federal establishment – must be regarded as a notable innovation in executive action. How all this will play out in the future – in the three-cornered bargaining processes typical of American government with its “balance of powers” – depends on the outcome of the 2004 election, what the Congress and the courts do in the future, and the extent to which a new Bush, or John Kerry, Administration pursues this objective in the future.

ORIGINS OF THE FAITH-BASED INITIATIVE

The federal government’s faith-based initiative predates the presidency of George W. Bush. The idea was the brainchild of a neo-conservative movement of academics, religious leaders, and elected officials in the 1970s and 1980s who sought to redefine the roles of government and civil society to stem what they have described as the ill effects of a social and moral crisis in the nation. A key principle of this movement was to engage religious and other voluntary organizations in strengthening families and neighborhoods.

As the newly elected governor of Texas in 1995, George W. Bush brought a personal understanding of the transforming power of faith and salvation to his office. Shortly before becoming governor, he is reported to have had a spiritual awakening that transformed his life. Believing religious organizations could be powerful partners in changing the lives of needy Americans, he worked closely with leaders of the movement such as Marvin Olasky, a professor of Journalism at the University of Texas at Austin dubbed the “godfather of compassionate conservatism.” Olasky’s writings helped stir evangelical Christian and politically conservative groups to push for empowering private and religious charities to play a greater role in providing social services.

These advocates contend that addressing the causes of poverty such as substance abuse and joblessness lies beyond the scope of government and more properly rests with faith-based groups, many of which already have a credible and effective presence in poor neighborhoods. According to these proponents, faith-based organizations – staffed by caring and compassionate people – can move beyond the secular and bureaucratic limitations of government to correct social ills by changing people’s hearts and lives. Supporters of this view also hold that partnering with faith-based organizations will allow government to leverage private resources and achieve an even larger, overarching goal of reducing government spending.

By 1995 this movement had produced a series of policy proposals designed to empower local, private institutions – including religious organizations – to address social problems. The most successful was the Personal Responsibility and Work Opportunities Reconciliation Act of 1996, the sweeping overhaul of

welfare programs, which included a provision championed by then-Senator John Ashcroft that significantly revamped the relationship between government and faith-based organizations that provide social services. Under this provision – Section 104 – of the 1996 law, government would no longer exclude faith-based groups from receiving federal grants because of their religious character. Instead, the law said they could retain religious symbols, scriptures and icons while delivering government social services; they could retain religious mission statements and board members with religious affiliations; they could receive federal funding without forming a separate, secularized nonprofit organization. The act also allowed them to retain their pre-existing freedom to show a preference in hiring for people who shared their faith.

George W. Bush became the first governor in the nation to apply the new federal standards at the state level. Within months of the passage of welfare reform, he signed an executive order directing Texas agencies to encourage faith-based organizations to provide social services to needy Texans. “Government can hand out money, but it cannot put hope in our hearts or a sense of purpose in our lives,” then-Governor Bush held. “It cannot bring us peace of mind. It cannot fill the spiritual well from which we draw strength day to day. Only faith can do that.”

Governor Bush highlighted this faith-based initiative and introduced it on a national level during his campaign for president. At a campaign appearance in July 1999 at Indianapolis, for example, he called for a partnership between government and religious entities to combat social ills. Faith-based groups, he proclaimed, would constitute part of the “armies of compassion” in “the next bold step in welfare reform.” He promised to dedicate \$8 billion to faith-based and community groups in the first year of his presidency through a program of tax rebates and direct grants, and to establish an Office of Faith-Based Action to encourage faith-based groups to work with government agencies.

Democratic presidential candidates Al Gore and Bill Bradley also proposed to expand government partnerships with faith-based organizations. “Today I give you this pledge: If you elect me your President the voices of faith-based organizations will be integral to the policies set forth in my Administration,” Gore declared in May 1999.

CHURCH MEETS STATE

“I got a little frustrated in Washington because I couldn’t get the bill passed out of the Congress. They were arguing process. I kept saying, ‘Wait a minute, there are entrepreneurs all over our country who are making a huge difference in somebody’s life; they’re helping us meet a social objective. Congress wouldn’t act, so I signed an executive order – that means I did it on my own. It says we’re going to open up billions of dollars in grant money competition to faith-based

charities. And that's what's happening and that's what we're here to talk about today."

George W. Bush, speaking to faith-based leaders in Los Angeles, March 3, 2004

True to his campaign promise, and only nine days after his inauguration, one of George W. Bush's first actions as President was to issue two executive orders on January 29, 2001 creating the White House Office of Faith-Based and Community Initiatives (WHOFBCI) – which he appointed John DiIulio, a widely respected academic to direct – and additional Centers for FBCI within five federal agencies: the departments of Education, Health and Human Services, Housing and Urban Development, Justice, and Labor. President Bush issued more executive orders in December 2002 and June 2004 adding five more FBCI offices at the Agency for International Development; the Departments of Agriculture, Commerce and Veterans Affairs; and in the Small Business Administration. A similar office has also been created within the Corporation for National and Community Service.

In essence, President Bush's Faith-Based Initiative sought to extend the charitable choice provisions of the 1996 welfare reform law throughout the federal government. To boost participation among religious organizations, especially smaller faith-based groups, in providing social services, President Bush aimed to reduce barriers in the federal grant-making process that he said discriminated against such groups, and to allow them to retain their religious identity. For example, the executive order permitted faith-based groups to retain religious symbols in the spaces where they provide social services, to retain references to religion in their mission statements, and to retain religiously affiliated board members.

President Bush has also used the presidential bully pulpit to hammer home the faith-based message at every opportunity. In July 2001, he gave seven speeches on the Faith-Based Initiative in a 17-day stretch, and he has devoted more than 40 speeches explicitly to the Faith-Based Initiative-an average of more than one a month. He has also strongly endorsed the Initiative in each of his State of the Union addresses and dozens of other speeches centered on other topics. As in his first campaign for the presidency, the faith-based effort and related activities have been hallmark themes in President Bush's 2004 re-election campaign.

"The days of discrimination against religious groups just because they are religious are coming to an end," President Bush maintained during a speech to 1,600 religious leaders in Philadelphia December of 2002. "We've reformed welfare in America to help many, yet welfare policy will not solve the deepest problems of the spirit...No government policy can put hope in people's hearts or a sense of purpose in people's lives. That is done when someone, some good soul puts an arm around a neighbor and says, 'God loves you, and I love you, and you can count on us both.'"

Mel Martinez, secretary of Housing and Urban Development (HUD), underscored that point at the same Philadelphia gathering. “A Catholic organization in Sioux City, South Dakota, was declined a \$63,000 federal HUD grant because the city demanded that it change its practice of praying before serving meals to homeless people. It was suggested they substitute with a moment of silence. Funding was reserved while HUD reviewed the case and the grant went to the organization without any request that they change their religious practice. This type of discrimination is not well founded in law and should not be tolerated.”

According to Martinez, “Faith-based organizations should be judged on one central question: Do they work?” However, amid very complicated terrain, little research has yet been conducted that is able to show faith-based organizations are more effective than secular organizations in addressing social problems. While more elaborate, scientific studies are underway, the White House has relied on largely anecdotal evidence to support the view that faith-based approaches produce better long-term results, and should not be precluded as publicly-funded programs for clients to voluntarily select.

EXPANDING THE INITIATIVE

Housed in a brownstone row house off Lafayette Park across the street from the White House, the Office of Faith-Based and Community Initiatives is charged by President Bush’s executive order with actively seeking to “enlist, equip, enable, empower, and expand” the work of faith-based and community groups. The office also helps “the federal government coordinate a national effort to expand opportunities for faith-based and other community organizations and to strengthen their capacity to better meet social needs in America’s communities.” One of WHOFBCI’s central responsibilities is to “eliminate unnecessary legislative, regulatory, and other bureaucratic barriers that impede effective faith-based and other community efforts to solve social problems.”

To fulfill that goal, on January 29, 2001, President Bush ordered internal audits of department regulations, rules, orders, procurement, and other administrative policies and practices to identify barriers to the participation of faith-based and other community organizations in the delivery of social services. The department audits also examined outreach activities that “discriminated, discouraged, or disadvantaged” faith-based and community organizations that attempted to participate in federal programs.

In August 2001, the White House released *Unlevel Playing Field*, a report summarizing the audit findings and outlining barriers in each department (*see the sidebar*). The report said there was pervasive belief among federal officials that collaboration with faith-based organization was legally suspect. This attitude in turn promoted malaise and uncertainty among religious organizations regarding their ability to participate in federal programs. The report noted that some grant

programs maintained outright bans on funding religious organizations, restricted their faith-based activities, and did not allow them to employ staff based on their religious beliefs.

Some aspects of the report, however, lacked full scrutiny. For instance, the Department of Housing and Urban Development reported that no faith-based organizations received funding under the agency's \$20 million Self-Help Homeownership Opportunity Program when, in fact, Habitat for Humanity International, a faith-based group, won over half of the HUD program's total funding in fiscal year 2000. The misinterpretation arose because Habitat was not listed as "a primary religious" organization because it offered "essentially secular housing services." In another instance, HUD reported that religious organizations were banned from being "owners" of housing projects under the Section 202 Supportive Housing for the Elderly Program, which provides interest-free capital advances to nonprofit organizations. But religious organizations comprised more than two-thirds of the program's "sponsors" during the program's 35-year history. Nevertheless, *Unlevel Playing Field* became the backbone of an administrative strategy to encourage governmental partnerships with faith-based organizations.

To further the Initiative, the White House attempted to gain congressional support for legislation to extend charitable choice provisions to a host of federal programs, to provide incentives for charitable giving, and to make more explicit an allowance for faith-based recipients of federal funds to employ people based on their religious beliefs. The House passed a bill following closely along the lines of the Administration's proposal. However, that legislation failed to progress in the Senate, which was then controlled by Democrats who were disinclined, in the highly charged partisan climate following the contested election of 2002, to go along with a personal initiative of the Republican president. The legislation also lacked a strong external constituency to support passage in Congress. Conservative Christian organizations, one natural base, were somewhat divided; some groups believing the Initiative to encourage too much government intervention with religion. Another possible base of support – the low-income and mostly-minority communities most likely to receive government services from faith-based organizations – lacked the coalescence and infrastructure necessary on this issue to be a formidable force with members of Congress.

President Bush did not wait for Congressional approval. When a much-streamlined, compromise version of faith-based legislation – one more narrowly drawn to provide incentives for charitable giving as worked out among a bipartisan group in the Senate – also failed to pass, President Bush issued a second set of executive orders in December 2002 to implement administratively as much of the Faith-Based Initiative as possible. "President Bush has taken a common-sense approach that says, 'Let's level the playing field and no longer allow an organization to be singled out and discriminated against just because they're faith-based,'" observed H. James Towey, director of the White House Office of Faith-Based and Community Initiatives.

One of the December 2002 Executive Orders, as noted above, added faith-based and community initiative liaison offices to the Department of Agriculture and to the Agency for International Development, bringing the total number of such agency offices at the time to seven. The second Order effectively laid out the substantive content for the work of these offices, and for the White House office encouraging and coordinating their efforts. As described by Roundtable Legal Research Directors Ira Lupu and Robert Tuttle, this consisted of six core elements comprising the Faith-Based Initiative:

1. Any organization that provides *direct* federal funding for social welfare services should be prohibited from using such funds for “inherently religious activities.”
2. By implication from the first element, any organization that receives *indirect* government funding - i.e., as a result of the “genuine and independent private choice” of a program beneficiary - should not be required to segregate the financed service from “inherently religious activities.”
3. Government should provide a “level playing field” in federal grant programs for social welfare services; religious organizations should be able to compete for government grants on the same terms as private non-religious institutions.
4. Religious organizations that participate in federal grant programs should be able to do so “without impairing their independence, autonomy, expression, or religious character.”
5. Any organization that participates in a federally funded grant program should be prohibited from discriminating against “current or prospective program beneficiaries on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to actively participate in a religious practice.”
6. Where permitted by law, any religious organization that participates in a federally funded grant program should be able to prefer its co-religionists for employment. This Executive Order exempts faith-based organizations from a prior executive order forbidding religious discrimination by any entity with whom the federal government enters into a procurement contract.

Of particular importance to legal scholars and other interested observers is the use by the Bush Administration of the term “inherently religious” to define that which the government may not fund directly. In agency rule-making and in guidance documents provided by the federal government to faith and other groups, the

Bush Administration has noted that government funds may not directly pay for worship, religious instruction, or proselytization, and that such activity - if undertaken by the organization - needs to be separated by time or space from activities that are paid for by the government through direct contract fees or grants (groups paid indirectly for services through vouchers need not separate these activities).

The difficulty seen in this guidance, however, is that the term defines only a set of activities that may never be paid for by direct government expenditure, and suggests a false conclusion that everything that is not “inherently religious” may be paid for with public funds. “Such an understanding is legally unsound,” Lupu and Tuttle write. “Training, education, counseling and other service activities are not ‘inherently religious,’ but they may be conducted in highly religious ways. Recent federal court decisions involving FBOs have held impermissible direct financing of social services that have explicitly religious content.”

“The problem is not that federal money is going to religious entities, but that the rules have been changed and that money is going without constitutional protections in place,” responds K. Hollyn Hollman, general counsel for the Baptist Joint Committee on Public Affairs, which has long opposed the use of tax dollars to advance religion.

Anticipating resistance to its regulatory and administrative changes, the Bush Administration extended the use of vouchers to provide indirect funding to faith-based organizations offering substance abuse treatment, childcare, and job training. Under this system, a recipient receives a voucher or certificate for use at his or her provider of choice, including faith-based organizations.

This approach rests on a stronger legal foundation under recent rulings by the Supreme Court, as long as the voucher recipient has a true and independent choice of providers. Some critics contend that the expanded use of vouchers is a backdoor way of eliminating guaranteed services and public programs. However, the Administration maintains that vouchers simply supplement the current social services infrastructure. “The vouchers don’t say, ‘We’re blessing Rescue Mission,’ but the vouchers say, ‘We’re blessing the individual,’” U.S. Department of Health and Human Services Faith-Based Office Director Bobby Polito told faith-based leaders at one workshop. “It’s a powerful paradigm shift. The beauty for us is to allow government funds to flow to religious ministries without religious ministries doing financial gymnastics.”

