

State and Local Contracting for Social Services

Under Charitable Choice

Final Report

August 2005

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EXECUTIVE SUMMARY

The welfare reform law of 1996—the Personal Responsibility and Work Opportunity Reconciliation Act—contains provisions that allow faith-based organizations (FBOs) to compete for public funding to provide social services under the Temporary Assistance for Needy Families (TANF) program on the same terms as any other provider, without having to alter their religious character, and at the same time preserving the religious freedom of service recipients. In 2000, Congress enacted similar “Charitable Choice” provisions for certain programs funded by the Substance Abuse and Mental Health Services Administration, the largest of which is the Substance Abuse Prevention and Treatment (SAPT) block grant. Regulations clarifying the TANF and SAPT Charitable Choice rules were issued in 2003.

Although there are slight variations, the basic Charitable Choice rules specified that:

- FBOs were no longer required to remove religious icons, symbols, and scripture while delivering services funded by the federal government and could retain religious standards for organizational governance and staffing.
- FBOs receiving direct government funding were forbidden to use government contracts or grants for “inherently religious activities,” such as religious instruction, worship, or proselytizing.
- FBOs receiving direct government funding were forbidden to discriminate against prospective or current clients on the basis of their religion or lack of religion and to require participation in religious activities as a condition of receiving federally funded services.
- The state or the government agency responsible had to ensure that clients objecting to the religious nature of services were offered an alternative provider to which they did not object on religious grounds.
- Charitable Choice provisions did not preempt state laws or constitutional provisions that restrict the use of state funds for religious organizations.

The Office of the Assistant Secretary for Planning and Evaluation (ASPE), U.S. Department of Health and Human Services (HHS), studied how state and local officials understand and apply these Charitable Choice provisions. The study team—Mathematica Policy Research, Inc. (MPR) with assistance from subcontractors the Hudson Institute, the Center for Public Justice, and the Sagamore Institute of Policy Research—surveyed agencies contracting with TANF or SAPT funds in all 50 states and the District of Columbia, along with local TANF agencies in selected counties.

A. KEY LESSONS LEARNED

While state TANF funding for faith-based service providers has increased, most TANF and SAPT agencies report that the advent of Charitable Choice law has had little or no effect on their preexisting contracting policies regarding FBOs. In jurisdictions that report few effects from Charitable Choice, the extent to which a level playing field exists for FBOs seeking TANF or SAPT funding in those jurisdictions may depend heavily on the extent to which it existed before Charitable Choice legislation. Despite reports of little change in their policies that govern contracting with FBOs, however, many TANF and SAPT agencies have made significant efforts to reach out to prospective faith-based providers to encourage partnerships with government and to remove barriers.

Nearly all agencies recognize that certain characteristics and behaviors make FBOs ineligible for funding under Charitable Choice. However, several agencies did not appear to know or apply the relevant Charitable Choice provisions that establish the eligibility of certain types of FBOs for TANF or SAPT funding. These discrepancies may indicate a need for greater training of agency staff.

Findings also indicate a need for training agency staff in communicating Charitable Choice provisions to current contractors. Regular communication of important Charitable Choice provisions to faith-based providers was associated with the funding of FBOs without previous government contracting experience and of FBOs that are religiously expressive in their mission, staffing, and interactions with clients. This association was especially strong when agencies used means other than the text of the contract to communicate Charitable Choice provisions to providers.

B. SUMMARY OF FINDINGS

Levels of TANF and SAPT Contracting with FBOs. The overall number of TANF and SAPT agencies contracting with FBOs was relatively high. Contracting with FBOs was more prevalent among state TANF agencies than among local TANF agencies and more prevalent among local TANF agencies than among state SAPT agencies. Of the state TANF agencies administering contracts in 2004, 78 percent had contracts with FBOs. Among local TANF agencies with contracts, 70 percent had contracts with FBOs. Fifty-nine percent of state SAPT agencies with contracts had contracts with FBOs. The proportion of total contract dollars flowing to FBOs was considerably higher for the average state TANF agency than for either the average local TANF agency or the average state SAPT agency.

Contracting with FBOs by TANF Agencies over Time. We compared levels of Charitable Choice contracting by state TANF agencies between 2001 and 2004 for 34 states, using 2001 data collected by the (then) U.S. General Accounting Office (U.S. General Accounting Office 2002). The proportion of state TANF agencies with TANF contracts was slightly lower in 2004 than in 2001 (94 versus 97 percent). However, the proportion of currently contracting agencies holding contracts with FBOs rose, from 64 percent in 2001 to 78 percent in 2004. The dollar value of the average agency's TANF contracts fell by 25 percent during the

period (from \$24.4 to \$18.0 million in fiscal year 2004 dollars), but the proportion of dollars going to FBOs rose, from 8 to 36 percent.

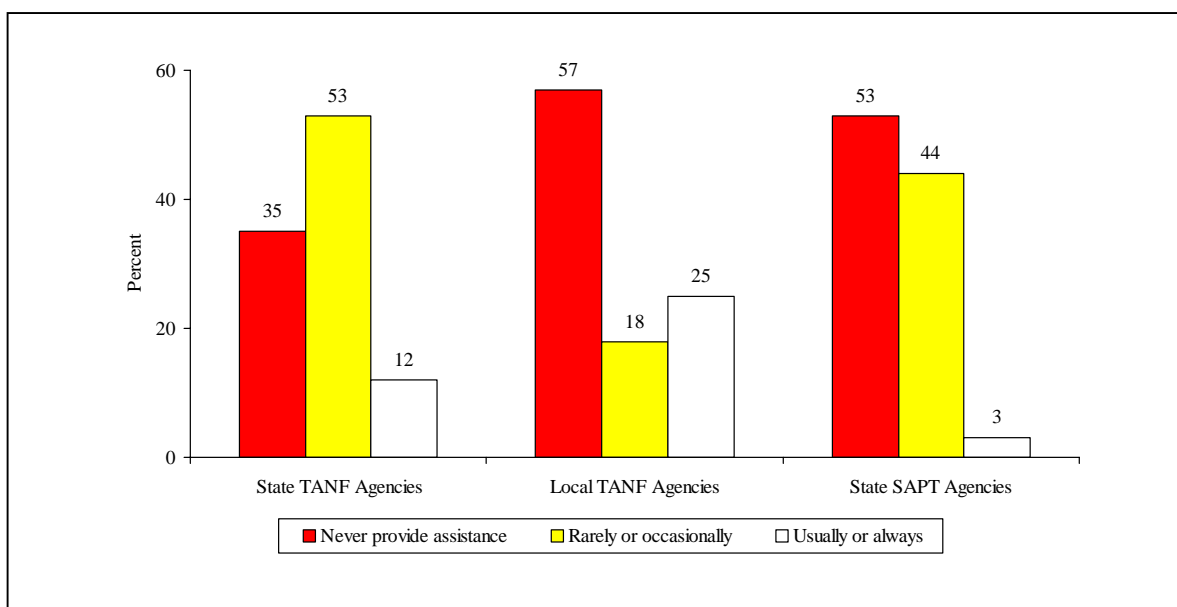
TANF and SAPT Agency Policies for Contracting with FBOs. Most TANF and SAPT agencies reported that Charitable Choice legislation had little or no effect on their preexisting contracting policies toward FBOs. Three-fifths of state and local TANF agencies reported no change in their contracting policies regarding faith-based providers since fiscal year 1996, and more than four-fifths of state SAPT agencies indicated no change since fiscal year 2001. Other key findings on contracting policies are:

Outreach to Faith-Based Providers. About two-fifths of state TANF agencies, three-fifths of local TANF agencies, and one-third of state SAPT agencies indicated that a statewide faith community liaison (FCL), a regional FCL, or statewide office of faith- and community-based initiatives encouraged FBOs to apply for TANF or SAPT funding. Four-fifths of state TANF agencies, three-quarters of local TANF agencies, and three-fifths of state SAPT agencies indicated that they usually or always adopt at least some strategies to promote partnerships with FBOs, including indicating in funding announcements that FBOs are eligible to apply, maintaining lists of FBOs that could be potential contractors or grant recipients, and relying on advertisements or announcements to inform FBOs of funding opportunities.

Provision of Technical Assistance to FBOs. Only 12 percent of state TANF agencies, 25 percent of local TANF agencies, and 3 percent of state SAPT agencies said that FBOs usually or always receive technical assistance to help them compete for government contracts and grants (Figure 1). Majorities of local TANF and state SAPT agencies reported that FBOs in their jurisdiction *never* receive such assistance.

FIGURE 1

FEW AGENCIES PROVIDE TECHNICAL ASSISTANCE TO HELP PREPARE FBOs TO COMPETE FOR FUNDING



Treatment of FBOs Ineligible for TANF and SAPT Funding. Certain characteristics would make an FBO ineligible for funding under Charitable Choice. These characteristics include (1) using federal funds for religious instruction, worship, or proselytizing; (2) refusing to serve clients on the basis of their religious affiliation and commitment or lack thereof; and (3) requiring clients to participate in prayer or other inherently religious activities. At least 90 percent of each agency type said that a hypothetical FBO with any of these characteristics or behaviors would have at least somewhat diminished chances of receiving TANF or SAPT funding, consistent with Charitable Choice provisions. However, only one-half of state TANF agencies, three-fifths of local TANF agencies, and two-fifths of state SAPT agencies showed that they understood the Charitable Choice provision that any religious instruction, worship, or proselytizing must occur *at a different time or location* than the services provided with government funds.

Treatment of FBOs Eligible for TANF and SAPT Funding. Most agencies reported that FBOs eligible for funding under Charitable Choice would *not* have diminished chances of receiving funding. However, a substantial number of agencies expressed reservations about certain behaviors:

- One-third of local TANF agencies reported that FBOs that use religious standards of belief and behavior for hiring and retaining staff supported with federal funds would have diminished chances of receiving funding.
- Nearly half of SAPT agencies reported that FBOs that are religious congregations that lack a separate nonprofit corporation to provide federally funded services would have diminished chances of receiving funding.
- Nearly half of local TANF agencies indicated that FBOs committed to the spiritual transformation of clients in situations in which clients could choose a comparable, accessible alternative if they objected to a provider's religious character would have diminished chances of receiving funding.
- Charitable Choice regulations also specify that successful faith-based providers remain eligible for SAPT funding even if their staff members lack state and local certification, provided that the staff members have comparable experience in FBOs. Three-quarters of state SAPT agencies responded that such FBOs would have diminished prospects of receiving funding, Charitable Choice regulations notwithstanding.

