

# Churches as government partners: Navigating 'Charitable Choice'

by [Amy L. Sherman](#) in the [July 5, 2000](#) issue

In 1998 Sue Hill, an administrator with the Department of Human Services in Peoria, Illinois, was trying to help find jobs for several adults whose families were on welfare. Under the new welfare laws, the families would lose their cash benefits (called Temporary Assistance to Needy Families, or TANF) if the heads of the households didn't find work soon. The department was not able to give these families the time-intensive support and attention they needed. So Hill decided to turn to the town's faith community.

Through her "Adopt-A-Family" initiative, Hill matched 25 clients with three churches and two faith-based nonprofit organizations. The goal was to put a web of support around these families, getting the mom into the workforce, and helping her to retain her job for a minimum of three months. "I handpicked the clients and the faith-based groups because I wanted this to be successful," Hill recalls. And it was—all 25 clients found employment and were able to leave the welfare rolls.

Hill's turn to the religious community was in sync with Washington's new attitude about church-state collaboration. In 1996 a "Charitable Choice" section was added to the federal welfare reform law, establishing new rules for collaboration between government and religious institutions. The law prohibits public officials from discriminating against religious social-service providers that seek to compete for government contracts. And it protects the religious integrity and character of faith-based organizations (FBOs) that accept government dollars by granting them the right to retain authority over their mission and governing board; to maintain a religious atmosphere in their facilities; and to select only staff who agree with their religious beliefs. The Charitable Choice section also seeks to protect the civil liberties of the people receiving services. FBOs must not use governmental funds for purposes of "sectarian worship, instruction, or proselytization," and they must not discriminate against beneficiaries on the basis of religion or require them to participate in religious practices. In addition, if a client objects to receiving social

services from a faith-based provider, under Charitable Choice the government must ensure that the person obtains assistance from another organization.

After three years on the books, Charitable Choice has produced a notable, albeit modest, number of new financial relationships between FBOs and government. Sue Hill's department now holds financial contracts with two of the groups involved in the earlier, nonfinancial "Adopt-A-Family" program—Blaine Street Baptist and the (Roman Catholic) Southside Office of Concern. Both groups run formal job training programs for TANF recipients, help place participants in jobs and provide church mentors to help them retain those jobs. The contracts are "performance-based": the church receives one payment per client upon job placement and a second payment when the client reaches her 90-day anniversary on the job.

The Peoria partnerships are part of a small but growing movement to engage congregations and religious nonprofits in the lives of families making the transition from welfare to work. For two years I studied government collaborations with religious groups in nine states (California, Illinois, Massachusetts, Michigan, Mississippi, New York, Texas, Virginia and Wisconsin) and identified 84 financial partnerships like the ones Sue Hill pioneered. (Only those contracts that involved public funding streams regulated by Charitable Choice—namely, the TANF block grant and the Department of Labor's Welfare-to-Work block grant—were counted in the study.) Of these partnerships 43 percent involved small contracts (under \$25,000); but 18 percent involved amounts exceeding \$100,000 and 7 percent involved amounts over \$500,000.

Eighty-four Charitable Choice partnerships may not sound like much, but they are significant for at least two reasons. First, these initiatives involve hundreds of FBOs and engage the lives of thousands of welfare recipients. Their scope is broader than the numbers suggest. Second, over half these financial relationships involve churches and FBOs that had not previously cooperated in a formal capacity with government—including some evangelical organizations historically worried that government collaboration would squelch their religious identity.

In several localities across the country, therefore, welfare recipients can choose from a more diverse array of services. Through these 84 initiatives, they are participating in publicly funded, explicitly faith-based programs in job training, mentoring, transportation, and drug rehabilitation.

And other collaborative efforts are under way in other states. FaithWorks Indiana is a late 1999 initiative to help the state's working poor families. Overseen by the Division of Family and Children of the state's Family and Social Services Administration, FaithWorks provides assistance to faith-based organizations in applying for state and federal grant dollars to support new or existing programs geared to helping people attain self-sufficiency. North Carolina has appointed a "Program Director for Community Partnerships" in the state Department of Social Services to reach out to churches and other FBOs; Pennsylvania has had a staff member in such a position for the past three years. New Jersey held a statewide conference in 1999 for religious groups, and Governor Christine Dodd Whitman's Faith-based Community Development Initiative gave away \$3.6 million in grants to 37 churches and FBOs to help them support new social programs. Maryland, Minnesota and Ohio have also established new financial relationships with FBOs in the wake of welfare reform.

Discussions about such collaborations typically raise three concerns. First, what kinds of religious groups will emerge to compete for funds, and will they all be acceptable? Will we see tax dollars going to strange cults? Second, some critics worry that low-income clients will be bullied by evangelistic groups holding government contracts. Will vulnerable people, already battered by their circumstances, be subjected to manipulation or coercion when they attempt to receive assistance from publicly funded religious organizations? Third, will FBOs that accept funds from government compromise their religious identity? Will public dollars strip the "faith" from faith-based?