What *Unlevel Playing Field* Revealed

“It is not Congress, but these overly restrictive Agency rules that are repressive, restrictive, and which actively undermine the established civil rights of these groups. Such excessive restrictions unnecessarily and improperly limit the participation of faith-based organizations that have profound contributions to make in civil society’s efforts to serve the needy.”

Unlevel Playing Field, August 2001

The Administration’s August 2001 report *Unlevel Playing Field: Barriers to Participation by Faith-Based and Community Organizations in Federal Social Service Programs* listed 15 barriers that the FBCI centers in each federal agency would begin to dismantle. The barriers included:

1. A pervasive perception and bias by federal officials that collaboration with religious organizations was legally suspect.
2. Explicit bans against the receipt of federal funds by faith-based organizations. Program handbooks emphasized prohibited activities and eligibility rather than including affirmative language to encourage faith-based participation.
3. Restrictions on religious activities that amounted to an “organizational strip-search” and had a chilling effect on the relationship between faith-based groups and government.
4. The expansion of application restrictions to new programs beyond the original purview.
5. Denial of the ability of religious groups to use federal funds to employ staff based on religion. Confusion and inconsistency was prevalent in applying this provision.
6. The failure by the executive branch to fulfill the charitable choice provisions of the 1996 welfare reform law.

All but the last of the remaining barriers were found to be onerous and burdensome to smaller faith-based organizations with little or no experience in applying for federal grants or working with government agencies. The remaining barriers included:

7. Limited accessibility of government grant information, which appeared only in the Federal Register and on department websites.
8. Excessive regulations and requirements (about 50 applied across the board to federal grants) and a complicated and intimidating application process.
9. Extensive financial and administrative requirements of organizations competing for federal grants.
10. Complex and unwieldy grant applications and grant agreements.
11. A bias in favor of previous grantees. One department awarded extra points for topical and managerial experience and past receipt of a government grant.
12. A requirement that organizations apply for grants in collaboration with likely competitors. Each FBCI center identified at least one program in which grant applicants must show support from other providers.
13. A requirement that grantees establish 501(c)(3) nonprofit status. By statute, many federal discretionary and formula grant programs require applicants to be nonprofit organizations. However, federal officials imposed this requirement unilaterally even in the absence of statutory authorization.
14. Inadequate attention to faith-based and community organizations in the government-wide effort ordered by Congress to simplify and streamline the grant application process.
15. Favoritism toward faith-based groups. The WHO/FBCI one instance in which a grant program limited eligibility to faith-based organizations and to youth-serving organizations collaborating with faith-based groups. The report recommended discontinuing this practice because it would prove constitutionally problematic.

REGULATORY CHANGES

“It would be great to have legislation, but there’s a ton of stuff I can do without it.”

*Bobby Polito, director of the Center for Faith-Based & Community Initiatives
in the U.S. Department of Health and Human Services*

With assistance from White House Office of Faith-Based and Community Initiatives, eight federal agencies have proposed or finalized 15 new regulations that together mark a major shift in the constitutional separation of church and state. For example, the Veterans Administration no longer requires faith-based social service providers to certify that they exert “no religious influence.” The Department of Labor now allows students to use federal job-training vouchers to receive religious training leading to employment at a church, synagogue, or other faith-based organization. The Department of Justice permits religious organizations to convert government-forfeited property to religious purposes after five years, replacing the previous policy prohibiting such conversions. New charitable choice regulations at the Department of Education apply to all federal- and state-administered grant programs, including academic mentoring of at-risk children and after-school computer labs.

The regulatory changes also encompass two reversals of longstanding policy on Constitutional interpretation by the government. These have proved to be the most sensitive actions taken by the Bush Administration in carrying out the Faith-Based Initiative. The federal government now allows faith-based groups receiving federal funds to consider religion when employing staff, and to build and renovate structures used for both social services and religious worship.

Religious Employment

A previous Presidential Executive Order signed by President Lyndon Johnson stipulated that all government contractors were prohibited from discriminating in employment based on race, creed, color, or national origin. President Bush’s executive orders change that by allowing religious organizations contracting to provide government social services to hire and fire staff members based on their religious beliefs, to the extent permitted by law. For instance, the Department of Housing and Urban Development changed its regulations to state that religious organizations participating in programs totaling \$20 billion may employ staff based on religion. The Department of Veterans Affairs has similarly eliminated a requirement that religious organizations providing homeless services forfeit their religious hiring rights.

Opponents of these rule changes noted during a public review period that some run afoul of existing federal law. For instance, after Rep. Barney Frank (D-Mass.) pointed out that statutory provisions prohibited employment

discrimination based on religion in two HUD programs, HUD removed the proposed changes. Other laws also prohibit job discrimination based on religion, including the Workforce Investment Act of 1998, which provides job-training grants.

Even among federal laws, there are conflicting prohibitions or allowances for religious hiring provisions for federal programs, and several congressional attempts since 2001 to establish consistency with religious employment laws have stalled. To spur legislative action, the White House sent Congress a report entitled *Protecting the Civil Rights and Religious Liberty of Faith-Based Organizations: Why Religious Hiring Rights Must Be Preserved* in June 2003. “President Bush believes that—regardless of whether government funds are involved—faith-based groups should retain their fundamental civil rights, including their Title VII right to take their faith into account when they make employment decisions,” the report held. “As the Civil Rights Act of 1964 recognizes, for a faith-based organization to define or carry out its mission, it must be able to choose its employees based on its unique vision and beliefs. Such a right is rooted in the values of religious pluralism on which our nation was founded.”

In promoting these changes, the Administration points to the 1996 welfare reform legislation and four other federal laws passed between 1998 and 2000 that allow for religious hiring in government programs. The laws were based on Title VII of the Civil Rights Act of 1964, which exempts religious organizations from prohibition on religious discrimination in hiring contained in the nation’s nondiscrimination laws – an exemption upheld by the U.S. Supreme Court in 1987.

The Administration’s hiring rights report sparked immediate opposition from civil liberty groups and some members of Congress, who maintain that allowing religious groups to discriminate in hiring with government money will institutionalize further discriminatory employment based on race and gender. These critics contend that Title VII applies to employment by religious groups using private rather than public funds, and that government funding should not be used to discriminate in hiring or firing. “I feel this support of discrimination with federal money by religious groups will spread throughout every nook and cranny of this country,” contends Rep. Chet Edwards (D-Tex.). “I think we all understand how important this battle is.”

The White House report did not specify a way to address what may become a critical aspect of this debate: what will happen at the state and local level, as state laws vary in their regulation of religious hiring practices. “The White House policy statement is aggressive about what the federal law should be but surprisingly passive about state and local law,” observe Roundtable legal scholars Lupu and Tuttle. “The White House stops short of urging Congress to preempt state or local non-discrimination law. This is in contrast to earlier legislation that

called for federal preemption of state and local law. The White House is not going that far.”

Religious Buildings

Since at least 1991, federal policy forbade federal grants to be used for repair or preservation of structures devoted to worship or religious instruction. The government had based this policy on principles of constitutional law, derived both from the history of the Establishment Clause and from several Supreme Court opinions dating to the early 1970’s. But under changes in regulations and policy interpretations by the Bush Administration, federal grants are now permitted for the construction or rehabilitation of structures owned by religious organization “to the extent that they are used for eligible activities” and are awarded to active religious organizations for the preservation of houses of worship.

The Administration asserted that HUD’s new policy allowing the use of government funds to build centers for religious worship or instruction would allow groups like California’s Orange County Rescue Mission to receive grants without forming a separate secular branch, renaming its chapel an “auditorium,” or discontinuing all religious activity at the facility. “The question is: can the federal government partner with houses of worship and put houses of worship on a level playing field with other secular organizations that provide social services?” said David Kuo, former deputy director of the White House OFBCI.

Legal scholars note that the new policy will require government officials to monitor the uses of buildings occupied by faith-based organizations, and to characterize those uses as secular or religious. Such monitoring and characterization raises constitutional problems of potentially excessive entanglement between church and state. Moreover, if “religious activity in the building exceeds by even a small amount the percentage specified in the arrangements between the religious entity and the government, the federal government could suddenly find itself supporting someone’s faith-and in clear violation of the Establishment Clause,” according to Lupu and Tuttle.

To reinforce the policy change, the Bush Administration awarded grants to faith-based organizations formerly denied federal funding for building renovations. For example, in December 2002 President Bush announced that the Federal Emergency Management Agency had approved an emergency grant previously denied to the earthquake-damaged Seattle Hebrew Academy in Nisqually, Washington.

And the National Park Service changed its grant application process in 2003 to facilitate a series of new grants. In May 2003, the National Park Service announced a \$317,000 grant under the Save America’s Treasures program for the historic preservation of Boston’s Old North Church, where Paul Revere signaled the start of the American Revolution. “Today we have a new policy that will

bring balance to historic preservation and end the discriminatory double standard that has been applied against religious properties,” announced Gail Norton, Secretary of the Interior. In November 2003, three more Save America’s Treasures program grants totaling \$950,000 were made for restoration of religious houses of worship. Grant recipients included the Touro Foundation, a non-profit organization dedicated to preserving the Touro Synagogue, the nation’s oldest synagogue; The Eldridge Street Project in New York City for restoration of Eldridge Street synagogue, the first constructed in the United States by Eastern European Jews; and The Mission Concepcion in San Antonio, Texas to improve water drainage to protect the oldest unreconstructed Spanish Colonial church in the United States.

The grants depart dramatically from previous administrative and legal practice. The U.S. Supreme Court has ruled in three cases since 1971 that grants to religious institutions could not be used to build a facility in which worship or other sectarian activities occur. And the Department of Justice has concluded since 1981 that the Constitution forbids the use of federal grants to restore properties actively used for worship or religious instruction.

Some legal scholars say the funding of historically significant houses of worship is legally permissible because it will preserve American history and not advance religion or worship, while others maintain that it violates the constitutional separation of church and state because it puts public money into the collection plate for the church’s building fund. The day after the Old North Church grant was announced, the Department of Justice released two opinions supporting the legality of the grants to both the Old North Church and the Seattle Hebrew Academy. Yet according to Lupu, “The question remains whether the law has changed enough to reverse Supreme Court rulings.”

A NEW LAYER OF BUREAUCRACY

“We must bring the hope and healing of faith-based services to more and more Americans. Government has often been slow to recognize the importance of faith-based and community efforts. That’s changing. And more changes are needed.”

President George W. Bush, December 12, 2002

The President’s executive orders directed all federal agencies to review their rules and internal operations to ensure that they provide equal treatment for faith-based groups. Although federal departments have long worked with faith-based organizations such as Catholic Charities and Jewish Social Services, the Administration wants the federal government to move beyond the traditional no-aid, strict-separationist framework. Because many smaller groups have neither the staff nor the experience to apply for or administer federal grants, FCBI offices offer legal, logistical, and technical assistance in navigating the bureaucracy. These offices are “the engines of administrative reform,” according to one OFBCI

staff member, and their directors meet regularly with White House OFBCI staff to promote and service partnerships with religious groups. The result is the creation and establishment of a new layer of bureaucracy with its source at the White House and filtering down through a cadre of federal agencies and programs.

The creation of this new bureaucracy is ironic. The roots of the Faith-Based Initiative lay in a conservative ideology favoring small government. Moreover, some liberal critics had asserted that the Initiative is part of a widespread effort by the Bush Administration to privatize services and curtail the size and role of government. The Administration has countered that the Initiative attempts to leverage the work of caring people and private resources to supplement, not replace, the government's work.

To advance the Initiative, the WHOFBCI has spearheaded an outreach campaign, sponsoring 13 regional conferences in cities such as Atlanta, Denver, Chicago, Minneapolis, and Los Angeles, and a national conference in Washington, D.C. Tens of thousands of religious leaders have attended these conferences to learn how to compete for a piece of the government pie, and President Bush has appeared at three of them, stressing his resolve to aggressively pursue the Initiative.

The WHOFBCI has also published a 67-page catalogue of almost 150 federal grant programs representing more than \$50 billion for which faith-based and community organizations may apply. Conference organizers have distributed tens of thousands of these catalogues and also posted the information on the WHOFBCI website, which includes legal do's and don'ts—because “dealing with the federal government isn't always easy,” according to the site. The catalogue also mentions that more money is available for programs administered by states and localities than from the federal government, with the \$25 billion awarded in direct grants by HHS in fiscal year 2001 far surpassed by the \$160 billion (six times as much) awarded to states and localities, much of which passes through to non-government organizations. “So, in addition to finding out more about grants from the federal government, you will probably want to look into partnering with your State and local government,” the catalogue advises.

FBCI offices in each federal agency have also sponsored dozens of national, regional, and local workshops offering technical assistance in applying for federal funds. Some of these sessions have become infused with overt religious messages and references. One conference in Washington, D.C., sponsored by the Department of Justice and the Department of Health and Human Services, featured a gospel singer and a preacher, and resembled more of a tent revival than a government-sponsored information session. “The Lord Jesus deserves our praise,” the soloist sang at the conference podium as 100 faith-based providers rose to their feet, pumped their palms in the air, and chanted “Amen” and “Hallelujah.” A federal employee sat next to the singer on the dais and swayed and clapped her hands to the rhythm of the music.

The Department of Labor's Center for FBCI circulated a brochure with a mockup of a burning bush—a symbol from the Bible—brandishing the slogan, “Not everyone has a burning bush to tell them their life's calling.” The Center's director, Brent Orrell, maintains that this slogan was not directed toward any specific religious audience, calling it a “lighthearted” approach that resonates with all religions that recognize the burning bush as a symbol of faith dating to Abraham.

Critics have accused the administration of using these efforts to build political cachet among low-income constituencies. In the summer preceding the close 2002 congressional race, federal faith-based officials appeared at Republican-sponsored events and alongside Republican candidates in at least six states. The events often targeted black audiences, including one South Carolina event sponsored by the state Republican Party and attended by 300 black ministers, who later received letters on GOP stationery containing instructions on how to apply for grant money. In the days before the election, White House OFBCI Director Jim Towey also made a 20-city tour to promote the Faith-Based Initiative. And in the run-up to what is expected to be another close presidential election in 2004, OFBCI regional conferences have been held in battleground states where votes might prove decisive in the outcome.