Treatment of FBOs of Uncertain Eligibility for TANF and SAPT Funding. The survey asked about the funding chances of hypothetical FBOs for which eligibility under current law is uncertain and may depend on state law, local ordinances, and precise interpretation of federal law. Agencies reported the following funding prospects for such FBOs:

- Sixty-two percent of state TANF agencies, 76 percent of local TANF agencies, and 67 percent of state SAPT agencies viewed funding chances as limited for FBOs that

would refuse, on the basis of religious convictions, to hire staff for the federally funded program on the basis of their sexual orientation.

- Sixty-five percent of state TANF agencies, 62 percent of local TANF agencies, and 37 percent of state SAPT agencies indicated that funding chances would be at least somewhat diminished for FBOs that include religious concepts or themes in their TANF- or SAPT-funded program.
- About three-fifths of state TANF agencies, four-fifths of local TANF agencies, and three-fifths of state SAPT agencies indicated that funding chances would be diminished for FBOs committed to the religious conversion of clients, even if clients who object to a provider's religious character can choose a comparable, accessible alternative provider.

Agency Efforts to Inform Contractors of Specific Charitable Choice Provisions. Because of increasing emphasis on the Charitable Choice initiative and its visibility as an Administration priority, we wanted to assess the extent to which contracting agencies informed potential and actual FBO contractors about Charitable Choice provisions. The ability of FBOs to comply with the requirements of Charitable Choice and use its benefits depends on what FBOs know about their rights and responsibilities under the law. The survey asked TANF and SAPT agencies how frequently agency staff inform FBOs, either orally or in writing, of specific provisions. To encourage agency officials to accurately report their communication with providers, the questionnaire did not specify which of the listed provisions were part of the Charitable Choice rules.

- Provisions indicating that religious congregations may receive TANF or SAPT funds without establishing a separate nonprofit corporation were communicated regularly by only 30 percent of state TANF agencies, 7 percent of local TANF agencies, and 4 percent of state SAPT agencies.
- Provisions indicating that providers may display religious symbols at the location where services are delivered with TANF or SAPT funds were communicated regularly by only 23 percent of state TANF agencies, 11 percent of local TANF agencies, and 12 percent of state SAPT agencies.
- Provisions indicating that providers may use religious standards for determining membership on their governing boards were communicated regularly by only 21 percent of state TANF agencies and 8 percent of local TANF agencies and state SAPT agencies.
- Provisions indicating that providers may use religious standards for hiring staff with TANF or SAPT funds were communicated regularly by only 18 percent of state TANF agencies and 8 percent of local TANF agencies and state SAPT agencies.
- Provisions indicating that clients must be served by the TANF- or SAPT-funded program regardless of clients' religious affiliation, religious commitment, or lack

thereof were communicated regularly by 52 percent of both state TANF agencies and state SAPT agencies, and 74 percent of local TANF agencies.

- Provisions indicating that clients must not be required to participate in prayers or other inherently religious activities were communicated regularly by 57 percent of state TANF agencies and 63 percent of local TANF agencies, but by only 28 percent of state SAPT agencies.
- Provisions indicating that clients who object to a provider's religious character must be offered a comparable, accessible alternative were communicated regularly by 47 percent of state TANF agencies and 54 percent of local TANF agencies, but by only 28 percent of state SAPT agencies.
- Provisions specifying that TANF and SAPT funds may not be used to fund religious instruction, worship, or proselytizing were communicated regularly by 61 percent of state TANF agencies, 70 percent of local TANF agencies, and 44 percent of state SAPT agencies.
- Provisions specifying that any religious instruction, worship, or proselytizing must be held at a separate time or in a separate location from TANF- and SAPT-funded activities were communicated regularly by 34 percent of state TANF agencies, 41 percent of local TANF agencies, and 17 percent of state SAPT agencies.
- Provisions specifying that the same rules that apply to prime contractors must also apply to subcontractors were communicated regularly by 68 percent of state TANF agencies, 89 percent of local TANF agencies, and 54 percent of state SAPT agencies.

For the 10 important Charitable Choice provisions already mentioned, only 23 percent of state TANF agencies, 17 percent of local TANF agencies, and 5 percent of state SAPT agencies indicated that they usually or always communicate six or more provisions to faith-based providers (Figure 2).

Agency Actions to Protect the Religious Freedom Rights of Providers and Clients. The survey measured the extent to which agencies seek to protect the religious freedom rights of providers and clients under Charitable Choice (Figure 3):

- Thirty-nine percent of state TANF agencies, 19 percent of local TANF agencies, and 8 percent of state SAPT agencies reported that they regularly provided information on the procedures for protecting religious freedom rights.
- Forty-four percent of state TANF agencies, 54 percent of local TANF agencies, and 35 percent of state SAPT agencies regularly inform clients about their right to an alternative provider if they object to a current provider's religious character.
- Twenty-eight percent of state TANF agencies regularly assess client satisfaction with their provider, compared with 34 percent of local TANF and state SAPT agencies.

FIGURE 2

FEW AGENCIES COMMUNICATE KEY CHARITABLE CHOICE PROVISIONS TO FAITH-BASED PROVIDERS

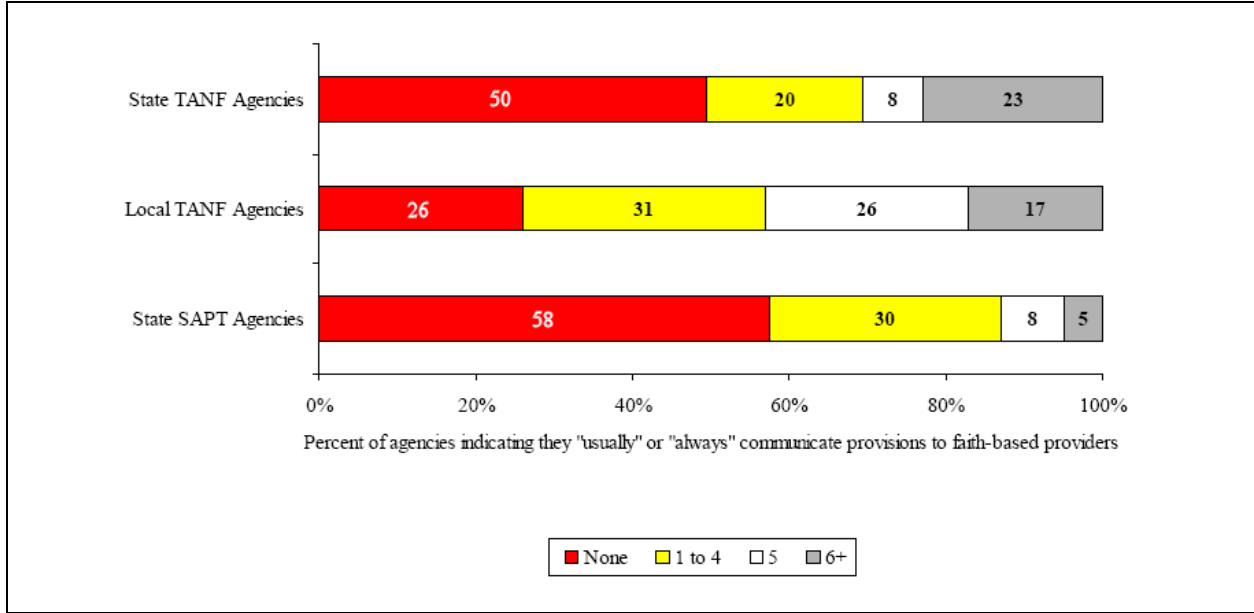
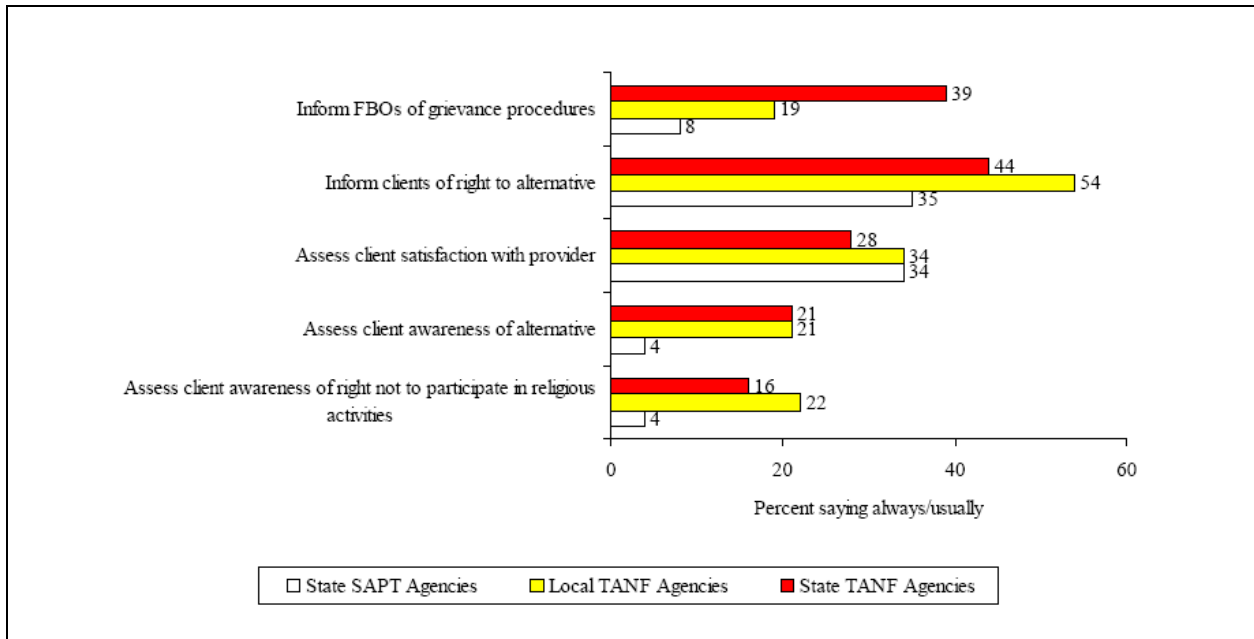


FIGURE 3

MOST AGENCIES DO NOT CONSISTENTLY SAFEGUARD THE RELIGIOUS FREEDOM RIGHTS OF FAITH-BASED PROVIDERS AND THEIR CLIENTS



- Twenty-one percent of state and local TANF agencies and 4 percent of state SAPT agencies regularly contact clients to determine if they are aware of their right to an alternative provider.
- Sixteen percent of state TANF agencies, 22 percent of local TANF agencies, and 4 percent of state SAPT agencies regularly contact clients to determine if they are aware of their right not to participate in religious activities.