These concerns are all legitimate. But thus far, the data suggest that the worst fears are not being realized. Wacky cults have not secured any government social-welfare dollars under Charitable Choice, and are unlikely to. This is because Charitable Choice is not a pot of federal money set aside for religious groups. Charitable Choice is simply a set of new guidelines for governments' purchase of services, guidelines that make for a level playing field. Prior to 1996, many religious groups were shut out from that competition simply because they were too religious or "sectarian." Now if state or local officials decide to bid for services, they cannot tell FBOs that "they need not apply."

But in order to obtain any money, FBOs must win the competition, demonstrating that they can effectively deliver the services they are promising, respect clients' civil liberties, and account for every penny of public money. Contracts are monitored

through reports and on-site visits; public officials can interview clients about their experience; fiscal audits occur. Information about these relationships is also publicly available. In short, many safeguards are in place to help prevent incompetent and disreputable groups from securing government welfare dollars.

Fears of aggressive evangelism by publicly funded FBOs also have little basis in fact. Out of the approximately 3,000 clients participating in programs offered by FBOs holding government contracts that I studied, I heard only two complaints. In both cases, the clients felt that they had been subtly pressured to attend the church overseeing the job training program. In both cases, they went to their caseworker with their concerns and received permission to quit the program and join a secular alternative (following Charitable Choice's guidelines).

Religious groups in the nine states I surveyed also registered few complaints about their government partners. The vast majority reported that the church-state question was a "nonissue," that they enjoyed the trust of their government partners and that they had been straightforward about their religious identity. Since clients' participation in their programs was voluntary, these FBOs felt free to "be religious" since clients were free not to participate. Pastor Tim Criss of the Blaine Street Baptist Church in Peoria commented, "Our program is unabashedly religious and nothing in our contract prevents our identity as a faith-based organization."

A few interviewees from the faith community, though, voiced uncertainty as to "how far they could go" in integrating spiritual ministry into their social-service programs. This lack of clarity arises from Charitable Choice's own guidelines. On the one hand, language at the beginning of the Charitable Choice provision makes it clear that the rules are intended to protect the religious character and autonomy of the organizations receiving government funds. On the other hand, the end of the section includes wording prohibiting religious groups from using government contract funds for purposes of "sectarian worship, instruction, or proselytization." This creates a balance beam for FBOs to walk on.

Obviously, there are differences of opinion as to what constitutes "sectarian instruction." I would argue that Charitable Choice's back end ought to be interpreted via its front end. That is, if a Jewish FBO runs an hourlong, publicly funded computer skills training class that includes a one-minute prayer by the instructor at the beginning of class, that FBO is not engaging in "sectarian instruction"; it is simply being true to its character as a religious organization. If "sectarian instruction" is

defined so broadly as to include that one-minute prayer, then Charitable Choice's alleged protection of the religious identity and character of FBOs is a sham.

In an attempt to give religious groups some guidance in navigating between Charitable Choice's front and back ends, some religious organizations have begun work on a "Code of Conduct" by which FBOs accepting government funds regulated by Charitable Choice would pledge to operate. This approach displays the faith community's desire to be above reproach in its dealings with government.

Still in draft form, the Code of Conduct commits signatories to faithful compliance with Charitable Choice; to straightforward and consistent communication about their religious identity among their volunteers, service beneficiaries, donors and government partners; to refraining from using government funding for "confessional activities"; to winsome and gentle witness; to love of neighbor; to freedom from religious coercion; to nondiscrimination toward program participants; to faithfulness to their mission; to credible and objective evaluation procedures; to avoidance of "turf wars" with other FBOs and nonprofits; and to rigorous financial accountability.

One step that would help FBOs follow these principles is the use of vouchers. A voucher for specific social services, provided directly to clients by the state, could be "redeemed" by clients at an organization of their choice—and that organization could be as secular or as religious as it wanted to be without raising any constitutional difficulties. Unfortunately, no state is using vouchers now, though Texas—by far the most progressive state in implementing Charitable Choice—is considering it. It should be noted that vouchers have been in use since 1990 for low-income families needing daycare, and these vouchers allow families to place their children in church- or synagogue-sponsored daycare centers.

Another useful tool is an indirect financial relationship. An intermediary organization—perhaps a large nonprofit with experience administering government funds—can sign a contract with a government agency to provide various services, then subcontract with FBOs for the delivery of some of those services. The intermediary may itself be an FBO, as was the case with Good Samaritan Ministries (GSM) in Holland, Michigan. GSM held a \$100,000 contract with the Ottawa County Family Independence Agency (FIA) for training mentors from congregations. In a few short months, with its high credibility in the faith community and its experience in relational ministry among the poor, GSM recruited over 50 churches. This relationship offered a faster and better result than the agency could have expected

to achieve on its own; it allowed FIA to have a relationship with just one organization rather than with many churches; and it avoided a direct financial tie between the government and individual congregations.