However, President Bush has steadfastly maintained that the Faith-Based Initiative is apolitical, and he cites the appointment of Mr. Towey, a self-avowed Democrat, as an appointee who puts service to the needy above politics. Upon naming him faith-based czar in February 2002, President Bush attested that Jim Towey “understands there are things more important than political parties. And one of those things more important than political parties is to help heal the nation's soul.” White House officials point out that Jim Towey speaks to groups regardless of race or political affiliations, citing one appearance with a Democratic House member in New York. Yet Rep. Elijah Cummings, a black Democrat from Georgia, counters that it is naïve to think the Initiative isn't political. Much to his dismay, he says, he is no longer welcome to speak to some black congregations in his district that receive federal grants and give credit to Republicans.

Reverend Wilson Goode, former Democratic mayor of Philadelphia who now works with Amachi, a federally funded faith-based mentoring program, acknowledges the Initiative's political overtones. However, he points out that faith communities were working to provide social services long before George W. Bush became president. “I know this is an election year, but we need to be practical on how we're going to help people in our neighborhoods,” he said. “I take money from the government because it's my money too.”

Administrative Changes

Following publication of *Unlevel Playing Field*, each federal agency launched an aggressive campaign to revamp internal procedures that may have posed barriers to participation by faith-based groups. For example, many grant announcements now point out that faith-based and community-based groups are eligible to apply for federal grants, and designate outreach to faith-based and community organizations as a priority.

The Health and Human Services Family and Youth Services Bureau eliminated a bonus point system favoring existing grantees, to open the door to new applicants, including faith-based organizations. And the social services notice of the Office of Refugee Resettlement encourages state governments to contract with ethnic community-based organizations, including faith-based groups.

Many programs have also simplified their applications to enable small faith-based and community-based organizations to participate. Some federal departments reduced the length and complexity of their grant applications while others simplified the language to facilitate newcomer applicants. When faith-based groups are ineligible for grants, departments have encouraged them to partner with other organizations that provide social services. Some departments also use faith-based providers as grant reviewers, although the FBCI centers do not help select grantees.

To recruit and educate faith-based groups regarding federal grants, \$30 million was appropriated in fiscal year 2002 for a Compassion Capital Fund which supports 21 “intermediary” organizations. These groups make subgrants to faith-based and community organizations; train small faith-based and community groups in grant writing, staff development, and management; and help them network and collaborate. For example, one intermediary, Father Joe’s Villages of San Diego, used part of its \$673,000 grant to sponsor interactive classroom training to enable faith-based and community organizations to explore partnering. And the Christian Community Health Fellowship of Chicago spent part of its \$1 million grant to sponsor “Nuts & Bolts of Getting Started” – a two-and-a-half-day workshop designed to help health clinics develop a vision for providing primary care services to the underserved.

The Compassion Capital Fund grew to \$32 million in FY 2003, including grant renewals to the 21 intermediaries and 50 individual \$50,000 grants to faith-based and community organizations. The Fund also established a \$2.2 million national resource center and information clearinghouse for federal agencies and intermediaries. A pending fiscal year 2005 HHS appropriation bill calls for \$55 million to fund the Compassion Capital Fund.

To encourage their participation, WHOFBCI sends e-mail updates to more than 13,000 faith-based organizations announcing conferences, grant postings, grant

review opportunities, technical assistance, and resources. One 12-page message, for example, announced a Smart Marriages Conference Grant Writing workshop in Dallas, a Pastor's Guidebook for HIV/AIDS Ministry Through the Church published by The Ark of Refuge of San Francisco, and HIV/AIDS prevention grants awarded through the U.S. Conference of Mayors.

Critics have complained, and a Wisconsin association of agnostics and atheists has filed a lawsuit contending that faith-based groups receive favorable treatment in competing for dwindling social service funds. But the White House insists that it is trying to ensure a level playing field. "We're not trying to create a faith-favored environment. We're trying to create a faith-friendly environment," said Kuo.

The full extent to which the White House has been successful in carrying out the Initiative is still partly uncertain. But in May 2004, three years after launching the Faith-Based Initiative, the White House released an incomplete yet revealing tally of grants to faith-based and community organization grants at the departments of Health and Human Services, Housing and Urban Development, Labor, Justice, and Education. Of the total \$14.4 billion awarded in 140 federal non-formula competitive grants, 8 percent - or \$1.17 billion - went to faith-based organizations. HHS and HUD reported a combined increase of \$144 million in grants to faith-based groups in FY2003, with HHS raising its total by 41 percent and HUD by 16 percent. Both agencies also showed an increase in both the number and the dollar amounts of grants awarded to first-time faith-based providers. The Department of Labor reported the smallest percentage of grant funds awarded to faith-based groups (2 percent), while HUD reported the largest (24 percent).

Overall, the Administration's use of executive power to direct such funding has provoked both sharp criticism and strong support. In the view of vocal critic Barry Lynn, executive director of Americans United for the Separation of Church and State, "The Administration seems to say, 'We couldn't get the votes in Congress, so we're going to hijack every dollar we can and move it into faith-based ministries.'" But the White House's Jim Towey casts the effort in a starkly different light. "I'm very encouraged by how President Bush has approached this with steadfast and dedicated resolve to see that this Initiative is advanced forward against all odds," Towey declared in a speech at the Heritage Foundation, a Washington-based think tank. "Anyone else would have quit after what he's run into on this. But he hasn't quit because it's here, in his heart. This is an issue that's very near and dear to his heart and to his own statement of what it means for him to be President and what he wants to accomplish. That excites all of us."

Who's Who in the Faith-Based Initiative

The White House

The White House Office of Faith-Based and Community Initiatives (WHOFBCI) has a staff of eight, led by director **H. James Towey**. Towey was appointed Deputy Assistant to the President and Director of the WHOFBCI on February 1, 2002. Previously, he was President of Aging with Dignity, a national non-profit organization he founded in 1996 that helps families plan for and discuss the care they want during times of serious illness. Towey ran Florida's health and social services agency, the largest agency of its kind in the country, under Governor Lawton Chiles. In addition, he served as legal counsel to Mother Teresa of Calcutta for 12 years and in 1990 lived as a full-time volunteer in her home for people with AIDS in Washington, DC. Prior to meeting Mother Teresa, Towey worked for Senator Mark O. Hatfield as Legislative Director and Legal Counsel.

Another mainstay of the WHOFBCI has been **J. David Kuo**, who prior to his departure this year served as special assistant to the President and Deputy Director of the Office. Earlier in his career, Kuo was policy director for Senator John Ashcroft, and deputy policy director for Empower America, a public policy organization founded by Bill Bennett, Jack Kemp and Jeane Kirkpatrick. He also founded The American Compass, a nonprofit organization that funds social service programs. Kuo is the author of "Dot.Bomb: My Days and Nights at an Internet Goliath" about the rise and fall of a start-up Internet company (Value America) he served as senior vice president of communications. He also wrote speeches for then-Governor Bush and for former AOL executive Steve Case.

Dennis Grace is Special Assistant to the President for Administrative Reforms in the White House OFBCI. Grace has worked in the field of refugee affairs for two decades. He was the International Rescue Committee's Joint Voluntary Agency Representative in Bangkok from 1981 to 1995 and directed the U.S. private voluntary agency involvement in the Indochinese Refugee Resettlement program in Thailand. He later served as Vice President of Refugees International, a Washington, DC-based advocacy group. Mr. Grace also was Executive Director of the US-Thailand Business Council, and founded an English language school in Laos.

Rebecca Rees Dummermuth is the WHOFBCI's Associate Director for Legal Affairs. Previously, she was a Legal Counsel at The Becket Fund for Religious Liberty, a bipartisan and ecumenical, public-interest law firm that protects the free expression of all religious traditions. As lead articles editor of the Washington and Lee Law Review, Dummermuth published a Note examining the intersection of the charitable choice initiative, state Blaine Amendments, and the First Amendment. She clerked for Judge Rhesa Hawkins Barksdale on the U.S. Court of Appeals for the Fifth Circuit, and later served in the Bush Administration in the Department of Labor as special assistant to Solicitor Eugene Scalia.

Jeremy White is the Associate Director of Outreach for the White House OFBCI. Previously, he was Program and Policy Analyst at Public/Private Ventures where he researched the extent and efficacy of faith-based programs nationwide. White also co-authored a study on faith-based programs for at-risk youths in Washington, D.C., and researched metropolitan government at the Brookings Institution. Before joining the White House, he served as Coordinator of Youth Programs at a faith-based academic enrichment center in Washington, D.C.

The Federal Agencies

The US Department of Health and Human Services Center for FBCI has a staff of eight, led by director **Robert J. Polito**. Polito is the founder and past president of FaithWorks International, a Christian-based substance abuse recovery program in New York City and Wisconsin, where it became the subject of landmark federal district court decisions distinguishing between direct and indirect governmental payments to faith-based service providers. Polito drew on his previous work experience when he led a substance abuse workshop in Washington, D.C. last year. "I always gave out Bibles (at the faith-based recovery program), but I never spent government money for it," he said. "I asked the Mayor of New York if it was okay and he said, 'Yes, as long as the government doesn't pay for it.'" Polito also served as an advisor to the New York Mayor on welfare and substance abuse issues.

The US Department of Housing and Urban Development Center for FBCI has a staff of eight, led by director **Ryan Streeter**. Streeter previously worked as an information and resource director at both the HUD Center for FBCI and the White House OFBCI. Prior to his work in the Bush administration, Streeter was a research fellow at Hudson Institute where he advised public and private leaders on policy concerning faith-based and community organizations. Streeter served as Special Assistant for neighborhood policy to former Indianapolis mayor Stephen Goldsmith, who was an early influence on President Bush's creation of the faith-based initiative, and he has written books and articles on the public purposes of faith-based and community organizations.

The US Department of Labor Center for FBCI has a staff of ten, led by director **Brent Orrell**. Orrell is a 15-year veteran of Capitol Hill, working in both the U.S. House and Senate, and is a pioneer of the faith-based initiative. He served as legislative director to Sen. Sam Brownback and former Sen. Dan Coates, both of whom have been leading advocates for faith-based and community initiatives. He was also deputy legislative director to Sen. Sam Nunn on domestic policy issues including health care and welfare. Orrell oversaw the Project for American Renewal, a legislative effort in the 1980s to include more faith-based and community organizations in government partnerships. He also helped create REAL Life, a faith-based effort to address the social ills of urban areas.

The US Department of Education Center for FBCI has a staff of five, led by director **John Porter**. Porter, an attorney from Pennsylvania, served on the board of an inner city faith-based school in Pittsburgh. Experienced in working with faith-based and community organizations, he particularly advocated for a quality education for children of all backgrounds.

The US Department of Justice Center for FBCI has a staff of three, led by director **Patrick Purtill**. Before becoming director, Purtill was President and CEO of the National Council for Adoption, which promotes adoption as an option for women in crisis. He was also President and Executive Director of the Washington Scholarship Fund, which provides scholarships to low-income students in Washington, D.C. to attend private and parochial schools. Mr. Purtill also worked as legislative assistant to Rep. E. Thomas Coleman.

The US Agency for International Development Center for FBCI has a staff of five, led by director **Michael Magan**. Magan served as Associate Deputy Under Secretary in the Bureau of International Labor Affairs at DOL before joining USAID. He also served in executive positions at the U.S. Chamber of Commerce and was a key member of the world's largest business federation and was responsible for trade policy in the Western Hemisphere. Magan also was the executive vice president of the Association of American Chambers of Commerce in Latin America and the U.S. Section of the Brazil-U.S. Business Council. Magan was a program director at an independent, nonprofit organization promoting democracy internationally; served as an official observer for presidential elections in Azerbaijan, Haiti, Central American countries, Peru and Ukraine; and worked for two U.S. House members.

The US Department of Agriculture Center for FBCI has a staff of three, led by director **Juliet McCarthy**. McCarthy was deputy director to Brent Orrell at the Department of Labor Center for FBCI before she moved to USDA. From 1994 to 1998, McCarthy was an attorney with the Georgia Justice Project, which provides criminal defense service to the poor, visits clients who are sentenced to prison, and supports ex-offender rehabilitation and reentry. She was also deputy director for the Southern Regional Council, a civil rights organization in Atlanta, Ga.

The Corporation for National and Community Service OFBCI has a staff of two, headed by **David Caprara**. Caprara was appointed in 2002 as director of the Corporation's AmeriCorps*VISTA program. Previously, he was president of the American Family Coalition, a Washington Times Foundation-funded program working with faith-based and community groups to strengthen families and increase economic opportunities for low-income citizens. Caprara was co-founder and president of The Empowerment Network, a national organization promoting American family and community renewal through faith-based initiatives and cultural remedies, and he served as the executive director of Virginia Governor George Allen's Commission on Citizen Empowerment. From 1989 to 1992, he worked as deputy assistant secretary at the U.S. Department of Housing and Urban Development.

FEDERAL AGENCIES AND THE FAITH-BASED INITIATIVE

This section documents the expansion of the faith-based initiative – through rule changes, grant initiatives, and outreach to faith-based groups – among the participating federal government agencies since 2001. These efforts are changing the nature and shape of partnerships between government and faith-based groups and testing legal and cultural boundaries between government and religion in America.

The director and staff of the FBCI offices in each of these departments identify avenues for promoting faith-based partnerships and meet regularly with the White House Office of Faith-Based and Community Initiatives to coordinate their efforts. Each FBCI center maintains an extensive website and displays a host of information at regional OFBCI conferences. The centers do not make grants but rather provide notices of grant availability and eligibility as well as contact information to ease the application process. Because the Faith-Based Initiative is pervasive and growing, the information here may not be inclusive.

The First Wave

On January 29, 2001, President Bush issued an Executive Order creating Centers for Faith-Based and Community Initiatives within five federal agencies: the departments of Health and Human Services, Housing and Urban Development, Labor, Education, and Justice.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The U.S. Department of Health and Human Services (HHS) is one of the most active facilitators of faith-based partnerships. Not only is HHS the federal government's largest grant-making agency-encompassing more than 300 grant programs and a \$460 billion annual budget-but it also houses a majority of the government's human service programs. The department's faith-based partnerships emphasize programs promoting marriage as a means of reducing poverty, abstinence-only programs to reduce teen pregnancy and infectious disease, efforts to mentor children of prison inmates, and an array of smaller programs.