Guidance Provided to Agency Staff Regarding Charitable Choice Provisions. Sixty-five percent of state TANF agencies, 56 percent of local TANF agencies, and 39 percent of state SAPT agencies reported that their agency staff had ever received any training, workshops, legal guidance, procurement manuals, policy statements, or other assistance concerning provisions affecting contracting with FBOs. For state TANF and state SAPT agencies, the most common source of technical assistance on contracting with FBOs came from a federal agency. In contrast, for local TANF agencies, the most common source of assistance was their state.

C. RELATING FBO CHARACTERISTICS AND BEHAVIOR TO AGENCY POLICIES

To compare the characteristics and behavior of faith-based providers with the policies and perspectives of the corresponding agencies, we linked agency responses to the responses of faith-based TANF and SAPT contractors surveyed in 2001. We found that:

- Faith-based providers holding TANF or SAPT contracts with agencies publicizing contracting opportunities for FBOs are more likely to be religiously expressive than other FBOs but less likely to train their staff in appropriate ways of sharing their faith.
- Agencies preferring that TANF or SAPT providers not be committed to the religious conversion of clients were more likely to contract with FBOs that hire staff regardless of religion and that do not offer religious programming to clients in the government-funded program.
- Compared with FBOs holding contracts mentioning most of the Charitable Choice provisions, FBOs receiving notification of the provisions only through other means were more likely to be religious congregations and more likely to indicate that spiritual transformation was important for program outcomes; less likely to report that most of their paid staff share their faith; less likely to make program staff available to discuss spiritual matters with clients; more likely to seek personal involvement with clients regarding matters of faith; and more likely to offer clients the option of participating in religious programs.
- FBOs contracting with agencies that regularly contact clients to ensure that they know their religious freedom rights were more likely than other FBOs to notify clients of their right to choose an alternative provider. FBOs contracting with agencies communicating the safeguard procedures to faith-based contractors were disproportionately religious congregations, were more likely than other FBOs to have

been recruited by the agency for their current contract, and were less likely to have held government contracts before 1996.

D. AREAS FOR FURTHER RESEARCH

This study leaves several unresolved issues that may merit further research. New data collection could support the study of trends in state SAPT and local TANF contracting and could provide nationally representative samples of local TANF agencies and of FBOs contracting with TANF or SAPT agencies. Analysis of TANF and SAPT contract documents from a representative group of agencies would shed light on the extent to which the contracts reflect Charitable Choice provisions. Interviews with state FCLs would be valuable for learning about their activities and linking their responses to responses from the agencies in their states. Data collection on program clients would shed light on clients' satisfaction with their providers and their awareness of their rights under Charitable Choice. Studies of the structure and implementation of vouchers and other mechanisms by which clients choose a social service provider would give more information to policymakers interested in establishing such mechanisms. Finally, rigorous studies of the impacts of vouchers could increase understanding of how expanding clients' choice of providers affects client well-being and how expanding access to faith-based providers affects the religious affiliation and commitments of clients.

I. BACKGROUND AND RECENT RESEARCH ON GOVERNMENT PARTNERSHIPS WITH FAITH-BASED SOCIAL SERVICE PROVIDERS

“Charitable Choice” refers to measures, first signed into law in 1996, designed to promote partnerships between government agencies and community-based organizations, including faith-based organizations (FBOs), that provide social services. The Office of the Assistant Secretary for Planning and Evaluation (ASPE), U.S. Department of Health and Human Services (HHS) asked Mathematica Policy Research, Inc. (MPR), together with the Hudson Institute, the Center for Public Justice (CPJ), and the Sagamore Institute of Policy Research, to study how state and local officials understand and implement Charitable Choice provisions as they relate to FBOs. The study, “State and Local Contracting for Social Services Under Charitable Choice,” focuses on contracting with funds from the Temporary Assistance for Needy Families (TANF) program and the Substance Abuse Prevention and Treatment (SAPT) program. MPR surveyed state TANF and SAPT officials in every state and the District of Columbia and local TANF officials in selected counties. It then linked the data received to extant survey data on FBOs contracting with state and local agencies under Charitable Choice.

In this chapter, we provide background information on Charitable Choice. We first define “faith-based organizations” for this study. Next, we describe the development of Charitable Choice and related efforts to promote government partnerships with FBOs that provide social services. We then describe how the present study builds on recent research on the legal environment for contracting with FBOs, the policies and practices of contracting agencies, and the characteristics and perspectives of FBOs receiving government funding. We conclude with an overview of the rest of the study report.

A. WHAT IS A FAITH-BASED ORGANIZATION?

Any study that focuses on government partnerships with FBOs must decide how to define such organizations. For studies involving data collection from state and local agencies, the definition will have a significant impact on the study's scope and findings, affecting the types of information gathered from the agencies.

State and local officials, as well as representatives of religious organizations and congregations themselves, often have different ideas of what constitutes an FBO. Some government officials are reluctant to develop their own official definition of an FBO, believing that doing so might imply special treatment for FBOs compared to secular organizations. Other officials may wish to avoid involving the government in categorizing organizations as “faith-based” and prefer to ask organizations to identify themselves as such. Self-identification, however, may lead to the use of different standards for making comparisons of contracting outcomes and policies across states. Therefore, a consistent definition is helpful.

A body of scholarly research explores possible typologies of FBOs, asking what is meant by a “faith-based,” “faith-related,” or “religious” organization in the context of Charitable Choice and considering the consequences of various definitions.¹ Smith and Sosin (2001) distinguish among organizations that are religious in culture, governance, or funding source. Green and Sherman (2002) categorize religious organizations as nonexpressive, quiescent, vocal, or fully expressive, depending on how intensely religion permeates their service delivery. In a 2002 study, the U.S. General Accounting Office (GAO)—now the U.S. Government Accountability Office—defined FBOs as “religiously affiliated not-for-profit organizations, such as national or independent religious organizations, congregations or churches.”

¹ For a general discussion of the literature, see Scott (2002).

Regulations recently adopted for programs operated under the Substance Abuse and Mental Health Services Administration (SAMHSA) refer to “religious organizations” as a category of nonprofit organization with a “religious affiliation or character.” In contrast, regulations for the TANF program recognize the possible involvement of for-profit religious organizations. Other definitions of FBOs distinguish between “traditional” religious social service providers, which have set up largely secular 501(c)(3) nonprofit entities to provide social services and have received government funding for many years, and “newly eligible” organizations, including religious congregations that have maintained their explicitly religious character.²

To gather information that can be compared with earlier data on the scale of FBO contracting, the HHS study adopted a definition similar to that of the GAO and asked respondents to use the definition in formulating their answers. This approach allows the present study to draw on GAO data from 2001 to compare FBO contracting across states and localities and over time.

This study defines faith-based organizations (FBOs) as religious or religiously affiliated organizations, including religious congregations (such as churches, synagogues, temples, or mosques), affiliates of national religious organizations, or independent religiously inspired or expressly religious service organizations. Examples of FBOs meeting this definition are Catholic Charities, Jewish Family Services, Young Men’s Christian Association (Y.M.C.A.), the Salvation Army, and Gospel Rescue Ministries.

²Not all organizations that are faith-based, or at least faith-related, describe themselves as religious. For example, Alcoholics Anonymous (A.A.) states that it “is not allied with any sect, denomination, politics, organization or institution” and that “A.A. does not . . .offer religious services.” Nonetheless, A.A.’s “12 Suggested Steps” to recovery refer to “a Power greater than ourselves,” “God,” “prayer and meditation,” and “spiritual awakening” [<http://www.recovery.org/aa/misc/12steps.html>], and courts have treated A.A. as an FBO.

This definition varies slightly from that of the GAO in that it mentions “expressly religious” organizations and cites as an example one FBO—Gospel Rescue Ministries—that was not mentioned in the GAO questionnaire but that may have been ineligible for funding before Charitable Choice because of its commitment to spiritual transformation. In addition, because TANF rules permit for-profit FBOs to compete for funding, the HHS definition eliminated the GAO’s original reference to “not-for-profit” organizations. These refinements of the GAO’s definition were intended to encourage respondents to include “newly eligible” organizations when responding to the survey, while preserving an essential similarity with the GAO definition to allow for comparisons over time.

B. A BRIEF HISTORY OF CHARITABLE CHOICE AND RELATED SOCIAL POLICIES

1. Government Partnerships with FBOs Before 1996

Religious organizations and congregations have long provided social services in the United States, often well before the establishment of government social welfare programs. Between 1947 and 1980, a series of U.S. Supreme Court decisions limited the ability of the government to support inherently religious activities or “pervasively sectarian” organizations.³ During this period, statutory language and regulations covering federal social service programs, if they mentioned FBOs at all, tended to limit or prohibit funding of “primarily religious entities,” even for secular activities.⁴ Nonetheless, before 1996, some religiously expressive FBOs received government support,⁵ other FBOs established separate nonprofit organizations to run essentially

³ Lupu and Tuttle (2002), pp. 16–19.

⁴ Lupu and Tuttle (2002), p. 51, quoting from the Community Development Block Grant rules, 24 CFR 570.200(j).

⁵ Monsma (1996).

secular programs with government funds,⁶ and still other FBOs elected not to seek government assistance under any terms.⁷

2. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)

During the early 1990s, religious and social conservatives criticized federal welfare policies, arguing that secular, bureaucratic approaches were bound to fail because they did not address the needs of the poor in a personal way that made moral demands and worked toward spiritual transformation.⁸ Some critics of the secular welfare state, believing that private charity is morally superior to government subsidies, argued against any direct government funding of social services for the poor, maintaining that receipt of government subsidies by religious charities tends to diminish their spiritual mission.⁹ Other critics, such as Carl Esbeck, a law professor at the University of Missouri and member of the Christian Legal Society, argued for a new interpretation of constitutional law that would permit direct funding of social service providers on an equal basis, whether or not providers maintained a religious identity and sense of religious mission.¹⁰

Esbeck's proposal to explicitly allow FBOs more freedom of religious expression, even when receiving government funds, appealed to then-Senator John Ashcroft (R-MO), who included Esbeck's ideas in major welfare reform legislation debated during 1995 and 1996. The

⁶ Owens (2000).

⁷ Association of Gospel Rescue Missions (1995).

⁸ See, for example, Olasky (1992).

⁹ Sirico (1995).

¹⁰ Esbeck (1996). See also Sherman (2001) and Federalist Society (2003).

proposed reforms came to be known as the “Charitable Choice” provisions of PRWORA.¹¹

PRWORA applied Charitable Choice rules to the newly created TANF program.

The Charitable Choice section of PRWORA (PL 104-193) describes its purpose as:

. . .to allow States to contract with religious organizations, or to allow religious organizations to accept certificates, vouchers, or other forms of disbursement. . .on the same basis as any other nongovernmental provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance. . .