In Ventura County, California, a secular organization plays the role of intermediary. Oxnard College (a community college) won an \$80,000 contract from CalWORKS (California's welfare reform agency) to serve 200 TANF recipients with job training and mentoring. Oxnard College then subcontracted with City Impact, an evangelical nonprofit, to recruit mentors from the faith community.

In Los Angeles, Goodwill Industries holds a \$5 million contract with the local Department of Social Services, and has subcontracted with an FBO called Mobilization for the Human Family to provide mentoring for job retention. The Mobilization, as it is called, recruits, trains and supervises volunteers from various houses of worship to serve as mentors to recently employed TANF recipients.

In these arrangements, the FBO is distanced an additional step from a direct financial relationship with government, which, in the words of the Mobilization's director, Richard Bunce, "feels safer" in terms of protecting the Mobilization's religious character. Bunce and others involved in indirect partnerships also report that their intermediaries typically require less cumbersome paperwork than government agencies.

When government and churches (or FBOs) engage in a direct financial contract, smooth navigation between Charitable Choice's front and back ends seems best achieved when the FBO remains true to its religious character—offering clients what it regards as a holistic ministry—yet agrees to compartmentalize its programming. For example, an FBO may offer a job training program for TANF recipients that involves biblically based classes on life skills led by clergy, a computer training class taught by a church volunteer, and job placement assistance by the FBO's staff. The FBO can make it clear to government and to potential participants that its program contains these three elements and competes for a contract to underwrite the computer class and the job placement work. Clients' participation in the life skills class—funded separately—is encouraged but not mandatory. The computer teacher is free to offer a short prayer at the beginning of class, but ought not spend half the time on a study of the Torah when the students should be learning Microsoft Excel. The jobs placement counselor might invite clients to a church-sponsored jobs fair or let them know about a new "single moms support group" forming in the parish, but

shouldn't promise that "just surrendering their lives to Jesus" will land them good jobs.

If the potential benefits of Charitable Choice are to be fully realized, government entities, religious organizations and nonprofits must each do their part in precisely implementing the legislation. Government leaders must educate employees about the specifics of the Charitable Choice guidelines. (In many of the collaborations I studied, the contracts used standard "boiler plate" language that did not include a detailed listing of the protections that Charitable Choice affords both FBOs and program participants.) Public officials need also to review their internal rules governing procurements and revise any rules that are contrary to the Charitable Choice guidelines (e.g., rules prohibiting faith-based contractors from discriminating in their employment practices on the basis of religion).

Sophisticated nonprofit organizations can help move Charitable Choice forward by serving either as fiscal agents for smaller FBOs—especially those new to public-private partnerships—or as direct subcontractors with FBOs.

Finally, faith-based organizations must educate themselves about welfare reform and Charitable Choice and assess what contributions they can make to serve the millions of families attempting to become more self-sufficient. Church leaders face the challenge of motivating their parishioners to go beyond giving money to the poor to building friendships with them. People of faith are having to think more creatively about their community outreach, and as they consider invigorating their efforts, the question of cooperating with their local government agencies will almost inevitably arise. For many, this is new territory—which makes familiarity with Charitable Choice a necessity, not a luxury.

Some religious groups may choose to increase their collaboration with government and even compete for public funds; others may determine they are uncomfortable with government funding despite the new protections afforded by Charitable Choice. In either event, religious leaders and FBOs need to make informed decisions, neither rushing haphazardly into new public partnerships without weighing the pros and cons, nor simply dismissing such collaborations without any thought about what their social responsibilities might be. Moreover, FBOs and houses of worship that decide to work closely with government and accept public funding must learn to value highly the pedestrian, behind-the-scenes work of tracking expenditures and documenting their case work. They should take pride in having administrative

systems that are as good or better than secular organizations receiving government funds. Financial irresponsibility cannot be tolerated; groups that fail to maintain excellent standards of financial accountability with their government contracts may jeopardize the potential for other religious groups to secure funding.

Even more important, faith groups must clearly discern and articulate their mission and pursue it faithfully—with or without government funding. The availability of new funding sources should not drive their outreach endeavors; rather, they must know what they are called to do and then assess whether a relationship with government would complement and facilitate their community work. FBOs must communicate clearly their understanding that they are accountable to God, to the poor constituents they seek to serve, and to the public—specifically, to the government entity through which they receive funding. Their conduct must be above reproach, seeking a constructive engagement with government through which they faithfully comply with the law; serve the needy with compassion, vigor and dedication; and remain true to their religious faith, identity and calling.