HHS administers the Compassion Capital Fund (CCF), the only new funding stream dedicated to the Faith-Based Initiative. CCF intermediary recipients ranged from Catholic Charities in New Mexico to Mennonite Economic Development Associates in Pennsylvania. CCF intermediaries, which are supported and trained by a national information clearinghouse, also included Operation Blessing International, run by the evangelical leader Reverend Pat Robertson, who had criticized the Faith-Based Initiative because non-Christian groups might receive funding. The intermediaries, in turn, sub-granted \$11

million in FY 2002 to smaller organizations providing shelter, food, care for at-risk children, drug rehabilitation, and welfare-to-work programs.

Rule Changes

The *Unlevel Playing Field* criticized HHS for doing little to ensure that state and local governments comply with the charitable choice directives in the 1996 welfare reform act. The faith-based directives in that law apply to \$20 billion in funding for Temporary Assistance to Needy Families, the nation's chief mechanism for welfare assistance and work opportunity services for needy families; the Substance Abuse and Mental Health Services Administration (SAMHSA); and the Community Services Block Grant. HHS responded to its own internal audit by issuing new rules for those three programs.

Of particular note is the rule governing employment in SAMHSA-funded programs. The change takes a much more expansive view of the Religious Freedom Restoration Act of 1993 than previously asserted by the federal government or the courts. Because substance abuse programs have traditionally been staffed with medically trained personnel, this change has sparked vigorous dispute because faith-based treatment may rely more heavily on spiritual rehabilitation than on medical treatment. Legal experts have also said that the new rule could impede Congress from prohibiting faith-based hiring.

The *Unlevel Playing Field* pointed to overly burdensome regulations requiring that Head Start programs housed in religious buildings remove or cover up religious symbols, and noted that HHS was extending such restrictions to new programs. For example, the agency had extended the restriction against contracting with "pervasively sectarian" organizations to the Adolescent Family Life Program - which granted \$24.3 million in FY 2001 for abstinence education - and to other abstinence programs funded through the Maternal and Child Health Bureau. The new HHS rules eliminated all such restrictions. HHS subsequently proposed rules that would require equal treatment of faith-based providers in all HHS programs.

Grants

The White House reported that the number of HHS grants to faith-based organizations rose 41 percent - from 483 to 680 - in FY 2003. HHS also recorded a 50 percent increase in the number of first-time grants to faith-based groups, from 86 to 129. Overall funding to such groups rose by 19 percent, from \$477 million to \$568 million.

HHS has focused its efforts to work with faith-based and community organizations in these program areas:

- *Abstinence Education:* HHS and the Centers for Disease Control (CDC) have added an extra emphasis on abstinence only programs in their prevention approach to controlling unwanted pregnancies, HIV/AIDS, and other sexually transmitted diseases among youth. Congress has appropriated over \$100 million to organizations that sponsor abstinence-only education while curtailing comprehensive prevention method programs over the past three years. HHS has actively promoted the involvement of faith-based organizations in abstinence programs. For example, the Office of Abstinence and Pregnancy Prevention encouraged faith-based, community, and school-based programs to apply for a share of \$350 million in funding for Adolescent Family Life Demonstration Projects, which promote abstinence as the most effective way to prevent unintended pregnancy and sexually transmitted disease.

The result is that more faith-based than secular groups received funding for such programs in FY 2003—the first such record. Of 28 new grants totaling more than \$15 million in July 2003 to help communities develop abstinence programs for youth aged 12 to 18 years, at least 10 went to faith-based organizations, including Metro Atlanta Youth for Christ and Chicago’s Lawndale Christian Health Center. The Health Resources and Service Administration, which administers the grants, restricts recipients from using federal grant money for sectarian instruction, worship, prayer, or proselytizing.

The new approach has stirred controversy, especially within the scientific community. In February 2004 a group of Nobel laureates and noted scientists issued a report criticizing the Bush Administration’s use of “distorted” scientific information for policy goals, including abstinence-only programs to prevent AIDS. The report chastised the Administration for dropping outcome measures for abstinence-only programs, and for appointing Joseph McIlhane, founder of the Medical Institute for Sexual Health, a Texas-based nonprofit that promotes abstinence programs, to the Presidential Advisory Council on HIV/AIDS. The report also lamented that CDC ended its Programs That Work initiative, which provided comprehensive sex education to teenagers.

- *Mentoring Children:* The Bush Administration has ranked mentoring children as a priority area in advancing the Faith-Based Initiative. The White House Task Force for Disadvantaged Youths released a report in 2004 recommending mentoring programs for high-risk youths, and the Administration is partnering with faith-based groups to provide such programs. Of 52 organizations receiving mentoring grants in an October 2003 funding cycle, 27 partner with churches.

The President has heralded the Amachi program – which oversees mentoring for children of incarcerated parents – as a leading example of faith-based efforts in action. Amachi works with a consortium of church members, faith-based

organizations, and national youth programs to screen and match mentors with children in 21 cities. Amachi and its network of partner organizations received about one-third of \$9 million awarded for such programs in October 2003.

- *Marriage Promotion*: Encouraging healthy marriage to alleviate poverty among children is another Administration priority. However, HHS spends only \$200 million of the \$46 billion administered by the department each year on marriage promotion programs, according to agency officials. “We didn’t propose spending any new money,” says Wade Horn, an assistant secretary at HHS and a long-time advocate of healthy-marriage programs. “We’re not expanding government; we’re just redirecting money within the Temporary Assistance to Needy Family (TANF) program. We created a social service infrastructure that for the last 40 years has been afraid to bring up the subject of marriage. That’s no longer the case.”

HHS awarded \$990,000 to a program in Grand Rapids, Michigan, and \$544,400 to a program in Nampa, Idaho, that relies on the state child-support system to promote marriage through counseling and education. Coalitions in both communities include civic and religious groups as well as government.

Arizona and Oklahoma were the first states to use TANF money to fund marriage initiatives, according to the National Conference of State Legislatures. Arizona funds courses that teach marriage skills and a handbook that educates engaged couples about healthy marriages. Oklahoma’s governor set aside \$10 million in TANF funds for the Oklahoma Marriage Initiative, prompted by a 1998 study that found a direct link between the state’s high divorce rate and slow economic growth.

Utah and West Virginia also use TANF funds for marriage initiatives. Married couples on welfare in West Virginia, for example, receive a \$100 a month bonus to reduce financial disincentives in the welfare system to marry. A Native American tribe in Warm Springs, Oregon, also uses TANF funds to support its Snagging for Life program, which awards couples \$1,500 for wedding expenses and a one-time \$2,000 marriage bonus.

HHS has initiated numerous smaller efforts to partner with faith-based organizations:

- *SAMHSA* was the first HHS agency to formally incorporate the role of spirituality and faith-based organizations in its discretionary block grant programs. SAMHSA’s Community Substance Abuse Prevention Partnership Program, run by a full-time coordinator, has enlisted more than 800 faith-based and community partners.

- The *Bureau of Primary Health Care*, under the auspices of HRSA, created the Faith Partnership Initiative to address health disparities in racially and ethnically diverse communities. Programs include a partnership with the Congress of National Black Churches, whose affiliates represent 19 million people, and Summit Health Research and Education, which connects faith-based organizations and health care providers to manage diabetes in communities of color.
- The *Child Care and Development Fund* recently released “What Congregations Should Know about Federal Funding for Child Care”-guidelines for daycare providers of children whose parents are working or attending a job-training or educational program. “Faith-based providers using the childcare voucher may not discriminate on the basis of faith in admission of children,” the guide states. “Within certain limits, faith-based providers may give preference to members of their own denomination in employment. Additionally, faith-based providers using the voucher may retain the religious nature of their programs including religious instruction, worship, prayers, and curricula.”
- HHS-funded faith-based providers may include *Assets for Independence*, a financial literacy program, among their services. Under the program, recipients receive matching grants for use as a house down payment, college tuition, or a business investment. HHS officials report that they like working with faith-based groups such as Chicago’s Faith to Finance because they ensure that families spend the funds properly.
- The *Office of Community Service* awards planning and organizational grants to entrepreneurs, including faith-based groups, who develop new businesses in needy areas.

HHS also encourages faith-based groups to participate in several other programs:

- The *Community Food and Nutrition Program* awarded \$2.4 million in FY 2003 to groups linking low-income people to food and nutrition programs.
- *Centers for Medicare and Medicaid Services* is working with faith-based organizations to distribute information about a new prescription discount card that gives the elderly savings on most prescriptions and carries an added subsidy for low-income retirees. The Center is looking at possibilities of partnering with faith-based organizations to provide other Medicare and health information.

- The *Office of Refugee Resettlement Services for Recently Arrived Refugees* connects refugees with local resources and helps communities cope with a sudden in-migration.
- SAMHSA's *Young Offender Reentry Program* offers services such as substance abuse treatment to help youth return to communities after incarceration.
- The *Social and Economic Development Strategies for Native Americans Program* awarded \$2 million for regional projects that faith-based groups may sponsor.
- *Head Start* provides \$15 million to institutions of higher learning—including those that are faith-based—to educate professionals to work with Hispanic and Latino children and their families. Another \$15 million funds historically black colleges and universities, including faith-based institutions, to train teachers to work with African-American children and their families.
- *Youth Transition into the Workplace* provided \$2 million in FY 2003 to broaden drug-free workplace programs, health and wellness programs, and health-risk assessments for employees aged 16 to 24 years.
- Some 35 awards totaling \$13.9 million have enabled faith-based and community organizations to expand treatment for homeless people with drug and alcohol addictions and mental illness.
- The *Centers for Disease Control* sought applications from faith-based and community organizations for \$682,200 in FY 2003 to pay for technical assistance for immunization programs.
- The *Community-Based Abstinence Education Program* provided up to 90 grants ranging from \$250,000 to \$800,000 in FY 2003 to support programs for teens, including those run by faith-based organizations.
- The *Office of Adolescent Pregnancy Programs* provides grants to organizations that offer abstinence education, including 19 that are faith-based. The office also supported competitive grants under the Healthy People 2010 program to faith-based and community organizations to develop programs to reduce cancer and food-borne illnesses.
- HRSA established the *Faith Partnership Initiative* to link federally funded community health centers and faith-based groups working to

boost access to primary and preventive health care and coordinate health care resources. HRSA also provides funding to such organizations through the *Healthy Tomorrows* program, the *Healthy Start* program, and a pilot project to test the use of faith-based health advocates to promote organ donation.

Vouchers

The Administration has encouraged faith-based groups to become involved in treating substance abuse because it believes religion can be a powerful force in changing lives and habits associated with chemical addiction. Toward that end, the President proposed the Access to Recovery program, which provides \$100 million in vouchers to recipients of social services in up to 15 states. Recipients use the vouchers to choose rehabilitation programs, including those that are faith-based.

External Outreach

The HHS Center for Faith-Based and Community Initiatives has an active public outreach campaign - including press conferences, workshops, and seminars - to promote the department's new prevention emphasis and recruit faith-based partners. For example, John Walters, the national drug czar, appeared at a press conference with Jim Towey, director of the White House OFBCI, to announce Pathways to Prevention, which promotes faith as a deterrent to substance use among youth.

"Faith plays an important role when it comes to teen marijuana prevention," Walters said. "We are urging youth ministers, volunteers, and faith leaders to integrate drug prevention messages and activities into their sermons and youth programming." He cited a study reporting that only 2 percent of congregations had supported substance abuse programs over the past year.

Pathways to Prevention features a website for faith communities and parents, an e-mail newsletter, brochures, and a 100-page activity guide for faith youth leaders. In one exercise, leaders are instructed to bring a six-pack of beer to student group sessions and suggest that students say a prayer and ask for divine help in deciding what to do with the beer. Another activity suggests that students imagine a dialogue between the six-pack and a holy book. "What values does the holy book communicate regarding alcohol? What stories does it tell? What would the alcohol say in return?" the guide lists as questions to ask the students.

The largest Compassion Capital Fund intermediary, the Institute for Youth Development, is sponsoring workshops in 24 cities to help faith-based and community organizations produce competitive grant applications. The HHS FBCI also coordinates free workshops for nonprofits, such as the all-day Smart

Marriages Conference Grant Writing Training program. The White House OFBCI, Compassion Capital Fund, and HHS FBCI websites also list a full menu of grants as well as workshops such as The Faith-Based Initiative and Your Organization, Grant Writing, How and When to Borrow Money, and Servicing Ex-Offenders.

SAMHSA has also sponsored workshops and conferences for faith-based organizations. One conference in Washington featured medical experts who emphasized that religion can help people recover from substance abuse. Abdul Basit, director of the Division of Multicultural Mental Health Services at the University of Chicago's Center for Psychiatric Rehabilitation, said at the conference that religion and spirituality have become prominent and accepted aspects of efforts to cure addiction. "I wouldn't have been able to make this speech here ten years ago," he said.

The HHS Center for FBCI has also issued guidebooks for faith-based and community applicants. The 2004 *Grant Opportunities Notebook* lists funding opportunities, web resources, information on the CCF, and details on how nonprofits can become grant reviewers. *Developing Competitive SAMHSA Grant Applications: A Participant Manual* describes the application process. A comprehensive HHS website – www.grants.gov – offers information on 800 grant programs involving all 26 federal grant-making agencies.

In another outreach effort, the Office of Child Support Enforcement produced a video on strengthening the role of faith-based organizations in collecting child support and encouraging parental involvement with children. HHS also issued a call for faith-based organizations to help evaluate applications for Community-Based Abstinence Education Grants, the Compassion Capital Fund, and Mentoring Children of Prisoners. The agency conducts reviews by teleconference, the Internet, and conferences in Washington.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The *Unlevel Playing Field* found that the U.S. Department of Housing and Urban Development (HUD) imposed burdensome regulations on faith-based groups. The impediments to such groups included a partial ban on faith-based partnerships in two housing programs and a complicated grant application process. Spurred by this report and early attention from OFBCI, HUD expanded and refined its long history of partnerships with faith-based organizations. These partnerships focus on promoting homeownership, providing emergency shelter and transitional housing for the homeless, building affordable housing for the elderly and people with disabilities, and promoting economic development in neighborhoods. HUD also aims to enlist more faith-based partners in providing services to residents of public housing.