Charitable Choice rules specify that FBOs are not required to remove religious icons, symbols, and scripture while delivering services funded by the federal government and can retain religious standards for organizational governance and staffing. FBOs receiving federal funds under Charitable Choice are explicitly exempt from any prohibitions on religion-based employment discrimination, allowing them to hire only coreligionists if they so wish.¹²

FBOs receiving direct government funding under Charitable Choice are subject to several restrictions, however.¹³ These are intended to address concerns that funding religiously expressive FBOs would violate the First Amendment to the U.S. Constitution by having the government support the establishment of religion and would undermine the religious freedom of clients that such FBOs serve. Under Charitable Choice, federally funded FBOs are forbidden to use government funds for “inherently religious activities,” such as religious instruction, worship,

¹¹ Ostling (2001).

¹² Title VII of the U.S. Civil Rights Acts of 1964 permits religious organizations to discriminate on the basis of religion when making employment decisions. Nonetheless, the extent to which government-funded FBOs retain religious hiring rights is a matter of debate, given that state and local laws may prohibit such hiring. See Lupu and Tuttle (2002), pp. 43–49, and Esbeck et al. (2004).

¹³ *Direct funding* includes fixed-price contracts, cost-reimbursement contracts, incentive-type or performance-based contracts, cost-reimbursement plus incentive contracts, grants, and financial cooperative agreements, as opposed to client vouchers, certificates, and other forms of *indirect* funding.

or proselytizing. They are also forbidden to discriminate against prospective or current clients on the basis of their religion or lack of religion or to require participation in religious activities as a condition of receiving federally funded services. The state or the government agency responsible must ensure that clients who object to the religious nature of a provider are offered an alternative provider to which they do not object on religious grounds. FBOs are permitted to segregate their federal funds into separate accounts if they do not wish to subject their entire organization to Charitable Choice provisions and federal audits. Finally, Charitable Choice provisions, which apply to both federal TANF funds and state “maintenance-of-effort” (MOE) funds,¹⁴ do not preempt state laws or constitutional provisions that restrict the use of state funds for religious organizations. States with constitutional or statutory restrictions on funding religious organizations can avoid subjecting state funds to Charitable Choice provisions by keeping the funds separate from federal TANF funds.

3. Expansion of Charitable Choice Since 1996

Since the enactment of PRWORA, Charitable Choice has expanded: similar provisions were added to the U.S. Department of Labor’s Welfare-to-Work (WtW) program in 1997, to HHS’s Community Services Block Grant (CSBG) program in 1998, and to several programs funded by SAMHSA, the largest of which was the SAPT block grant, in 2000. In January 2001, President Bush signed Executive Order 13199, which created the White House Office of Faith-Based and Community Initiatives (OFBCI). On the same day, he also signed Executive Order 13198, which created Centers for Faith-Based and Community Initiatives (CFBCI) in five cabinet agencies: (1) HHS, (2) Housing and Urban Development, (3) Education, (4) Labor (DOL), and

¹⁴ PRWORA requires states to maintain a percentage of their earlier IV-A funding or AFDC, JOBS, and Emergency Assistance funding (usually between 75 and 80 percent) as a *de facto* match to federal TANF dollars.

(5) Justice. The President required HHS and DOL to review policies and practices governing TANF and WtW funding covered by Charitable Choice and to work to ensure compliance with Charitable Choice provisions. Each agency's CFBCI was also required to perform:

. . . a department-wide audit to identify all existing barriers to the participation of faith-based and other community organizations in the delivery of social services by the department, including but not limited to regulations, rules, orders, procurement, and other internal policies and practices, and outreach activities that either facially discriminate against or otherwise discourage or disadvantage the participation of faith-based and other community organizations in federal programs.¹⁵

In August 2001, a White House report entitled "Unlevel Playing Field" summarized the audits, concluding that while "no faith-based service group has an automatic right to obtain federal funding... both faith-based and community organizations should have an equal opportunity to obtain such funding, if they choose to seek it." The report argued that:

. . . [the] federal grants process, despite a few exceptions and a growing sensitivity to and openness toward both faith-based and community groups, does more to discourage than to welcome the participation of faith-based and community groups. . . Too much is done that discourages or actually excludes good organizations that simply appear "too religious"; too little is done to include groups that meet local needs with vigor and creativity but are not as large, established, or bureaucratic as the traditional partners of the federal government. This is not the best way for government to fulfill its responsibilities to come to the aid of needy families, individuals, and communities.¹⁶

After the audit report was released, President Bush promoted broader partnerships with faith-based and community groups in several ways:

¹⁵ Quoted in White House (2001).

¹⁶ Quoted in White House (2001).

- The President signed Executive Orders creating new CFBCIs for the U.S. Department of Agriculture and Agency for International Development¹⁷ and for the Departments of Commerce and Veterans Affairs and the Small Business Administration.¹⁸
- The President signed an Executive Order¹⁹ requiring all executive branch departments and agencies to provide equal opportunities for faith-based and community organizations to obtain federal assistance to the extent permitted by law; amending Executive Order 11246 (issued in 1965) to permit FBOs contracting to deliver services to the federal government to make hiring decisions on the basis of religion where not prohibited by statute; and requiring the heads of the (then) seven agencies with a CFBCI to review their policies to assess their consistency with the goals of Charitable Choice, amend them or implement new policies as necessary, and collect data on the participation of FBOs in federally funded social service programs.
- The President worked with members of Congress to create the Compassion Capital Fund, which, between February 2002 and August 2004, provided \$99.5 million to finance the work of 1,900 intermediaries and subgrantees assisting faith-based and community groups in applying for federal funding.²⁰
- The Administration issued final regulations clarifying the Charitable Choice rules applying to the TANF, CSBG, and SAMHSA programs.²¹
- The President indicated support for legislation that would make the statutory changes needed to expand the number of federal social service programs to which Charitable Choice-type rules apply.

While opponents of Charitable Choice have been unsuccessful in their legal efforts to overturn the President's Executive Orders, disagreement in the Congress, particularly regarding religious hiring provisions, has left the state of the law on the hiring rights issue unclear or contradictory for different types of social service programs.²²

¹⁷ Executive Order 13280, December 12, 2002.

¹⁸ Executive Order 13342, June 1, 2004.

¹⁹ Executive Order 13279, December 12, 2002.

²⁰ U.S. Department of Health and Human Services (2004).

²¹ 68 *Federal Register* 56449, 56466, and 56430 (September 30, 2003).

²² See Lupu and Tuttle (2004) and White House Office of Faith-Based and Community Initiatives (2003). Also see Farris et al. (2004) on the Bush Administration's extensive use of Executive Orders to advance the President's faith-based initiative.

For the TANF and SAMHSA programs, the issuance of final regulations provided greater clarification about how Charitable Choice provisions apply to the two programs. Below, we describe in greater detail the rules applying to contracting under the TANF and SAMHSA programs, the programs on which this study focuses. The regulatory requirements for the two programs, which are compared in Table I.1, are mostly similar, although they also differ in some respects:

- Although FBOs funded by TANF federal or state MOE funds or SAMHSA funds may hire staff on the basis of religion, the SAMHSA regulations specifically state that they do not preempt state laws covering discrimination in employment.
- The certification requirements for hiring staff for SAMHSA-funded drug treatment programs allow for comparable alternative training from a religious organization, whereas the TANF regulations do not discuss staff certification issues.²³
- The SAMHSA regulations define FBOs as nonprofit religious organizations, while the TANF regulations are silent on this matter, allowing for the possibility of a for-profit FBO.
- Under both TANF and SAMHSA rules, clients must be offered a comparable alternative service provider if they object to the religious character of their funded provider. The burden of implementation differs somewhat between the programs, however. In TANF, the burden is on the state or local agency, which is also responsible for notifying program applicants and participants of their right to an alternative. In SAMHSA-funded programs, the burden is on the state or local agency if it receives SAMHSA funds and on SAMHSA and, to some extent, the FBO if funds are issued directly to the FBO. The alternative provider should be made available within a “reasonable” time, be reasonably accessible, and have the capacity to serve the participant. In addition, the services should be of equal or greater value than the forgone service; however, they need not be secular. SAMHSA regulations also require the funded agencies or FBO to follow up to ensure that the referral to the alternative has been made. If the FBO is responsible for the referral (as when it is a direct recipient of discretionary SAMHSA funds) and an alternative government-funded provider is not available, the FBO must contract with an alternative provider and may finance the services with SAMHSA discretionary grant funds.

²³ The SAMHSA regulations specify that the alternative training provisions only apply to staff of a program “that has a record of successful drug treatment for the preceding three years.”

TABLE I.1

CHARITABLE CHOICE REGULATIONS FOR THE TANF AND SAMHSA PROGRAMS

Area of Regulation	TANF	SAMHSA Programs
Nondiscrimination Against FBOs		
Equal Access to Funding for FBOs and Secular Organizations	FBO is eligible to compete for funds on the same basis as other organizations; states/localities may not discriminate against an organization on the basis of its religious character.	Same
FBOs' Expression of a Religious Identity	FBO retains its independence from government; may display religious art, icons, scripture, and other symbols in space used for service provision; may use religious terms in name, select board on religious basis, and include religious references in mission statements and other governing documents.	Same
Hiring Standards		
FBO Right to Hire Based on Religion	FBO receiving federal funds may hire on the basis of religion.	Same, though regulations are explicit: no preemption of state law.
Educational Requirements for Staff	Silent	States and localities “shall not discriminate against” education and training provided to staff of successful faith-based drug treatment programs, so long as it is similar to education and training provided by non-FBOs or to education and training the state or locality would otherwise credit for satisfaction of educational requirements.
Definition of FBO		
Status of FBO	Silent	Defined as a nonprofit organization
Prohibitions on FBO Activities	Direct federal TANF or state MOE funds may not be used for “inherently religious activities, such as worship, religious instruction, or proselytization.” Such activities must be separate in time or location from funded program services, and beneficiary participation must be voluntary.	Same

TABLE I.1 (continued)

Area of Regulation	TANF	SAMHSA Programs
Client Choice Provisions		
Clients' Right to Alternative Provider	If clients object to religious character of funded FBO, they must be offered alternative service provider to which they have no religious objection (though alternative need not be secular). Client must be referred within "a reasonable period of time," and provider must be "reasonably accessible" and offer comparable services that are not of lesser value than forgone services. States define standards of "reasonableness" and must apply them consistently.	Same, but for SAMHSA discretionary funds, the funded state/local agency is responsible for providing the alternative. Where the FBO is directly funded by SAMHSA, SAMHSA is responsible (with assistance from the FBO). Where the FBO receives funds from a state or local government, the state must establish a system to ensure that referrals are made appropriately and that the client contacts the alternative provider.
Notification to Clients of Their Right to Alternative Provider	State/local agency receiving funds is responsible for notifying applicants/clients of right to alternative; notice must clearly explain the right.	Government agency and FBO (in some cases) must notify applicants/clients of right to alternative; notice must clearly explain the right (model notice provided in regulations).
Miscellaneous Issues		
Intermediaries' Responsibility	When intermediaries subcontract with FBOs, they have the same duties as the government to ensure that subcontractors comply with the regulations.	Same
Preemption of State Laws Related to Funding Religious Organizations and to Employment Discrimination	Regulations do not preempt state law or constitutional provisions that prohibit the use of separate or segregated state funds for religious organizations.	Regulations do not preempt state law or regulation addressing employment discrimination.
Certification of Compliance by Applicants	Silent	Applicants for funds must certify that they will comply with all Charitable Choice provisions and regulations.