Rule Changes

HUD responded to the 2001 White House report by making numerous rule changes that proved to be as dramatic and as intensely debated as those at the Department of Health and Human Services. HUD's internal audit found that the department banned some participation by faith-based groups in its Section 202 and 811 programs, which support housing for the elderly and persons with disabilities. According to the report, HUD maintained that "religious organizations or ones that have religious purposes" cannot be project owners, although they may sponsor projects. The report specifically cited barriers to faith-based participation in HUD's HOME grants for constructing affordable housing. HUD is now reviewing a HOME application, submitted by the Salvation Army, that the City of Janesville, Wisconsin denied because the Salvation Army facility hosts religious services.

HUD bias against faith-based organizations may not be as pervasive as the White House report indicated. Some leaders of faith-based organizations have attested that they have never been denied HUD funds because of their religious affiliation. For example, Ellen Feingold, president of the Jewish Community Housing for the Elderly, told a housing subcommittee of the U.S. House of Representatives in March 2003 that her organization had encountered no obstacles in receiving federal funds.

HUD's internal audit found that the department required faith-based organizations receiving Community Development Block Grants to avoid giving religious counseling and instruction and to exert no religious influence in providing government-funded services. For instance, the Bush Administration cited St. Francis House in Sioux Falls, South Dakota – a Catholic-operated homeless shelter – as one organization denied a HUD grant because it offered voluntary prayers before meals.

HUD further required some grantees to remove religious symbols and references to God in their mission statements. According to the report, faith-based organizations had "no intention of conducting government-funded worship services, but fervently believe that their social services should be informed and prompted by their religious impulse and that the lives of staff members should set a good example and influence others positively." The audit also found that HUD required grantees to set up a separate secular entity and prohibited them from employing staff based on religion. According to the White House, a lack of clear guidance prompted federal and state officials to apply these rules inconsistently.

To fulfill the President's equal-treatment principles, HUD's final regulations repeal most of these provisions and allow faith-based groups to compete for \$7.5 billion under eight programs. These regulations end a prohibition on religious preference in employment by faith-based grantees. Moreover, HUD now allows such groups to use public funds to pay for buildings used for both government-

supported social services and religious activities, so long as the buildings (or particular, government-supported rooms in such buildings) are not a “principal place of worship.” Even though public funds are available only for the portion of a room or building used for non-religious purposes, the change represents the first time government has approved public funding for social services in structures also used for religious worship and instruction. The rules further allow faith-based service providers to retain their religious practices and identities.

In March 2004, HUD proposed additional rules that would apply the equal-treatment provisions to all its programs, with the exception of Native American programs. These rules specifically removed restrictions on the Section 202 elderly program and the Section 811 disabilities program, thereby allowing faith-based groups to participate as housing project owners. In June 2004, HUD proposed rules that would apply the equal-treatment provisions to Native American programs including the Indian HOME Program, the Indian Community Development Block Grant Program, the Indian Housing Block Grant Program, the Title VI Loan Guarantee Assistance Program, and the Section 184 Loan Guarantees for Indian Housing Program. The proposed changes are consistent with regulation changes undertaken on a department-wide basis. The proposed rule summary states, “In general, no group of applicants competing for HUD funds or seeking to participate in HUD programs should be subject to greater or fewer requirements than other organizations solely because of their religious character or affiliation or absence of religious character or affiliation.” The proposed rules for Native American programs also allow religious organizations receiving government money to employ staff based on religious affiliation except in programs that contain independent statutory provisions that impose certain nondiscrimination requirements. The proposed changes also allow HUD funds to be used for the acquisition, construction, and rehabilitation of structures used for both social service delivery and religious purposes, so long as these structures are not used as a “principal place of worship.”

Grants

HUD has surpassed the six other departments with FBCI centers in the percentage of grants it awards to faith-based organizations, channeling them about 24 percent of competitive funds in FY 2003. One-third of more than 1,000 organizations that receive HUD funds to provide housing for people with AIDS are faith-based, while faith-based groups also operate 40 percent of HUD’s Section 202 elderly housing.

The White House reports that the number of HUD grants to faith-based charities rose 16 percent—from 659 to 765—from 2003 to 2004, which represented an 11 percent rise in dollar funding. The total dollar amount of funding to faith-based organizations in fiscal year 2003 was \$532 million, the second largest of the departments surveyed.

HUD also doubled its funding to first-time faith-based grantees, from \$56 million to \$113 million. Besides funding more faith-based groups, a HUD priority is to fund grassroots and smaller faith-based organizations—defined as having fewer than six full-time employees and a budget of less than \$300,000. Applicants to HUD programs must complete a survey to identify whether they are faith-based. The requested information is for statistical purposes only and does not influence funding decisions, according to department officials.

External Outreach

The HUD Center for FBCI works with 71 field liaisons and 10 regional liaisons within the Department to help faith-based organizations apply for grants. The agency has also sponsored outreach programs. In May 2003, HUD offered a live Internet webcast that explained the Faith-Based Initiative. “Regulatory policies have been unfairly slanted, in our opinion, in the past toward smaller grassroots groups, faith-based organizations and other community based organizations. So we’re working to change that,” said Cheryl Appline, HUD program manager, “by providing toolboxes, grant writing workshops, and technical assistance to these disenfranchised groups.”

Webcast viewers received a list of do’s and don’ts for partnering with the government: Don’t use religious materials when providing services. Do separate religious and secular activities by time and location. Do keep track of government and private hours of workers. Don’t require people to worship in exchange for services. Do keep religious symbols, name, mission statements and board members. Don’t discriminate against people seeking help.

“Can you share your beliefs?” a host asked HUD legal counsel Emmett McGoardy.

“You can answer questions briefly but set up a time for a longer explanation later. You don’t want to turn this into a sermon or a prayer meeting,” McGoardy said.

“Can you use federal money to pay staff?” the questions continued.

“Yes. You can use federal money for staff for federal services but there can be no proselytizing while being paid with federal money,” McGoardy answered.

Some parts of the webcast instructions were presented with religious references. Wheeler Winstead, president of MTEC, a community development consulting firm, presented a segment called the 10 commandments of grant writing. “Now Ten Commandments might be stretching it a bit,” he said, “but the concept of commandments is something that someone can easily remember.” Above his head were depictions of two stone tablets inscribed with Roman numerals I to X and the tips, which ranged from following instructions to developing a detailed budget.

According to HUD, only 49 percent of minorities owned their homes in 2003, compared with a national average of 68 percent. Rising homeownership and declining foreclosures can boost neighborhoods' economic health. HUD published a brochure entitled "10 Things Your Faith Community Can Do to Encourage Homeownership," which recommends that faith-based groups tap their deep local roots to hold open houses, educate potential homebuyers, help families improve their credit rating, and build and rehabilitate homes. In 2004, HUD's Center for FBCI announced a 250 Wanted initiative, which seeks to identify and enlist faith-based and community groups to become HUD-approved counseling agencies to help minorities seek and retain homeownership financing.

Funding for the housing counseling program grew from \$20 million in FY 2002 to some \$40 million in FY 2004, and the FY 2005 budget request is \$45 million. In June 2003, the HUD Center for FBCI launched Reaching the Dream, which provides technical assistance to enable faith-based and community organizations in Albuquerque, Atlanta, Chicago, Nashville, and Portland, Ore. to work with financial institutions and local officials to boost homeownership in targeted communities.

Like other departments, HUD has created a FBCI website that includes contact information, funding, resources, liaisons, conferences, workshops, and links to states that have appointed liaisons to faith-based groups. The website also links to USA Freedom Corps and Points of Light centers to encourage people to sign up as volunteers, and allows visitors to search for private charities and make tax-deductible contributions online.

DEPARTMENT OF LABOR

The White House considers the U.S. Department of Labor (DOL) critical to the Faith-Based Initiative because the Department operates many welfare-to-work job-training and placement programs. However, DOL's internal audit found that most DOL programs other than Welfare-to-Work had ignored the charitable choice provisions of the 1996 welfare reform law. In Welfare-to-Work programs, DOL had focused on informing faith-based and community-based organizations that they were eligible, and provided assistance to facilitate applications and ensure that grantees fulfilled requirements. The Work-to-Welfare program received an unusually large number of grant applications, and six faith-based organizations received a total of some \$16 million. However, the audit found that DOL did not elaborate on religious provisions in its Welfare-to-Work grants, leaving it to states to comply.

In other DOL programs, including its One-Stop Career Centers, the audit found that the department imposed overly burdensome restrictions on faith-based organizations. DOL also prevented states from using federal funds - including through vouchers - to train or employ clients in sectarian jobs. Today the DOL

Center for FBCI coordinates the department's faith-based efforts through three programs: Workforce Investment Boards, which are appointed by elected local officials and distribute 85 percent of federal job-training funds; One-Stop Career Centers, which also provide job-training and placement services; and Ready4Work, a new criminal justice partnership to help ex-offenders find jobs.

Rule Changes

DOL issued rule changes nine months after HUD and HHS. For years, DOL had required government contractors and subcontractors to take affirmative action to treat employees and applicants without regard to race, color, religion, sex, or national origin. Because President Bush's executive order exempted religious corporations, associations, and educational institutions from nondiscrimination requirements with respect to religion, DOL changed its rules to allow federal contractors and subcontractors to hire on the basis of religion.

In July 2004, DOL issued new regulations to clarify that faith-based and community organizations could participate in DOL social service programs without regard to their religious character or affiliation. The new rule states that religious organizations cannot use DOL money for inherently religious activities, and if those activities occur, they must be separated by time or space from government-sponsored services. "This restriction does not mean that a DOL social service provider cannot engage in inherently religious activities. Such activities are permissible, but DOL social service providers that receive DOL support directly must take steps to separate, in time or location, their inherently religious activities from services that they offer with direct DOL support." The restrictions on inherently religious activities do not apply when DOL money is received through indirect means such as vouchers.

As with other department rule changes, the newly revised DOL rules clarify that religious organizations receiving DOL money are exempted from provisions of the Civil Rights Act that forbid discrimination in employment based on religion. The rule does not affect statutory language in the Workforce Investment Act that prohibits religious discrimination in hiring. The new rules also give state and local Workforce Investment Boards the ability to issue vouchers for job training. Providers eligible to receive vouchers include barbershops, truck-driving academies, and food service instructors. Under the change, beneficiaries may also use their vouchers to seek employment at churches, synagogues, temples, and other faith-based organizations. To comply with court decisions on the use of vouchers, the new rules specify that religious training must result from private, independent choice, and providers must be on a state or local list of eligible entities.

Grants

The White House reports that DOL competitive grants to faith-based organizations totaled \$11 million in FY 2003-or 2 percent of the department's overall grant funding. (The White House did not provide comparable figures from previous years.) When faith-based organizations are too small to be eligible for major grants, such as those provided by the National Farmworker Jobs Program and Housing Assistance for Migrant and Seasonal Farmworkers, DOL encourages them to partner with larger organizations.

In July 2002 DOL awarded \$17.5 million to enable 9 intermediary organizations to provide technical assistance to faith-based and community organizations that act as conduits between unemployed residents of low-income neighborhoods and One-Stop Career Centers. The department also awarded One-Stop funds to 20 small faith-based and community organizations in 12 states, many of which also offer job training and placement services.

Washington D.C.'s Department of Employment Services used its one-stop grant to establish an Office of Faith and Community-Based Partnerships to link faith-based organizations to nine One-Stop Centers throughout the city. Washington is home to more than 1,000 faith-based and community organizations, of which 50 deliver workforce development services. The office sponsored a series of workshops to strengthen the relationship between government and faith-based groups. A number of pastors who attended one workshop said they would spread the word about DOL programs, but not without assurances that jobs and funding would follow, especially for ex-offenders.

DOL also aims to leverage private faith-based resources. The department awarded \$600,000 to United Way of Brevard County (Florida), an intermediary that brings together small faith-based and community groups with the Brevard County Workforce Board and One-Stop Center, which open mini-One Stop Centers in low-income neighborhoods. Faith-based groups that host the mini-One-Stops commit their own resources and volunteers to help individuals with basic job searches and referrals.

DOL also encourages faith-based organizations to apply for several other grants:

- *International Labor Affairs* is funding four-year projects to improve access to education in areas with a high incidence of child labor. Up to \$32 million is available-including for programs operated by faith-based and community organizations in Central America, the Dominican Republic, Southern Africa, Ecuador, Indonesia, Panama, and Turkey.
- The *Employment and Training Administration* is offering \$1 million to enable grassroots groups to connect with One-Stop Centers and help

individuals find higher-skilled jobs. Each organization will receive \$20,000 to \$25,000.

- The *Employment and Training Administration* is also offering \$5.5 million to Workforce Investment Boards to create sustainable financial and non-financial relationships with faith-based and community groups that help hard-to-serve individuals prepare for and sustain employment. The grants range from \$300,000 to \$500,000.

External Outreach

DOL has launched an aggressive campaign to recruit and educate faith-based organizations in the grant application process and to nurture partnerships among such groups, the private sector, and government. For example, DOL sponsored workshops to enable faith-based groups to tap federal funds to help foster economic development. Recipients of these funds seek employment for hard-to-serve populations, including ex-offenders, welfare recipients, and out-of-school youth, in Asian-Pacific and Hispanic-American communities. In March 2004 DOL hosted *Unlocking the Door: The Golden Keys for Successful Workforce Development*, which offered faith-based and community groups information on developing strategic partnerships with businesses in high-growth industries.

DOL published two guides as part of this effort. One guide outlines business models and provides advice on fostering employment. The guide also describes best practices such as Jobs Partnership, a program in 27 cities through which faith-based groups refer workers to jobs and then mentor those workers until their employment is secure. The guide cites a faith-based program in Ohio that includes 40 hours of job-skills training and mentoring both inside and outside the workplace. The guide further suggests that faith-based organizations might become headhunters, offering fee-for-service arrangements to businesses. The second guide offers technical assistance to enable Workforce Investment Boards in Memphis and Milwaukee to integrate faith-based groups into planning and contracting.