Source: 68 *Federal Register* 56430, 56449 (September 30, 2003).

The nonpreemption clauses in the respective regulations differ. The TANF regulations contain a clause (Blaine Amendments) stating that they do not preempt existing state statutory or constitutional prohibitions on state funding of religious organizations. The SAMHSA regulations indicate that Charitable Choice regulations do not preempt existing state law or regulation addressing employment discrimination. Unlike the SAMHSA regulations, the TANF nonpreemption clauses do *not* apply to state prohibitions on hiring discrimination, thus allowing such religion-based hiring decisions even when state law would otherwise prohibit them. Both the TANF and SAMHSA regulations prohibit direct federal or state MOE funding of programs, including “inherently religious activities such as worship, religious instruction, or proselytization,” and require all such activities to be voluntary and held in a separate time or location from the funded program services. The regulations do not, however, specify those types of activities short of worship, proselytization, or religious instruction that Charitable Choice allows. For example, they do not address under what circumstances the use of biblical examples or verses is acceptable in directly funded TANF or SAMHSA services.

4. State Faith-Based Initiatives

Some states have instituted their own Charitable Choice laws or regulations to promote, or at least clarify, the conditions for government partnerships with faith communities. The policy environment in the states varies widely, with states such as Arizona, Michigan, and Texas on the forefront of state action and other states less assertive in promoting changes in policy or practice (Montiel 2003). As discussed in the next section, 37 states operate under Blaine Amendments, which date from the Progressive Era and forbid state financing of religious organizations.²⁴ The

²⁴ Lupu and Tuttle (2002).

amendments appear to have inhibited some states' assertiveness in implementing Charitable Choice or their own faith-based initiatives.

C. RECENT RESEARCH ON GOVERNMENT PARTNERSHIPS WITH FBOs

The HHS study of state and local contracting for social services under Charitable Choice builds on three broad categories of related research: (1) studies of the legal environment in which Charitable Choice contracting occurs; (2) studies of the policies and perspectives of agencies contracting under Charitable Choice; and (3) studies of the FBOs that could receive, or are receiving, assistance from government agencies because of Charitable Choice provisions. National studies of the *clients* of faith-based providers funded under Charitable Choice, and of the effectiveness of faith-based programs for these clients, have yet to be conducted.²⁵

1. Legal Environment for Charitable Choice Contracting

Federal and state laws provide the foundation for the implementation of Charitable Choice. In addition to the implications of the First Amendment's Establishment Clause on Charitable Choice implementation (Gilman 2002), critical areas include evolving federal law and the laws and constitutions of the states. Three studies, conducted by constitutional scholars Ira C. Lupu and Robert W. Tuttle under the auspices of the Roundtable on Religion and Social Welfare Policy and funded by the Pew Charitable Trusts, have explored these developments systematically over three years:

²⁵ Little research has explored the perspectives and experiences of clients receiving federally funded social services through FBOs. One exception is a study of the Emergency Food Assistance System (EFAS), which included a national survey of clients of emergency food pantries and soup kitchens, many of which are sponsored by FBOs and may receive some government assistance, although usually not under Charitable Choice. The study included questions on whether EFAS providers asked clients to participate in prayers or other religious activities, whether such activities made clients comfortable or uncomfortable, and whether clients shared the religious affiliation of their provider (if it had one). A substantial minority of EFAS providers asked clients to participate in prayer or other religious activities, but relatively few clients, even those who were of a different religious affiliation than the EFAS provider, found the activities objectionable. See Briefel et al. (2003).

a. Government Relationships with Faith-Based Providers: State of the Law, by Ira C. Lupu and Robert W. Tuttle (December 2002)

The study explores the legal and constitutional environment for contracting under Charitable Choice in the 50 states and the District of Columbia. The authors present detailed information on relevant provisions of each state's constitution and laws prohibiting employment discrimination. The study also outlines the Charitable Choice rules for various federal programs and reports on the characteristics of standard social service contracts in 36 states. Lupu and Tuttle argue that, while case law related to Charitable Choice is evolving, the state of the law to date suggests several general themes:

- Federal constitutional law permits direct financial support to FBOs, provided that support is limited to secular activities.
- FBOs operating programs with a strongly religious character may receive government funds only if beneficiaries who object to the programs can choose a comparable, accessible alternative provider.
- State and local laws prohibiting religious or other discrimination in employment are applied to FBOs receiving state and local funds in about one-third of all states and in most major cities and counties.
- State constitutions restricting financial support to FBOs (per Blaine Amendments, which date from Progressive Era concerns about government funding of Roman Catholic parochial schools and are in the constitutions of 37 states) are often interpreted in a permissive manner.

Lupu and Tuttle also found that, out of 36 states reviewed in 2002, only three included contract provisions that relate specifically to the rights and responsibilities of government-funded FBOs under Charitable Choice.

b. The State of the Law 2003: Developments in the Law Concerning Government Partnerships with Religious Organizations, by Ira C. Lupu and Robert W. Tuttle (December 2003)

This follow-up study focuses on federal legal and constitutional developments, as well as on developments in state constitutional law and state social service contracts. It notes that a limited

amount of change in the legal environment occurred during the previous year but focuses on several important policy developments, including the use of Executive Orders and regulations to further the faith-based initiative.

c. The State of the Law 2004: Partnerships Between Government and Faith-Based Organizations, by Ira C. Lupu and Robert W. Tuttle (December 2004)

Lupu and Tuttle explored the implications of significant recent judicial decisions, including *Locke v. Davey*, in which the U.S. Supreme Court upheld the states' authority to determine their own policies of church-state separation. They also examined several other federal and state court decisions, cases awaiting decisions, and developments within the federal executive branch and state constitutional law. In general, recent court decisions indicate that government agencies' equal treatment of religious and nonreligious social service providers is permissible, albeit not necessarily required, under the U.S. Constitution, although the legal status of religious hiring provisions remains unclear.

d. How the HHS Study Builds on Earlier Legal Studies

The HHS study builds on the Lupu and Tuttle studies by seeing how state and local officials *understand and apply* the laws and regulations relevant to Charitable Choice contracting. Issues of particular interest to the HHS study are the extent to which state and local officials (1) follow practices consistent with the recently released federal Charitable Choice regulations for TANF and SAPT contracting; and (2) differ in their contracting policies, depending on whether state laws restrict funding for all or some faith-based social service providers.

2. Government Agencies Contracting with FBOs

Other studies and assessments of state and local contracting under Charitable Choice have focused on the behavior of state and local government agencies and the perspectives of government officials familiar with the contracting process (Table I.2).

a. Charitable Choice Compliance: A National Report Card, by the Center for Public Justice (2000)

The CPJ report is based on a 50-state email and mail survey asking state TANF officials about their contracting practices under Charitable Choice, including their procurement processes and outreach efforts. Using the results of the survey, CPJ gave each state a letter grade ranging from A+ to F. While 48 states provided information to CPJ, only 12 received passing grades of A, B, or C, and the remaining 36 received a grade of F.

b. The Associated Press (AP) 50-State Survey, by Laura Meckler (2001)

During February and March 2001, the AP conducted an informal survey of Charitable Choice contracting under TANF and WtW in the 50 states and the District of Columbia. The survey involved telephone interviews with the press offices in the states, sometimes followed by interviews with agency staff or religious leaders. States were asked about the number and dollar amounts of their contracts with FBOs, and 19 states indicated that they funded FBOs with TANF or WtW funds. The study did not gather information from local officials.

TABLE I.2

OTHER STUDIES AND ASSESSMENTS OF STATE AND LOCAL CONTRACTING

Study	Geographic Scope	Program Focus	Dates of Data Collection	Data Collection Method
Center for Public Justice Nine-State Catalogue of Financial and Nonfinancial Collaborations (Sherman 2000)	CA, IL, MA, MI, MS, NY, TX, VA, WI	TANF, WtW	January–August 1999	Newspaper and Web scan, telephone interviews with faith-based networks, faith community members, state/local officials, churches/FBOs
Hudson Institute 15-State Catalogue of Financial Collaborations (Sherman 2002)	AR, CA, CO, FL, IL, IN, MA, MI, MS, NY, OH, OK, TX, VA, WI	TANF, WtW, SAMHSA, CSBG	Late 2001–Early 2002	Newspaper and Web scan, telephone interviews with faith-based networks, faith community members, state/local officials, churches/FBOs
Hudson Institute/Bliss Institute 15-State Survey of FBOs (Green and Sherman 2002)	AR, CA, CO, FL, IL, IN, MA, MI, MS, NY, OH, OK, TX, VA, WI	TANF, WtW, SAMHSA, CSBG	Spring 2002	Telephone and mail survey
GAO 50-State Survey and Five-State Case Studies (U.S. General Accounting Office 2002)	50 states and DC; case studies in GA, IN, TX, VA, WA	TANF for 50 states and DC; TANF, WtW, SAMHSA, CSBG for case studies	2001 for 50-state survey, 2002 for case studies	Mail survey of TANF officials, case studies/site visits
National Conference of State Legislators 50-State Survey (Jarchow 2002)	49 states and DC (1 state did not respond to survey)	TANF	December 2001–March 2002	Email survey of state and local TANF officials
Associated Press 50-State Survey (Meckler 2001)	50 states and DC	TANF	February–March 2001	Telephone interviews
Rockefeller Institute Review of State Laws (Lupu and Tuttle 2002, 2003, and 2004)	50 states and DC, plus contracts from 36 states and recent legislative, executive branch, and court decisions	TANF, WtW, SAMHSA, CSBG (also Child Care and Development Fund, Sexual Abstinence Education Projects, Compassion Capital Fund, and Workforce Investment Act)	2002, 2003, and 2004	Review of legal and contractual documents
Rockefeller Institute 50-State Scan (Ragan et al. 2003)	50 states and DC	TANF, WtW, SAMHSA, CSBG	Summer 2003	Telephone and in-person interviews

c. Faith-Based Initiatives in Welfare Reform, by Courtney Jarchow for the National Conference of State Legislatures (NCSL) (May 2002)

The NCSL conducted an email survey of the 50 states' TANF directors and faith community liaisons (FCLs) between December 2001 and March 2002, ultimately receiving information from 49 states and the District of Columbia. The survey asked the officials about the extent of TANF-related contracting with FBOs, whether officials had concerns about contracting with FBOs, states' experiences with FBO partnerships, and what steps states had taken to implement Charitable Choice. The NCSL study encountered challenges in applying a consistent definition of FBOs across states and locating appropriate officials to provide accurate information on Charitable Choice contracting states. Therefore, the value of the research findings (not all of which have been made public) to the HHS study is limited. Like the AP study, the NCSL study was restricted to state officials.

d. Charitable Choice: Federal Guidance on Statutory Provisions Could Improve Consistency of Implementation, U.S. General Accounting Office (September 2002)

The GAO conducted a 50-state study of state and local TANF contracting and case studies of the implementation of Charitable Choice in Georgia, Indiana, Texas, Virginia, and Washington for programs funded by TANF, SAMHSA, CSBG, and WtW. It found that, in 2002, before the issuance of regulations, states did not receive enough guidance from the federal government on the implementation of Charitable Choice.

Conducted in 2001, the mail survey gathered information from state TANF directors and, in 13 states, local contracting officials in the 10 counties with the largest TANF allocations. Officials in all 50 states plus the District of Columbia responded, as did about 90 percent of the local officials. As noted earlier, the study defined FBOs broadly as religiously affiliated not-for-profit organizations eligible to receive federal funding before the passage of Charitable Choice

provisions. The five-state component of the study included document review, site visits, and telephone interviews with FBO staff, state and local officials, and FCLs. The survey asked about the prevalence and dollar value of TANF contracting with FBOs, as well as about the use of vouchers. The state case studies gathered information on:

- Religious affiliations of FBOs and types of services provided
- Experiences with contracting before the passage of Charitable Choice provisions
- FBO awareness of Charitable Choice provisions
- FBO administrative and fiscal capacity
- State and local monitoring of FBO performance
- Views on church-state separation
- State and local outreach and education initiatives for potential FBO contractors
- Government officials' understanding and implementation of Charitable Choice safeguards
- Frequency of safeguard violations

The survey included questions to officials of the 10 largest counties in 13 states with locally administered TANF systems. The report does not include county-level information, however, because the counties were not representative of all counties in each state. In addition, the study was unable to gather much information on the scope and extent of subcontracting with FBOs or on the use of vouchers to allow clients to choose between faith-based and secular providers. As with the Rockefeller Institute's 50-state scan (Ragan et al. 2003, described below), the GAO study stressed the challenges associated with gathering information when (1) few agencies categorize FBOs consistently, (2) information systems are not designed to capture data about the extent of contracting with them, (3) contracting is performed at several levels of government, and (4) researchers encounter difficulty in locating the officials with the greatest knowledge of FBO contracting.

e. The Rockefeller Institute, Roundtable on Religion and Social Welfare Policy 50-State Scan (Ragan et al. 2003)

The Rockefeller Institute investigated state and local contracting under Charitable Choice for all four covered funding streams (TANF, SAMHSA programs, CSBG, and WtW) as well as for other social service programs not covered by Charitable Choice. In 2003, the Institute conducted a 50-state scan of the policy environment in which contracting for social services takes place. Using a standard protocol, state-based researchers conducted interviews with state and local officials and some FBO representatives and reviewed pertinent policy and legal documents. Researchers explored each state's adoption of federal Charitable Choice provisions, outreach efforts to the faith community, contracting for specific services from FBOs, use of vouchers, and policies and procedures for monitoring FBO performance and compliance.

The scan provides valuable information on state policies in many critical areas, including (1) the broad state policy environment (such as the extent of administration or legislative initiatives and the type of initiatives encouraged), (2) activities to encourage greater participation of FBOs, (3) policies that may limit FBOs' autonomy or religious character, (4) policies that focus on client rights, (5) state monitoring procedures, and (6) type and extent of contracting. The study results do not, however, differentiate policies and practices by the specific funded program, so researchers were unable to gather consistent data on the number and dollar value of FBO contracts that would allow comparisons over time.

f. Charitable Choice: Faith and Community Liaisons, the Center for Public Justice

CPJ's directory, updated continuously, provides information on FCLs in states (30 as of November 2004) that have appointed them. The directory is available on CPJ's website and includes each liaison's name, department, telephone number, and email address.

g. How the HHS Study Builds on Earlier Studies

The HHS study, like the CPJ study, asked state and local agencies detailed questions about their contracting policies and contracting outcomes. It was designed to address issues such as the relationship between the presence of FCLs and agencies' contracting policies (Table I.3). However, unlike the CPJ report card, the HHS study does not evaluate individual states on their Charitable Choice compliance. In addition, unlike the GAO study, the HHS study does not report findings on a state-by-state basis. While the GAO study gathered information on Charitable Choice implementation for both TANF and SAPT, it did so soon after Charitable Choice rules were first adopted for SAMHSA programs. The more recent Rockefeller 50-state scan focused on state policies across a wider range of programs, not all of which include Charitable Choice provisions. The HHS study compares Charitable Choice implementation for TANF and SAPT by using similar questionnaires administered to the corresponding agency officials.

The HHS study permits an examination of trends and an in-depth investigation of how state and local agencies interpret Charitable Choice. By using language similar to the GAO study to ask state and local agency officials about their levels of contracting with FBOs, the HHS study gathered information to track changes in Charitable Choice contracting levels between 2001 and 2004. The study asked additional questions to ascertain how much state and local policies governing faith-based groups have changed since the time of the GAO study and since the time that Charitable Choice rules first took effect for TANF. The HHS study also gathered information on how agency officials understand and apply the provisions of the law by asking them about the prospects of hypothetical FBOs receiving government funding.

TABLE I.3

RESEARCH QUESTIONS RELATED TO STATE AND LOCAL CONTRACTING
UNDER CHARITABLE CHOICE

1.	To what extent do officials in TANF (SAPT) contracting agencies understand which of the programs they administer are covered by Charitable Choice?
2.	To what extent and how do officials in TANF (SAPT) contracting agencies understand and apply to their contracts and contracting procedures the specific provisions of Charitable Choice, including the provisions (i) allowing FBOs to receive federal funds without altering their atmosphere, governance, or staffing; (ii) requiring FBOs and non-FBOs to be treated equally; (iii) prohibiting use of federal funds for religious instruction, worship, or proselytizing; and (iv) requiring sponsoring agencies to offer an alternative provider to clients who object to the religious character of a faith-based social service provider?
3.	To what extent do staff members from the TANF- (SAPT-)administering agency receive guidance, training, and resources to help them effectively implement Charitable Choice? From where do they receive such assistance?
4.	To what extent do TANF (SAPT) agency staff members monitor FBOs' compliance with key provisions of Charitable Choice, especially in cases where the provisions are not explicitly mentioned or required in the text of the underlying contracts?
5.	How do TANF (SAPT) agency staff members ensure that clients have a choice of providers if they object to the religious character of a faith-based social service provider?
6.	To what extent do TANF (SAPT) agency staff members administer programs offering clients a choice of providers through vouchers or some other mechanism, and do clients in fact have the option of selecting from a menu of both faith-based and secular providers?
7.	Do TANF (SAPT) agency staff members classify and track contractors by their FBO status, and what types of definitions (if any) do they use to classify faith-based providers and faith-based programs?
8.	What explanations do TANF (SAPT) contracting agencies offer for the pace at which they have implemented the provisions of Charitable Choice?
9.	What are the total number and most recent fiscal year dollar amount of contracts covered by Charitable Choice for the contracting agency in question? What proportion of the number and what proportion of the dollars are with FBOs (defined consistently across states)? What proportion of the number and what proportion of the dollars are with FBOs that are newly contracting with the agency since Charitable Choice regulations took effect?
10.	How have patterns of contracting with FBOs (number of contracts, total dollar value, proportion with newly participating FBOs) changed in recent years?
11.	To what extent do TANF (SAPT) agency staff members offer guidance, training, and resources to help faith-based organizations learn about and compete for government grants and contracts?
12.	To what extent do TANF (SAPT) contracting agencies expand access to applicants for funding by, for example, modifying requirements that create barriers for small FBOs? What types of requirements have been modified, if any, and what have been the consequences?
13.	How do answers to questions 1 through 12 differ for state TANF agencies and their officials versus local TANF agencies and their officials?
14.	Depending on the responses of the relevant agencies to questions 1 through 12, how do corresponding FBOs describe themselves, their activities, their views of Charitable Choice, their contracts, and their interactions with the government agency funding their provision of social services?
15.	What proportions of agencies are aware of the activities of FCLs in their jurisdictions?
16.	How do answers to questions 1 to 12 and FBO perspectives differ according to whether the state has an FCL (or regional FCLs or an office of faith-based initiatives for the whole state)? Do states with FCLs have the highest proportion of contracts going to FBOs? Have states with FCLs implemented Charitable Choice regulations more fully than states without FCLs?
17.	From the perspective of TANF (SAPT) contracting agencies, to what extent do FCLs work to promote awareness of contracting and grant opportunities among faith-based social service providers?
18.	From the perspective of contracting agencies, to what extent do FCLs work to provide technical assistance to faith-based social service providers seeking TANF (SAPT) funding?

3. Characteristics, Activities, and Perspectives of Faith-Based Social Service Providers

Several recent studies have investigated the characteristics and experiences of faith-based social service providers. While some researchers have focused on religious congregations and their willingness to provide social services with government funds, others have focused on those FBOs—both religious congregations and separate nongovernmental organizations—that have contracted for government assistance under Charitable Choice (Table I.2):²⁶

a. National Congregations Study, by Mark Chaves et al. (Chaves 1999; Chaves and Tsitsos 2001)

During the 1990s, the National Congregations Study surveyed key informants from a nationally representative sample of 1,236 congregations about the types of social services they provide, how they provide them, which congregations are most active, their collaboration partners, and their willingness to apply for government funds. The study found that those congregations most interested in taking advantage of Charitable Choice tend to be large, predominantly African American, and either Roman Catholic or Mainline Protestant (as opposed to Conservative or Evangelical Protestant). Compared with representatives from other religious denominations, representatives of theologically conservative Protestant churches expressed significantly less enthusiasm for participating in government contracts. More than half of the surveyed congregations participated in social service activities, with food and housing/shelter programs the most common social service activities.