In May 2004 the DOL began moderating “strategic business partnership conference calls,” in which corporate representatives talk with faith-based and community organizations about fulfilling private workforce needs. In one such call, representatives of the Save-a-Lot grocery chain talked about jobs in the industry and the skills people need to obtain them. In another call, a representative of CVS Pharmacy and the pastor of a Washington, DC, church and interfaith network discussed a partnership through which churches host job fairs to help meet the needs of area businesses.

Also in May 2004, the DOL Center for FBCI launched the *Touching Lives and Communities* website to facilitate dialogue between faith-based and community organizations, Workforce Boards, One-Stop Career Centers, and businesses.

Registered visitors can tap into and contribute to a “discussion area” and “learning circle” on mentoring programs, prisoner reentry programs, success stories, and business partnerships. Specific topics include the role of “tough love” and techniques for boosting retention rates for ex-offenders enrolled in high school equivalency programs. DOL also offers a 10-minute webcast highlighting the faith-based Exodus Transitional Community prisoner reentry program, based in East Harlem, New York, which is part of the \$22 million Ready4Work program.

DEPARTMENT OF EDUCATION

The federal Education Department (ED) expends some \$13 billion each year to aid schools and conduct and disseminate educational research. ED is also responsible for implementing the No Child Left Behind Act of 2001, which fundamentally changed the federal government’s role in education by holding public schools accountable for student achievement. Under the act, all students in public schools must perform at adequate academic levels by designated deadlines. The department has already cited 7,000 schools as needing additional after-school tutoring under the act, and the legislation has spurred funding for such “supplemental services” by certified organizations, including faith-based groups.

The ED Center for Faith-Based and Community Initiatives is encouraging faith-based and community groups to apply for grants to tutor children in math and language arts, to address the academic and social needs of at-risk youth, and to create and expand centers that give urban and rural residents access to information technology and training. The percentage of Supplemental Service providers that were faith-based organizations increased during 2003, according to the White House OFBCI. In January 2003, two percent of the 771 Supplemental Service providers were faith-based organizations. By December 2003, nine percent of the 1,046 providers were faith-based. The Office of Elementary and Secondary Education administers most of the grants for which faith-based organizations are eligible, while others are available through the Office of Vocational and Adult Education.

Rule Changes

The *Unlevel Playing Field* found that while statutes do not exclude faith-based nonprofit groups from participating in ED programs, the department had not specified that they are eligible to receive funding on the same basis as other organizations. The Department of Education also prohibited funding for “pervasively sectarian” organizations under the Even Start Family Literacy Program and other efforts, although faith-based groups can work with secular partners. In response, ED proposed changing its rules to clarify that it does not consider the religious character or affiliation of qualified grant applicants. ED also proposed removing rules prohibiting grantees and sub-grantees from using federal funds to pay for the activities of a religiously affiliated school, or a

department of divinity. ED further proposed allowing grantees to use federal funds to pay for construction, remodeling, repair, operation, and maintenance of any part of a facility used for ED-related activities. The proposed rules await final approval.

Grants

The White House reports that faith-based groups received 5 percent of competitive ED grants totaling \$7 million in fiscal year 2003. (The White House did not provide comparable amounts for previous years.) The department encourages faith-based organizations to apply for grants under several programs:

- The *Migrant Education High School Equivalency Program*, which helps seasonal farmworkers and their children obtain the equivalent of a high school diploma, enter post-secondary education, and gain employment. This grant program offered almost \$6 million in FY 2004.
- The *Migrant Education College Assistance Program*, which helps seasonal farmworkers and their children enroll in their first undergraduate year. This program awarded grants totaling \$4.5 million in FY 2004.
- *Safe and Drug Free Schools Mentoring Programs*, which help public and private schools help at-risk youth stay in school, improve their grades, and avoid criminal activities. This program appropriated \$49.7 million in FY 2004.
- *Migrant Education Even Start*, a family literacy program, which appropriated \$4.5 million in FY 2004.
- *Community Technology Centers*, which provide access to information technology for low-income residents. This program appropriated about \$10 million for FY 2004, and applicants must provide at least \$250,000 in in-kind contributions. The program reserves up to 25 percent of funds for first-time grantees and groups that have not received a federal discretionary grant in five years. This focus reflects the Administration's goal of dispersing funds to smaller faith-based and community groups. Novice applicants do not have to meet strict partnership requirements, but they must coordinate with local educational agencies or public or private schools that provide supplementary instruction in core subjects to low-achieving high-school students.

- The *Carol M. White Physical Education Program*, which provides equipment and staff support for physical education programs for students through twelfth grade. The program offered some \$69 million in FY 2004.
- *21st Century Community Learning Centers*, which provide tutoring and academic enrichment to enable students to meet state and local standards under the No Child Left Behind Act. The centers also provide youth development programs, drug and violence prevention programs, technology, art, music, and recreation programs, counseling, and character education. The centers appropriated almost \$1 billion in FY 2004.
- The *Adult Education and Family Literacy Act*, which creates partnerships among federal, state, and local entities to help adults complete secondary school, obtain jobs, and help their children learn. This program appropriated \$568 million in FY 2003.

Vouchers

The Department of Education is encouraging parents of low-income children to use vouchers provided through its Office of Innovation and Improvement to obtain after-school help from state-approved providers, which include faith-based groups. As with other voucher programs, beneficiaries must have a free, independent, and genuine choice of services. Services such as after-school tutoring and academic summer camps are available to students from low-income families who attend schools that the federal government has designated as needing improvement for more than a year. The ED Center for FBCI is helping faith-based and community organizations become state-approved providers.

External Outreach

The Department of Education sponsors free workshops at churches throughout the nation to help faith-based and community organizations become approved providers of supplemental educational services to disadvantaged students. The department also sponsored a nationwide video conference to help such groups apply for grants and learn more about vouchers, and sponsored webcasts on grant writing in Los Angeles and Washington, DC.

The ED Center for FBCI website provides “helpful hints about the [grant] application process” and “how to write a quality grant proposal.” According to the website, “The mission of the Center is to empower faith-based and community organizations to apply for federal grants. The Center supplies resources and training, but it does not make the decisions about which groups will be funded. Those decisions are made through a careful competitive process established by

each grant program. There will not be grant funding set aside for faith-based organizations, nor will there be a separate fund established by the White House, the Department of Education, or any of the other Centers for Faith-Based and Community Initiatives.”

DEPARTMENT OF JUSTICE

Like other departments, the U.S. Department of Justice (DOJ) had a history of working with faith-based organizations before 2001. For instance, DOJ’s Office of Juvenile Justice and Delinquency Prevention joined with the National Center for Neighborhood Enterprise and the Congress of National Black Churches in the late 1990s in a national campaign to reduce youth violence and provide training and technical assistance to programs aiming to curb substance abuse and prevent violence.

Since 2001, DOJ has focused on expanding partnerships with faith-based organizations to address juvenile delinquency, prisoners and their families, the victims of crime, domestic violence, and drug-related issues. Because faith-based organizations often work directly with neighborhood residents, DOJ has particularly emphasized partnering in programs that help released prisoners reenter their communities, mentor the children of inmates, and reduce and prevent drug use and crime.

Rule Changes

The *Unlevel Playing Field* found that DOJ hampered the ability of faith-based groups to apply for grants. The DOJ application for one assistance program was 58 pages, accompanied by 1,000 pages of federal statutes. Another grant program for which faith-based organizations were eligible distributed a 74-page application with references to 1,300 pages of federal statutes—a “stack of paper nearly six inches tall,” according to the White House report. The DOJ internal audit also found restrictions on faith-based participation in property forfeiture, in which the government transfers low-income housing and community centers valued at \$50,000 or less to local groups offering social services. The department prohibited faith-based entities in perpetuity from using such properties for religious purposes.

The Department of Justice responded by simplifying its grant application process and changing the asset forfeiture policy. The new rule treats religious and non-religious organizations the same: it restricts the use of a property to specific social services for five years. This policy applies to two pending transfers to faith-based organizations: the forfeiture of a community health facility to St. Raphael’s Hospital in New Haven, and the transfer of a homeless and community outreach center to New Life Evangelistic Center in Brooklyn, Illinois.

Grants

The White House reports that DOJ awarded 7 percent of its competitive grant funds, or \$51 million, to faith-based organizations in FY 2003. (The White House offered no data for previous years.)

In speeches and budget requests, the President has strongly endorsed programs to mentor children of prisoners and assist inmates with community reentry. The Office of Victims of Crime is offering a new grant program called Helping Outreach Programs to Expand (HOPE), designed to help faith-based and community organizations improve outreach and services to crime victims. HOPE grants provide up to \$5,000 for program development, networking, coalition building, and service delivery. The Office of National Drug Control Policy also provides grants of up to \$100,000 to local coalitions - including faith-based organizations - that mobilize their communities to prevent the use of alcohol, tobacco, illicit drugs, and inhalants by youth.

External Outreach

The Justice Department has joined with other agencies to spread the message that it welcomes and needs the help of faith-based and community organizations. In one instance, DOJ and the U.S. Department of Health and Human Services co-sponsored a workshop for faith-based leaders of substance abuse treatment programs. "I have no new money to offer you," Cheryl Nolan, DOJ's deputy assistant attorney general, told providers as she described an inmate reentry program DOJ was pursuing with corrections agencies and faith-based groups in all 50 states. "But we cannot make the changes in these men's and women's lives without your help." According to Nolan, the partnerships aim to include faith-based groups that have not previously participated in the formal reentry process. She reported that DOJ is also working with the U.S. Department of Housing and Urban Development to develop a manual to help faith-based organizations identify and acquire abandoned property that they can convert to housing for released inmates.

In one example of a strong coalition between government and faith-based efforts, the U.S. Bureau of Prisons is supporting faith-based Amachi programs for mentoring the children of prisoners through some of its 103 federal prisons. Seventy-seven percent of federal prisoners have children, and they have an average of three children each. "We are looking for prisons across the nation from Manhattan to Yazoo City, Mississippi, to partner with Amachi," reports the Bureau's Addie L. Richburg, who is also a strategist for the National Association of Blacks in Criminal Justice. She says the Amachi program offers help to all inmates, but that participation is voluntary.

DOJ's Bureau of Justice Assistance – which supports local strategies to reduce and prevent crime, violence, and drug abuse as well as joint federal, state, and

local efforts to improve the criminal justice system – aims to increase partnerships with faith-based organizations. The Bureau’s Executive Office for Weed and Seed developed a strategy in which law enforcement officials work with neighborhood leaders to weed out criminals and seed revitalization through prevention, intervention, and treatment services. This office, which has a history of partnering with faith-based organizations, aims to incorporate more faith-based groups when appropriate.

The Office of Juvenile Justice and Delinquency Prevention’s National Training and Technical Center has introduced Accessing Resources for Community and Faith-Based Organizations (ARC). ARC is holding four free regional training programs entitled Navigating the Federal Funding Process during the summer of 2004 in Atlanta, Philadelphia, Chicago, and Los Angeles. Another workshop series assisted grantees of the Serious and Violent Offender Reentry Initiative, which oversee juvenile and young adult offenders.

The Second Wave

One of the two additional Executive Orders regarding the Faith-Based Initiative that President Bush issued December 12, 2003 created centers for faith-based and community initiatives in the US Agency for International Development and in the Department of Agriculture.

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

The U.S. Agency for International Development (USAID) was one of two agencies that added faith-based centers in 2003. The addition was important, allowing the President’s Initiative to expand internationally. The agency operates under the State Department and helps developing countries respond to disasters, provide food and health care, and encourage economic growth. USAID has worked with faith-based organizations since its inception in 1961. One-fourth of USAID partners are faith-based, including Catholic Relief Services, World Vision, and Samaritan’s Purse.

USAID is especially interested in relying on faith-based partnerships to address the HIV/AIDS crisis after concluding in a September 2003 report that “faith-based organizations can make a considerable contribution to mitigation, prevention, and care activities. Indeed, faith-based organizations are often the only genuine nongovernmental organizations in many rural parts of poor countries, or at a minimum, they are the strongest and most influential.”

Growing faith-based involvement in combating HIV/AIDS reflects an attitude change since the early years of the pandemic, when critics decried religious groups for opposing preventive measures such as condoms and sex education in schools. While most countries endorse the ABC method-Abstinence, Be faithful,

and Condoms-secular groups emphasize so-called medical approaches, which include the use of condoms, while some faith-based groups emphasize morality-based behavioral changes, including abstinence and fidelity.

Rule Changes

On June 7, 2004, USAID announced a proposed rule on participation by faith-based organizations in the agency's programs of grants and contracts. The proposed rule, on which comments are invited until August 6, 2004, is designed to implement Executive Branch policy on the eligibility of faith-based organizations to compete for government funds on the same basis as secular organizations. The rule encompasses the usual six elements at the core of the Faith-Based Initiative, expressing that FBOs are eligible to participate in USAID programs on the same basis as other nonprofits and may retain their religious character. Because of the potential implications for U.S. foreign policy associated with USAID programs, a provision was added that permits the Secretary of State to waive all or any part of the rule in a particular case "where the Secretary determines that such waiver is necessary to further the national security or foreign policy interests of the United States."

USAID has also placed a stronger emphasis on behavior changes such as abstinence and fidelity in its programs' direction, and shifted an initial \$350 million in AIDS funding to faith-based and community providers. The new approach has stirred debate over the role of medical versus behavioral approaches in preventing AIDS, and critics have questioned whether the approach reflects a policy focus based on ideology more than science.

USAID relied on a plethora of experts to steer its AIDS policy toward behavioral change. In September 2002, USAID convened a meeting in Washington to review approaches to behavioral change that included a faith-based portion. The agency then issued a policy paper supporting the ABC approach but also emphasizing the dramatic decline in AIDS in Uganda – from 15 percent in the early 1990s to 5 percent by 2001. The agency maintains that the decline is significantly due to greater faithfulness between partners and people's willingness to take fewer partners, and that religious organizations that advocate abstinence and fidelity exerted a significant effect. "Experiences in Dominican Republic, Jamaica, and Uganda have shown that faith-based organizations should not be forced to promote condoms," according to a USAID report. "This component of HIV prevention already receives the lion's share of AIDS prevention resources. Faith-based organizations should be given support to do what they prefer to do, and what they do best: Promote what they call fidelity and abstinence."