²⁶ We describe in detail studies that focus on faith-based social service providers in a large number of states representing half or more of the national TANF caseload. Other studies, reviewed by Montiel (2003), also investigate FBO perspectives on contracting under Charitable Choice but are generally limited to a smaller number of states or localities.

b. The Growing Impact of Charitable Choice: A Catalogue of New Collaborations Between Government and Faith-Based Organizations in Nine States, by Amy L. Sherman for the Center for Public Justice (March 2000).

The catalogue of programs offered by TANF- and WtW-funded faith-based providers is based on data collected from January to August 1999 in California, Illinois, Massachusetts, Michigan, Mississippi, New York, Texas, Virginia, and Wisconsin (together representing about half the national TANF caseload). The CPJ study addressed both financial and nonfinancial collaborations between state and local governments and FBOs and distinguished between contracts and subcontracts. It identified the types of services provided by FBOs, as well as whether the religious organizations were traditional nonprofits, congregations, or religious organizations that became government contractors as of 1996.

The study methodology included interviews with representatives of faith-based networks, members of faith communities, state and local officials, and representatives from the church or FBO participating in each collaboration. One of the study's strengths is its depth in attempting to gather information on each collaboration in the nine states and the inclusion of information on local collaborations, subcontracts, newly participating providers, types of services provided, and respondents' views on church-state issues and the prevalence of client complaints. The main limitations of the study are its focus on only nine states and the fact that it is now somewhat dated.

c. Collaborations Catalogue: A Report on Charitable Choice Implementation in 15 States, by Amy L. Sherman for the Hudson Institute (2002)

Based on data collected through early 2002, the report updates and extends the CPJ catalogue by gathering data on partnerships funded by the TANF, SAMHSA, CSBG, and WtW programs. It covers all known partnerships in the nine states in the CPJ study plus Arkansas, Colorado, Florida, Indiana, Ohio, and Oklahoma (approximately 60 percent of the national

TANF caseload). The Hudson catalogue includes data only on financial collaborations. In approximately one-quarter of cases, Hudson was not able to distinguish between newly eligible FBOs and traditional FBOs. In addition, it did not gather information on church-state issues or client complaints. As with the CPJ study, a major strength of the Hudson catalogue is its comprehensive approach to interviewing state and local officials and representatives of FBOs. The fact that the Hudson study builds on the nine-state CPJ study allows it to track the progress of Charitable Choice implementation in these states.

d. Fruitful Collaborations: A Survey of Government-Funded Faith-Based Programs in 15 States, by John C. Green and Amy L. Sherman for the Hudson Institute and the Bliss Institute (September 2002)

This study went beyond Hudson's 15-state collaborations catalogue by gathering information directly from the FBOs listed in the catalogue. The Bliss Institute at the University of Akron in Akron, Ohio, conducted a telephone and mail survey during Spring 2002, targeting 587 heads of FBOs and successfully completing interviews with about two-thirds of them. The survey asked about FBOs' characteristics and contracting experiences, including:

- Religious affiliation, annual budget, and organizational size
- Membership size and predominant ethnicity of members
- Experience with government contracting before 1996 and the size of contracts
- The nature of client services and the impact of the contracts on services
- The role of religious faith in service provision and organization
- Views on their contracting burdens and the relationship with their contracting agency
- Awareness of Charitable Choice guidelines and strategies for complying with them
- Attitudes toward specific provisions of Charitable Choice

A strength of the Hudson/Bliss study is its exploration of the characteristics and impressions of FBOs receiving government funds under Charitable Choice. The value of the Hudson/Bliss

Institute data on FBOs will be enhanced by linking the data to the information gathered by the HHS study on the perspectives of officials in the corresponding state and local contracting offices.

e. How the HHS Study Builds on Earlier Studies of FBOs under Charitable Choice

By surveying agencies in the Hudson/Bliss Institute study that contracted with FBOs in 15 states, the HHS study permits the comparison of FBO perspectives to the policies and practices of the corresponding agencies. Table I.4 indicates the types of comparisons possible after merging state and local agency data with the FBO data collected as part of the Hudson/Bliss Institute study. To be valid, the analysis of the relationship between FBO and agency perspectives must be restricted to agencies that report little or no change in their contracting policies between 2001, when the Hudson/Bliss Institute FBO data were collected, and 2004, when the HHS survey of TANF and SAPT agencies was completed.

D. OVERVIEW OF THE REST OF THE REPORT

In Chapter II, we describe in detail the data collection methodology used in this study. In Chapter III, we present the study's findings, focusing on the level and growth of state and local contracting with FBOs. In Chapter IV, we describe state and local agency policies related to contracting with faith-based providers, including efforts to remove barriers to FBOs and to enforce compliance with client protections. Chapter V discusses the characteristics and perceptions of the FBOs that contract with state and local agencies, drawing on the Hudson/Bliss Institute data to which agency responses have been linked. The report concludes with a discussion of lessons learned about FBO contracting trends and agencies' understanding of Charitable Choice, and a description of possible areas for further research.

TABLE I.4

INTEGRATION OF HUDSON/BLISS AND HHS DATA FOR THE CHARITABLE CHOICE STUDY

Data from Hudson/Bliss Institute Survey of FBOs	Data from HHS Survey of Contracting Agencies	Purpose of Analysis for Study of Charitable Choice
FBO Size (in Revenue or Staff)	Efforts to reduce the size of grants and contracts	Whether reducing the size of grants or contracts is associated with smaller-scale FBOs' receipt of funding
Whether the FBO is a Religious Congregation	Commitment to permitting religious congregations to compete for funding	Whether FBOs are more likely to be religious congregations if the corresponding government agencies are strongly committed to allowing religious congregations to compete for funding
Whether the FBO is a New Government Contractor	Commitment to considering for funding FBOs without a record of government contracting	Whether FBOs are more likely to be new government contractors if the corresponding government agencies are strongly committed to allowing previously ineligible or uninterested FBOs to compete for funding
Whether the FBO had Difficulty Applying for Funding	Commitment to reducing paperwork associated with becoming a contractor	Whether FBOs are less likely to report difficulty in applying for funding when contracting agencies are committed to reducing the burden of paperwork
Whether the FBO was Encouraged to Compete for Government Funds	Agencies' reports on FCLs, other outreach efforts, and the provision of technical assistance to FBOs	Whether the existence of FCLs, efforts to publicize government grants and contracting opportunities to FBOs, and the provision of technical assistance to potential contractors are associated with FBOs reporting that agencies encouraged them to apply for funding
FBO Reports of Charitable Choice Language in Contracts	Agencies' reports of specific Charitable Choice provisions in the text of contracts; possible analysis of contract provisions	Whether FBOs and corresponding government agencies report consistent behavior with respect to the inclusion of detailed Charitable Choice language in contracts
FBO Values and Characteristics Relevant for Specific Charitable Choice Provisions	Agencies' communication of Charitable Choice provisions to faith-based providers and agencies' perceptions of whether certain characteristics put FBOs seeking funds at a disadvantage	Whether government agencies' emphasis on enforcing certain provisions of Charitable Choice and on funding certain types of FBOs is associated with particular FBO values or characteristics (including faith intensity, displays of religious symbols, hiring on the basis of religion, respect for clients' religious freedom, and how program staff present inherently religious activities or concepts to clients)
FBO Perception of Reporting Requirements and Intrusiveness of Monitoring	Agencies' activities to monitor FBO compliance and performance	Whether government agencies' emphasis on monitoring contractor compliance and performance is associated with complaints from FBOs or with greater compliance by FBOs
Degree to Which FBO Experiences with Government Contracting Have Been Positive	Whether agency officials have received training in Charitable Choice regulations or have conducted outreach efforts	Whether training government officials in Charitable Choice is associated with more positive perceptions of government contracting from the standpoint of faith-based social service providers

II. DATA COLLECTION FOR STUDY OF STATE AND LOCAL CONTRACTING UNDER CHARITABLE CHOICE

Data for the study were collected through MPR's survey of state TANF and SAPT officials in all 50 states and the District of Columbia and of local TANF officials in selected counties. The survey consisted of a mail questionnaire with telephone followup for nonrespondents and partial respondents. MPR linked the data received to survey data that the GAO had gathered from state agencies and that the Hudson Institute had gathered from FBOs contracting with state and local agencies under Charitable Choice. This chapter reviews the state and local agencies included in the survey, describes the survey instruments, and summarizes survey completion rates and reasons that some agencies did not respond.

A. UNIVERSE FOR DATA COLLECTION

The agencies in the study were contracting offices in all 50 states and the District of Columbia, including all state agencies responsible for using SAPT funds to contract for social services, as well as all state and selected local agencies responsible for using TANF funds to contract for social services. In deciding to whom to send the questionnaire in each agency, we sought the person who knew the most about contracting policies and practices using funds from the program in question (TANF or SAPT), with the understanding that the selected person could consult other officials in his or her agency to obtain the information required to complete the questionnaire. We considered several types of respondents, including FCLs appointed in some states and governor's offices, as well as heads of contract offices. We concluded that agency officials who regularly deal with TANF- or SAPT-funded contracts and contractors would provide the most accurate view of how Charitable Choice provisions are understood and implemented.

Table II.1 depicts the number and type of eligible agencies in the TANF and SAPT samples.²⁷ The completed questionnaires we received from the state agencies told us whether the agencies issue TANF contracts at the local level in addition to, or instead of, the state level. We used the information to identify the local agencies that should receive the questionnaire. For each of the 10 states in which local agencies were indicated as responsible for contracting using TANF funds, MPR sent a questionnaire to a senior official in the county with the largest allocation of federal TANF funds in the state (as HHS data on funds allocated for fiscal year 2001 show). For 15 states²⁸ in a Hudson Institute study of FBOs,²⁹ MPR identified 40 additional TANF-administering agencies that contracted with the FBOs in that study.³⁰ In total, we sent questionnaires to 102 state and local TANF contracting agencies. We also sent a similar questionnaire to 47 state agencies contracting with SAPT funds and to the equivalent SAPT-contracting agency in the District of Columbia.

²⁷ Not counted in Table II.1 are 1 state TANF agency contacted that was not responsible for TANF contracting and 11 state SAPT agencies contacted that were not responsible for SAPT contracting. (Given that 8 states operate separate offices to handle substance abuse prevention and substance abuse treatment, we contacted 58 state SAPT agencies before determining that only 47 of them were eligible to respond to the survey.)

²⁸ Arkansas, California, Colorado, Florida, Illinois, Indiana, Massachusetts, Michigan, Mississippi, New York, Ohio, Oklahoma, Texas, Virginia, and Wisconsin, although the actual survey did not identify any FBOs in Mississippi that were funded under TANF or SAPT.

²⁹ Green and Sherman (2002).