In September 2003, USAID released a report on the contributions of faith-based organizations that strongly supported behavioral change as a preventive method and faith-based organizations as agents of that change. The report stated that faith-based organizations are the major providers of care and support services to

people living with HIV/AIDS in developing nations, and that USAID has been exploring how to expand the role of faith-based organizations since 2000. “In countries where religion is important, faith-based involvement may prove to be as necessary as condom social marketing, treatment for sexually transmitted infections, voluntary counseling and testing, and other state-of-the-art interventions in HIV prevention efforts.”

Grants

USAID is one of four federal agencies – including Department of Health and Human Services, Department of Defense, and Department of Labor – funding \$2.4 billion in international AIDS programs in FY 2003. USAID spent \$625.9 million on bilateral HIV/AIDS initiatives, not including its contributions to the Global Fund - a 36 increase over FY 2002. The Global Fund to Fight AIDS, Tuberculosis and Malaria, an independent public-private partnership, was established in 2002 to increase resources to fight and prevent these diseases, and provide treatment in urgently needed areas of assistance. The U.S. is the largest contributor and has pledged \$500 million to date. (Additional pledges have come from governments of developed and developing countries, private corporations, foundations, and individuals.)

A majority of USAID’s HIV/AIDS field assistance goes to nongovernmental organizations, including faith-based groups. Faith-based organizations operating under the USAID Communities Responding to the HIV/AIDS Epidemic operate many of these programs. The \$20 million Support to Orphans and Vulnerable Children Affected by HIV/AIDS program also includes faith-based organizations such as Habitat for Humanity and Opportunity International, which provides services and information on preventing AIDS to 22,000 AIDS orphans and vulnerable children and their families in Zambia, Uganda, and Mozambique. The \$15 million HIV/AIDS Prevention Through Abstinence and Healthy Choices for Youth program has further recruited faith-based and community groups.

External Outreach

Like other agencies, USAID works with the White House Office of Faith-Based and Community Initiatives to present information to faith-based organizations at national and regional conferences. The agency played a major role in the February 2004 White House conference on faith-based and community initiatives in Phoenix. USAID representatives have also appeared at conferences sponsored by nonprofit groups, including Exploring Partnerships between Private Vendor Organizations/Faith-Based Organizations and the Pharmaceuticals Sector to Combat the HIV/AIDS Epidemic, sponsored by the Academy for Educational Development in Washington. The USAID Center for Faith-Based and Community Initiatives also asked private vendors, including those with faith-

based affiliations, to contact the agency if they are providing aid in Iran or Haiti so the USAID website could link such organizations.

DEPARTMENT OF AGRICULTURE

Like USAID, the U.S. Department of Agriculture (USDA) also established a Center for Faith-Based and Community Initiatives in 2003 as directed by executive order, and expanded the partnerships with faith-based organizations at an international level. USDA built its outreach to faith-based and community groups on a history of relationships with nonprofits, including faith-based groups, that participate in both domestic and international food and nutrition programs, provide housing assistance, and help protect the environment. For example, USDA encourages faith-based and community organizations to develop single and multi-family housing as well as community facilities, including daycare centers, hospitals, nursing homes, veterinarian clinics, fire stations, and libraries. One USDA official described the department as the HUD of rural America. The department also provides grants to nonprofit groups that finance housing for domestic farm laborers. “Faith-based and community organizations can apply for grants and loans as well as assist others in applying for grants, loans and support,” according to a USDA fact sheet.

Rule Changes

Consistent with President Bush’s December 2002 Executive Order, in March 2004 USDA proposed rules that would allow faith-based organizations to participate in a variety of USDA programs, so long as they do not use federal funds directly to support inherently religious activities. USDA also proposed unprecedented rule changes regarding the use of federal funds to build centers available for both social programs and religious worship. Along with HUD’s policy, this reversal represents the first such use of federal funds for construction of rooms or buildings to be used for both privately funded religious worship and government-funded social services. The proposed rules further clarify that faith-based organizations receiving federal grants are, as provided by the Civil Rights Act of 1964, exempt from a prohibition on religious discrimination in hiring.

USDA’s rural housing administrator also sent two directives to field administrators in February 2004 clarifying the role of local organizations in providing USDA services. The first directive - sent to state directors of USDA rural development - requires that nonprofit groups receiving USDA financing for community facilities also obtain local public and private funding, or show broad-based local ownership and control.

The second directive, from the deputy administrator of USDA’s Special Nutrition Programs, addressed faith-based organizations and the Emergency Food Assistance Program (TEFAP). Congress created TEFAP in 1993 to make USDA

commodities available to public and nonprofit emergency food banks—the vast majority run by faith-based organizations. The guidance states that the groups can make political speeches or offer public prayers before a meal if they clarify that such activities are not part of TEFAP or endorsed by USDA, that participation is not a condition of receiving TEFAP services, and that the activities do not interrupt the services.

The second guidance also quoted the White House OFBCI manual for faith-based groups: “A church that receives direct government aid to provide shelter to homeless individuals may not require those individuals to attend a Bible study or participate in a prayer preceding a meal as part of the government-funded services they provide. But they may invite those individuals to join them, so long as they make clear that their participation is optional.”

Grants

The USDA encourages faith-based organizations to apply for grants through these programs:

- The *Summer Food Service Program*, which provides meals to low-income children while schools are not in session.
- The *Child and Adult Food Care Program*, which provides meals to children and adults receiving daycare.
- The *Emergency Food Assistance Program*, which helps supplement the diets of low-income people.
- *Food for Progress: Promoting Free Enterprise Policy Reforms*, which supports countries that have free-market commodity pricing, marketing, and distribution. The 2004 program allocated \$115 million donated to 22 countries.
- *Section 416(b) Program: Alleviating Hunger Overseas*, which authorizes the use or sale of donated commodities to support agriculture, economic development, and infrastructure.
- *McGovern-Dole Program: School Feeding and Nutrition Programs Overseas*, which provides food to schoolchildren and pregnant mothers to boost access to school and preschool, especially for girls. The legislation calls for using \$100 million in Commodity Credit Corporation funds to launch the program in FY 2003.

- *Self-Help Housing*, which combines a direct lending program for home purchases with a grant program helping nonprofit groups guide low-income borrowers in building homes.
- *Multi-Family Housing*, which makes and guarantees loans and grants to housing developers for building and renovating multifamily housing in rural areas. Faith-based organizations are eligible for these grants.
- *Community Facilities Programs*, which finance and facilitate the development of rural community centers and clinics.
- *Farm Labor Housing Loan and Grant Program*, the only nationwide program that helps finance housing for domestic farm laborers.
- *Helping the Environment*, through which nonprofit groups, including faith-based organizations, work to protect the environment, such as through Earth Teams and the volunteer program of the U.S. Forest Service.

External Outreach

The USDA participates in White House OFBCI conferences, provides an extensive website explaining its programs and grant application process, and distributes brochures and toolkits offering technical assistance. One booklet – “USDA Helping America THRIVE through Faith-Based and Community Initiatives: Alleviating Hunger, Revitalizing Communities and Helping the Environment” – provides information on 10 major grant programs and specifies which organizations are eligible and who to contact. The booklet was mailed in June 2004 to thousands of faith-based and community organization leaders.

The USDA Center for FBCI website includes a detailed toolkit for faith-based and community organizations hoping to participate in the Summer Food Service Program and the Child and Adult Care Food Program. The toolkit presents a question-and-answer format for faith-based organizations and includes contact information for a USDA regional office in each state.

The Third Wave

On June 1, 2004, President Bush signed another executive order creating centers for faith-based and community initiatives at three more federal agencies: the departments of Veterans Affairs and Commerce, and the Small Business Administration.

DEPARTMENT OF VETERANS AFFAIRS

Although its formal center was only established in June of this year, the Department of Veterans Affairs (VA) has been engaged in President Bush's Faith-Based and Community Initiative since 2001, using it as an opportunity to expand upon its previous work with faith-based groups. VA formed a Faith-Based and Community Initiatives Task Force with representatives in Washington, D.C. and regional field offices to explore additional ways to partner with faith-based groups. The White House's *Unlevel Playing Field* report included the VA in its survey of federal agency activities and administrative procedures affecting partnerships with faith-based groups.

The VA Task Force and the Department's internal audit found that faith-based activities were most prevalent among VA programs for the homeless, especially the Homeless Providers Grant and Per Diem Program that provides grants and payments to help organizations establish and operate new supportive housing and service centers for homeless veterans.

Rule Changes

The VA proposed a series of rule changes that were finalized on May 28, 2004, four days before the VA Center for FBCI was formally created by President Bush. Among the rule changes was a reversal in regulations that allows religious organizations receiving VA homeless awards to consider faith when employing staff.

"We had a provision that said you could not either restrict or discriminate, depending on your perspective, as to who you would hire in your organization," said Peter H. Dougherty, director of the VA Homeless Programs and chair of the VA Task Force. "Obviously, some religious-oriented organizations wanted to have people of the same religious belief that they had. We did not find that that would interfere with their ability to provide service to Veterans, and so we are deleting that provision in the new regulations. We did not delete the provision that said you cannot proselytize your religious belief and you can't make it a condition of participation in a program. We took out what we thought was reasonable to take out, and kept in what we thought was reasonable to protect the veteran."

VA rule changes also specified that, although the Department does not currently operate any voucher programs, the application of regulations to voucher programs offered by the VA will comply with Federal law. Based on public comments in reaction to the new rules, VA modified its final rule to include a subsection that clarifies that "restrictions on inherently religious activities do not apply where VA funds are provided to religious organizations through indirect assistance as a result of genuine and independent private choice of a beneficiary."

Grants

VA is the primary federal agency that provides substantial hands-on and direct assistance to homeless people, and last year it provided services to more than 77,000 homeless veterans. One-third of adult homeless men are estimated to have served in the armed forces. VA has awarded more than 300 grants to public and nonprofit groups, including faith-based organizations, to assist homeless veterans with transitional housing, service centers and vans for transportation to shelters and jobs.

Helping the homeless has traditionally been a major emphasis of faith-based organizations. The VA has sought to increase its partnership with faith-based organizations in providing services to the homeless since 2001.

The Department's efforts in this regard have been welcomed, but also have raised some concern among other service providers. The director of one secular homeless shelter in Northampton, Massachusetts claimed he was denied a grant renewal because faith-based organizations were being favored in the grant selection process. VA officials denied the claim, saying shelters in other regions of the country were in greater need. When the director added a chaplain to his staff and reapplied as a "faith-based organization" a year later, he was awarded a grant. VA administrators said the second grant decision was not based on the shelter's religious status or the addition of a chaplain.

In April 2004, VA awarded 80 homeless assistance grants to public and nonprofit service providers, including faith-based organizations. Six thousand veterans sleep each night in beds funded under VA's grant and per diem program, and 1,580 community-based beds provided by faith-based and community organizations in 29 states were funded under the April 2004 awards. "I have seen firsthand programs that are helping in a meaningful way to reconstruct veterans' lives and reunite families," Dougherty said. "It takes a network of partnerships to provide a full range of services." Among the recipients were both secular and faith-based organizations such as the Salvation Army, Catholic Social Services, Interfaith Care Community and Presbyterian Night Shelter.

External Outreach

For years, the VA has sponsored national, regional and local conferences among agencies serving the homeless, including faith-based organizations, to discuss community planning strategies and provide technical assistance. The Department also participated in the White House National Faith-Based and Community Initiatives Conference in Washington, D.C. to distribute VA brochures and pamphlets to more than 1,000 faith-based leaders attending the June 2004 event.

U.S. DEPARTMENT OF COMMERCE

The Commerce Department has had a tradition of working with faith-based organizations, but also increased its efforts since 2001. In particular, the Technology Opportunities Program (TOP) – which awards grants for model projects demonstrating innovative uses of network technologies to provide educational, health care, or public information by public and non-profit sectors – has included faith-based organizations as grantees.

The Department is also working with the U.S. Chamber of Commerce to recruit more faith-based partnerships with government and corporations to enhance economic development, according to Sandy K. Baruah, deputy assistant secretary for program operations of the Department's Economic Development Administration. "We go out and look for faith-based organizations to work with," Baruah said. "We gave a grant to African-American interdenominational ministry for technical support and to help people in the community become entrepreneurs."

Grants

Since 1994, the Commerce Department's Technology Opportunities Program (TOP) has awarded 583 grants nationally totaling \$218.9 million and leveraging \$297 million in local matching funds. More than one fourth of the grantees are community-based with a faith-based partner, according to TOP administrators. In fiscal year 2004, about \$12.9 million is available in TOP grants to all organizations including faith-based and community groups.

The Ekklesia Development Corporation of the Corinthian Baptist Church in Cincinnati received a \$510,000 TOP award to establish the nation's first online service linking more than 2,000 faith congregations and more than 100 religious organizations and faith-based agencies to their clientele. The interactive digital web portal of faith-based services enables 136,000 residents in eleven low-income communities to access faith-based providers. The long-term plan for the project includes providing handheld devices to volunteers who gain access to the Internet site through wireless connections.

Another example is a \$400,000 TOP grant to Second Harvest, a nationwide faith-based emergency food assistance program. The project implements a Wide Area Network to create a virtual warehouse among food suppliers and distributors to prevent waste and increase distribution to feeding shelters.

In other instances, grants were made to secular groups such as the Lake County, Illinois Department of Planning and Development, which include both secular and faith-based organizations as partners.

External Outreach

TOP administrators report that they have worked with faith-based groups for years and did not need to change their grant application process to accommodate faith-based organizations. However, since the beginning of the President's initiative, the agency has made a special effort to reach out to more faith-based organizations to make them aware of the program.

As part of that effort, TOP officials have appeared at the White House conferences and have sponsored regional technical assistance workshops for faith-based and community organizations. The Department's National Telecommunications and Information Administration (NTIA) also sponsored two technical assistance workshops for faith-based and community organizations in March 2004 in Washington, DC and Los Angeles, Ca.

SMALL BUSINESS ADMINISTRATION

The Small Business Administration (SBA) has sought to work with faith-based organizations that promote and facilitate greater economic development among low-income and minority businesses and populations. In April 2004, the SBA notified prospective grant applicants of plans to issue cooperative agreement awards to non-profit organizations, including faith-based organizations, to conduct Women's Business Center projects. The Centers provide financial consulting and other management and technical assistance to economically disadvantaged women in order to add more well-trained women entrepreneurs to the nation's business community. The SBA sought organizations that are well positioned in the community to offer this assistance in areas of finance, management, procurement and marketing to women entrepreneurs and business owners. The agency's specification of qualifications for applicants explicitly states, "Nothing shall preclude a faith-based or community organization from being considered an eligible applicant for the WBC program, provided it meets all of the requirements."

In other related action, SBA also presented Vermont's 2004 Financial Services Advocate of the Year award to the president of a faith-based lending institution. SBA recognized the Vermont Development Credit Union (VDCU) in Burlington as a unique prototype in Vermont because of its service diversity as a lending institution with a social mission. During its 15 years of operation, VDCU has loaned more than \$100 million to "high-risk" individuals and funded \$5 million in business loans, with loan losses at less than one percent. VDCU offers counseling-based lending and share-secured loans to give clients an opportunity to establish or rebuild credit.

Other Agencies

The reach of the Bush Administration's Faith-Based Initiative has extended beyond the ten Centers for Faith-Based and Community Initiatives that have been established through the President's executive orders. The Initiative has also been incorporated into a sweeping array of other federal programs, some of which have indirect connection with basic human social services. In some instances, faith-based groups have partnered with government in these programs for years and the relationships were expanded after the announcement of the Faith-Based Initiative. The federal government has realized that churches and faith-based organizations provide a good grassroots base for disseminating program information and recruiting participants in federal programs.

Other federal entities advancing the faith-based initiative include:

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

The Corporation for National and Community Service (CNCS) operates AmeriCorps, Vista, USA Freedom Corps, and Senior Corps, all of which have a history of working with faith-based organizations to serve poor communities. To expand its efforts, the Corporation created the Faith and Communities Engaged in Service (FACES) Initiative – an undertaking that is similar to the agency-designated Centers for FBCI.

According to the Corporation, more than 14 percent of AmeriCorps Vista's members are assigned to projects that support the work of faith-based organizations. Rather than provide direct services to these organizations, the members help them increase their financial, technological, administrative and volunteer capacity.

Examples of AmeriCorps Vista faith-based projects include Rural Opportunities, Inc., which works with 200 houses of worship to teach financial literacy to expand access to credit for the rural poor; West Virginia Council of Churches, which is developing a flood response plan through area churches; Cornerstone Outreach Center, which helps individuals on welfare find work in Amarillo, Texas; and Interfaith Hospitality Network of Truckee Meadows, which helps homeless families make the transition to permanent housing.

USA Freedom Corps participants are working in mentoring initiatives organized under the US Departments of Health and Human Services and Education to train volunteer mentors and pair them with children in need. AmeriCorps Vista and Senior Corps programs are also directing their volunteers to work at Amachi-related mentoring programs, which target the children of incarcerated parents.

President Bush issued an executive order in March 2004 directing the Corporation to review its policies and report back in six months on several policy and management reforms. One aspect of the review is to determine how to increase the involvement of faith-based and community organizations.

ENVIRONMENTAL PROTECTION AGENCY

Efforts by the Environmental Protection Agency (EPA) to increase work with faith-based groups were initiated independent of the White House, according to EPA administrators, who called the White House OFBCI in 2002 to report that the EPA had been working with faith-based groups for years and asked to attend the White House OFBCI bimonthly meetings with other federal agency faith-based office directors. “It was beautiful. We were already working with faith-based organizations for years, so when Bush started the faith-based initiative, we wanted to join in with what we were doing. We saw it as a good opportunity to advance our work to smaller groups that don’t have 501(c)(3) status,” said Robert J. Knox, associate director of the EPA Office of Environmental Justice. “The White House was delighted to hear from us.”

Since then, EPA representatives have attended the White House regional conferences to distribute information to faith-based groups. At a June 2003 White House conference in Denver, 300 congregations signed up to receive additional information about EPA programs. EPA representatives also distributed brochures and pamphlets at the June 2004 White House Faith-Based and Community Initiative National Conference in Washington, D.C. One brochure listed 13 success stories in which temples, churches and mosques reduced energy consumption and saved tens of thousands of dollars. It cited Hebron Baptist Church in Dacula, Georgia, which is saving \$32,000 annually after installing high-efficiency lamps financed by U.S. Energy Capital. In another instance, the Islamic Education Center in Potomac, Maryland is saving up to 20 percent on heating and air-conditioning by installing energy-saving thermostats and fluorescent lamps with electronic ballasts.

Jerry Lawson, director of EPA’s ENERGY STAR program, said many congregations emphasize environmental stewardship as an important mission and they operate buildings that can conserve energy and money. ENERGY STAR was introduced in 1992 as a voluntary, market-based partnership with consumers, small businesses and manufacturers to reduce air pollution through increased energy efficiency.

In 1997, the EPA realized that the program could also apply to religious organizations that operate houses of worship, nursing homes, hospitals, and day care centers. The program, called ENERGY STAR for Congregations, does not award monetary grants, but provides free technical support and public recognition for congregations who voluntarily become energy efficient.

Lawson said the impact of congregational conservation could be substantial. According to a Department of Energy survey, there are 307,000 “houses of worship” nationally that could save \$545 million a year if they reduced energy consumption by 25 percent. The saved energy would be the equivalent of removing 1 million cars and their pollution from the road or planting 1.4 million acres of trees, according to the EPA. The savings do not include other religious-owned properties such as hospitals and nursing homes.

ENERGY STAR for Congregations produced a 100-page guide entitled, “Putting Energy into Stewardship” with various energy efficient options for saving energy in congregations. EPA also sponsors a toll-free helpline (1-888-STAR-YES) to answer questions and provide coaching, an online library of success stories and calculation tools, and a national awards program to publicize success stories. EPA has also worked with the National Religious Partnership for the Environment, which includes the National Council of Churches, Coalition on the Environment and Jewish Life, Evangelical Environmental Network (creators of the “Jesus Wouldn’t Drive an SUV” bumper stickers and advertisements), and the U.S. Catholic Conference. The EPA also works with the Interfaith Coalition on Energy in Philadelphia.

Other efforts by EPA, in partnership with the Departments of Health and Human Services and Housing and Urban Development, have sought to engage faith-based groups in programs for lead abatement, recycling, and landfill cleanups in lower-income neighborhoods. The EPA is exploring ways to award grants to help faith-based organizations reduce emissions in church buses or occupy vacated buildings under environmental renovation.

“The Faith-Based Initiative just fell into our laps,” Knox said. “We weren’t big enough to be a cabinet agency faith-based office, but we were already involved in it and we’re expanding.”

Here too, these efforts have sparked criticism from the Initiative’s opponents. “The Bush administration seems to think that religion is the answer to every social ill and now they are expanding the initiative to environmental problems as well,” said Joe Conn, spokesman for Americans United for Separation of Church and State. “This is the logical outgrowth of the kind of agenda that Bush has been promoting.”

Concerns have also been raised about whether government money becomes fungible when conservation savings are transferred to uses with religious purposes. The ENERGY STAR for Congregations website, which began in June 2004, states that a 25 percent reduction by all congregations “would save nearly \$500 million to spend on their other priorities.”

In the past, The Acton Institute, a Michigan-based ecumenical think tank that promotes religious freedom, has challenged EPA's outreach efforts to religious organizations. EPA administrators said the EPA legal department reviewed the complaints and reported that it found no problems working with faith-based organizations.

FANNIE MAE AND FREDDIE MAC

Two of the nation's largest mortgage financiers have launched partnerships with faith-based organizations to spread the word about the virtues of homeownership. In response to a call from President Bush in 2002 for the nation's housing industry to expand home ownership for America's minorities, Fannie Mae and Freddie Mac – quasi-public mortgage lending institutions – expanded their previous partnerships with faith-based organizations.

Fannie Mae established an outreach program with 100 churches, synagogues, mosques and other faith-based institutions. Likewise, Freddie Mac began an education and technology program that included faith-based organizations. A Fannie Mae program called "Walk to Worship Mortgage" underwrites loans with ratios and qualifications for homes located within one mile of a designated church. Fannie Mae also started employer-assisted housing programs for the employees of two Catholic hospitals.

The lenders incorporated some creative techniques to suit homebuyers' religious beliefs. In one program, an Islamic finance institution entered an agreement with Fannie Mae to enable American-Islamic families to buy a home without violating the prohibition in Islamic Law on paying or collecting interest on debts. Under the \$10 million program, the lender calculates the implied interest rate which represents the rate of return on the transaction.

NATIONAL CREDIT UNION ADMINISTRATION

In 1999, the National Credit Union Administration (NCUA), which ensures the soundness of the credit union system, launched a special effort to provide support to smaller credit unions. In 2001, it began outreach efforts such as newsletters, workshops and letters to credit unions to introduce them to partnering opportunities with government-sponsored agencies whose objectives are focused on wealth building for minority and low-income individuals. During 2002, NCUA issued eight letters to credit unions that included information about the Bush Administration's faith-based Compassion Capital Fund, USDA Rural Housing and Economic Development programs, and the Corporation for National and Community Services programs.

NCUA has sponsored a series of national workshops to share with credit unions how to partner with organizations, including faith-based groups, to provide

financial services to minorities and low-income families, to encourage homeownership and to encourage economic development. NCUA reported that it has served 470 faith-based federal chartered and insured credit unions that serve 562,000 members with \$2.4 billion shares and \$2.7 billion in assets.

SOCIAL SECURITY ADMINISTRATION

The Ticket To Work program, created in 1999, is a voucher program in which Social Security recipients with a disability receive a “ticket” they can use to obtain employment, vocational or support services. Since its inception, the Ticket To Work program has recruited faith-based organizations to help provide those services. “But there’s a little more concentration of late because of the President’s faith-based initiative,” said a Ticket to Work program administrator. “The other reason is because of the work faith-based groups do in the community and the services they provide.”

Almost 40 faith-based organizations have applied to be part of the Ticket to Work program, and 15 have been approved and are operating. The Ticket to Work Program is now available in all states and some territories. By September, all 10 million Social Security Administration beneficiaries who are eligible to participate will receive tickets.

Program officials said they are trying to recruit more faith-based organizations to become employment networks because many already have support systems in place that can help individuals with disabilities to confront challenges involved with seeking and keeping a job. The networks provide career counseling, job training and education, independent living training, and job placement services.

FEDERAL DEPOSIT INSURANCE CORPORATION

The Federal Deposit Insurance Corporation (FDIC) is an independent agency created by Congress in 1933 to supervise banks, insure deposits and maintain a stable banking system. One objective at FDIC is to form alliances with other entities including financial institutions, bank trade associations, state and local agencies, non-profit organizations and consumer-based groups, including faith-based groups, to advance financial adult-education.

One such program is Money Smart, which helps people with little or no banking experience to increase savings, buy homes and improve their financial health, with a goal to partner with 1,000 organizations and institutions, including faith-based organizations. To date, more than 600 partnerships have been formed with a variety of organizations. Free Money Smart training modules include information on bank services, credit, keeping a checking account, and buying a home.

In the past two years, FDIC Community Affairs Officers and their staffs have been encouraging financial institutions to promote partnerships with organizations that are leading Earned Income Tax Credit (EITC) Campaigns across the country. In addition, the FDIC's Community Affairs staff has worked closely with Volunteer Income Tax Assistance (VITA) sites to provide free help in preparing income tax returns. Faith-based organizations are prominent partners in these efforts.

For example, St. Phillips AME Church of Atlanta, Georgia and DeKalb County Workforce Center prepared 165 returns and clients received \$263,593 in refunds, of which about half were EITC refunds. In Chicago, the FDIC Community Affairs staff helped established a pilot VITA site at Holy Cross Church in the Back of the Yards neighborhood, where last year more than 1,000 predominantly Spanish speaking individuals filed tax returns and received \$1.5 million in EITC refunds. The VITA site also offered a Money Smart financial education program, and five local banks were available to open new accounts for working families.

FEDERAL HOME LOAN BANK

The Federal Home Loan Bank (FHLBank) system was created in 1932 to stimulate mortgage financing. The system also created 12 Federal Home Banks that have two Community Investment Cash Advance (CICA) programs that offer grants and other low-cost, long-term funds for member lenders (banks and thrifts) to use to help finance targeted housing projects. The Community Investment Program (CIP) is a discounted-rate lending program and the Affordable Housing Program (AHP) is a subsidy program that provides grants and interest-rate subsidies for loans. The Federal Home Finance Board is promoting partnerships with locally based organizations, including faith-based groups, to help connect low- and moderate-income people and businesses with the CICA programs.

Federal Office Resources:

White House Office of Faith-Based and Community Initiatives
www.whitehouse.gov/government/fbci/

U.S. Department of Health and Human Services Center for FBCI
www.hhs.gov/fbci/

U.S. Department of Housing and Urban Development Center for FBCI
www.hud.gov/offices/fbci/index.html

U.S. Department of Labor Center for FBCI
www.dol.gov/cfbci/

U.S. Department of Justice Task Force for FBCI
www.ojp.usdoj.gov/fbci/

U.S. Agency for International Development Center for FBCI
www.usaid.gov/our_work/global_partnerships/fbci

U.S. Department of Agriculture Center for FBCI
www.usda.gov/fbci/

U.S. Department of Veteran Affairs
www.va.gov

U.S. Department of Commerce
www.commerce.gov

U.S. Small Business Administration
www.sba.gov

U.S. Environmental Protection Agency
www.epa.gov

National Credit Union Administration
www.ncua.gov

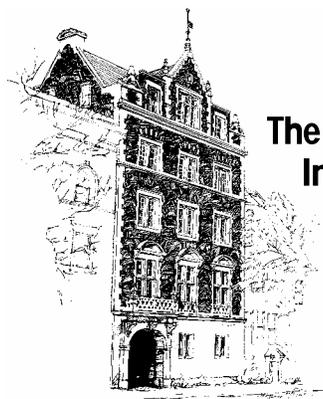
Social Security Administration
www.ssa.gov

Federal Deposit Insurance Corporation
www.fdic.gov

Federal Home Loan Bank
www.fhlbanks.com



The Roundtable on Religion and Social Welfare Policy
www.ReligionandSocialPolicy.org
(518) 443-5014



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