³⁰ The Hudson sample is a purposive sample of FBOs in 15 states that together carry TANF caseloads representing about three-fifths of the national TANF caseload. We sent a questionnaire to every TANF or SAPT agency in the 15 states that contracted with an FBO and that responded to the Hudson/Bliss Institute survey. Since SAPT contracting generally occurs at the state level, for the SAPT component of the survey we sent questionnaires to all relevant agencies contracting with SAPT funds. We omitted from our data collection plan other agencies contracting with FBOs in these states because (1) the agency does not ordinarily contract with TANF funds, or (2) the FBOs with which they contracted are not in the sample of respondents to the Hudson-initiated survey of FBOs.

TABLE II.1

TANF AND SAPT AGENCIES THAT RECEIVED THE “STATE AND LOCAL CONTRACTING UNDER CHARITABLE CHOICE” QUESTIONNAIRE

Type of Agency	Number of Agencies in Sample
TANF Agencies	
Primary TANF Contracting Agencies in the 50 States (including two in 1 state)	51
Primary TANF Contracting Agency in the District of Columbia	1
States with Local TANF Contracting (as identified by state agencies)	10
Additional TANF Contracting Agencies in 15 States in Hudson Institute Study	40
Total	102
SAPT Agencies	
State SAPT Contracting Agencies	47
District of Columbia SAPT Contracting Agency	1
Total	48
Grand Total	150

B. SURVEY IMPLEMENTATION

The self-administered mail questionnaire was designed to be suitable for state and local officials. We considered emailing an electronic version of the questionnaire to respondents. For two main reasons, however, we chose to mail a hard-copy version instead. First, our experience with state TANF agencies indicates that they rely on a wide variety of Internet service providers and email programs. Therefore, we could not predict the download speeds and formatting issues likely to be associated with older or less compatible software. Second, transmitting data to and from unprotected email accounts could have raised confidentiality issues. A hard-copy questionnaire would not present confidentiality problems. In addition, it would be especially helpful because, to answer many of the questions, officials might have needed to consult other staff members in the agency and agency records in storage.

Specifically, survey administration involved the following steps:

- ***Identify Respondents.*** For the survey of state TANF agencies, we contacted officials responsible for the program as listed in the American Public Human Services Association’s 2002–2003 *Public Human Services Directory*. For the local TANF

agencies, we first had to identify counties with the largest program funding allocations in states that undertake local contracting. To do so, we used fiscal year 2001 or 2002 data from the Financial Management Office of HHS's Program Support Center. From the Bliss Institute, we obtained information on the counties in 15 states in which TANF-funded FBOs were located so that we could identify the 40 additional local TANF agencies that contracted with these FBOs. To identify respondents in SAPT agencies, we relied on HHS-provided lists of SAPT officials by state. We contacted the TANF and the SAPT officials by telephone and email to obtain the names and addresses of agency staff who know the most about contracting policies and procedures for their agency.

- **Initial Mailing.** The initial mailing contained a personalized, introductory letter from MPR; the questionnaire; and instructions for completing and returning the questionnaire. The letter described the study, encouraged agency participation, stressed the importance of each, and included a toll-free telephone number that respondents could call with questions or for assistance. The telephone number also appeared on each questionnaire, along with an email address through which respondents could obtain help in completing it. Each packet, customized to the respondent with name and address, was sent via Federal Express, which allowed us to track packages and verify delivery. Respondents returned questionnaires to MPR in pre-addressed, prepaid Federal Express packages.
- **Follow-Up Mailings.** To maximize survey response rates, MPR mailed a follow-up packet to sample members who did not return completed questionnaires within two weeks of the initial mailing. The packet contained a second copy of the questionnaire and a reminder letter explaining the importance of participating in the study and asking the official to complete the questionnaire promptly. The letter also offered MPR's assistance in completing the questionnaire by telephone.
- **Reminder Calls.** MPR survey staff placed reminder calls to sample members who did not respond after receiving the follow-up mailing. Survey staff offered the sample members the option of completing the interview by telephone, with MPR staff recording their responses on the questionnaire. If respondents had lost their copy of the instrument, MPR faxed it to them so that they could respond promptly.
- **Interviewer Training.** Because of the nature of the study and the complexity of the survey instrument, MPR professional interviewers conducted the follow-up telephone calls. The survey director briefed the interviewers on the background and purpose of the study, the concepts covered in the questionnaire, procedures for gaining cooperation, question content, and edit specifications.
- **Assurance of Confidentiality.** Respondents were assured that all information collected in connection with the study would be kept strictly confidential and used only for research. All returned surveys were marked with a unique case identification number to protect the anonymity of individual respondents. While responses to certain objective questions (for example, number of contracts) were tabulated by state, respondent names will not be used when reporting data.

- ***Editing and Follow-Up Calls.*** Each hard-copy questionnaire was edited for quality and completeness. MPR staff identified missing data items and determined which answers required clarification. When the quality check was complete, MPR contacted sample members to retrieve the missing or incomplete data. Staff trained for the first round of follow-up calls to nonrespondents conducted the second round of follow-up calls for clarification.
- ***Data Entry and Processing.*** After the editing and follow-up calls, survey responses were entered into a database and verified. The data were cleaned and converted into SAS data files and then into Stata data sets for analysis.

C. INSTRUMENT DESIGN

MPR, in close consultation with ASPE, developed two versions of the survey instrument. One was designed for use by state and local agencies that used TANF funds to contract for social services, and the other was designed for state agencies that used SAPT funds (see Appendix A and Appendix B, respectively). Except for references to TANF or SAPT and the years when Charitable Choice rules took effect for each, the two versions are identical in question structure and time to complete (approximately one hour). While most questions were created specifically for this study, some on contracting levels were based on corresponding questions in the 2001 GAO survey.

In 2003, MPR pretested draft instruments with county TANF agencies and a state SAPT agency. Because of the nature of the study, the pretest sample was drawn from the population we planned to survey. The pretest responses led MPR to reorder, eliminate, or otherwise modify several questions in the instrument. To reduce respondent burden, we kept the responses to the pretest and used them in the main data analysis.

The questionnaire was designed to be easy to use. Skip patterns allowed respondents to bypass sections not applicable to them, and the primarily closed-ended question structure minimized respondent burden and made it easier to code and analyze responses. The survey procedures also were designed to minimize respondent burden and promote participation.

Respondents were provided with a toll-free telephone number to arrange Federal Express pickup of the completed questionnaire, and they were encouraged to contact MPR by email or a toll-free telephone hotline if they had questions or needed clarification. Study team members were available to answer questions during regular business hours and responded to most inquiries within 24 hours.

In October 2003, MPR provided HHS with the survey instruments and data collection plans. In November 2003, a summary of the plans was listed in the *Federal Register* for public comment. In January 2004, HHS requested approval from the Office of Management and Budget (OMB) for the new data collection. In March 2004, OMB approved without change the study's data collection plans.

D. COMPLETION RATES AND SAMPLE DISPOSITION

MPR completed interviews with 120 sample members: 42 state TANF respondents, 37 county TANF respondents, and 41 state SAPT respondents. Four state TANF respondents refused to complete a questionnaire, as did five state SAPT respondents. We achieved the following response rates: 81 percent for state TANF agencies, 74 percent for county TANF agencies, and 85 percent for state SAPT agencies.

As in most surveys, nonresponse is attributable to several factors. First, we could not reach most nonrespondents by telephone and thus were unable to determine whether our initial contact was the best choice of respondent. Second, a few people refused to complete the survey for reasons ranging from a lack of resources to concerns about possible legal ramifications of reporting on state or local contracting practices. Despite MPR's assurance that the study reports would not specifically identify state and local agencies and that all responses would be kept strictly confidential, some respondents found the notion of potential legal ramifications to be a deterrent to participation.

III. LEVELS OF TANF AND SAPT CONTRACTING WITH FBOs

In this chapter, we discuss findings from our survey of state and local TANF agencies and state SAPT agencies, focusing on the characteristics of the agencies and the extent to which they use TANF and SAPT funds to contract for social services with FBOs. Because the GAO collected data on state TANF contracting in 2001, it is possible to use survey responses from the HHS study to compare—over time—state contracting with FBOs under TANF. The comparisons are particularly valuable for indicating trends in Charitable Choice contracting under TANF between the first and fourth years of the George W. Bush Administration. The evidence indicates that state TANF contracting with FBOs increased between 2001 and 2004 but was disproportionately limited to a few states in which overall levels of TANF contracting had also risen.

This chapter contains five main sections. Section A discusses the characteristics of the TANF and SAPT agencies in the study. Section B describes how different types of agencies classify FBOs. Section C discusses the extent to which each type of agency contracts with FBOs. In Section D, we discuss changes in Charitable Choice contracting, comparing responses from agencies we surveyed in 2004 with corresponding responses from agencies contacted by the GAO in 2001. In Section E, we identify state characteristics associated with different aspects of TANF contracting with FBOs.

A. CHARACTERISTICS OF TANF AND SAPT AGENCIES

To be eligible for inclusion in the study, an agency needed to have authority to issue contracts with TANF or SAPT funds within its jurisdiction. To be eligible for participation in the study, it was not necessary for the agency to have *current* TANF or SAPT contracts, as some

agencies have no such contracts at present but have issued contracts in the past and may issue contracts again. The study received responses from 42 eligible state TANF agencies, of which 40 indicated that they currently use TANF funds to contract for social services (Table III.1). We received 37 responses from eligible local TANF agencies in seven states; 35 of the agencies indicated that they currently use TANF funds to contract for social services. Of these local agencies, 33 indicated that they each were responsible for contracting in a single county, and 2 indicated they were responsible for a set of counties. The study received 41 responses from eligible state substance abuse prevention/treatment agencies, of which 40 indicated that they currently use SAPT funds to contract for social services.

In general, the state agency responses are representative of all states. The local agency responses, however, are not representative of all counties; as noted, the counties selected for inclusion in the study were restricted to either the largest counties in states with local TANF contracting or other local contracting TANF agencies in states in the Hudson/Bliss Institute study. Nonetheless, the local agency responses illustrate how local TANF agencies, especially those in large counties or involved in faith-based contracting, may differ from state TANF and state SAPT agencies.

State TANF agencies responding to the survey differed dramatically in staff size from the local TANF agency and state SAPT agency respondents. The median number of people currently working for each contracting agency was largest for state TANF agencies (1,740 people) and smallest for state SAPT agencies (55 people). The median local TANF agency indicated that it employed 175 people. The median state TANF agency as well as the median local TANF agency indicated that 30 people in the agency interact directly with

TABLE III.1
AGENCIES RESPONDING TO HHS CHARITABLE CHOICE SURVEY, 2004

Characteristic	State TANF Agencies	Local TANF Agencies	State SAPT Agencies
Number of Agencies Contacted for Survey	53	50	59
Number of Agencies Found Ineligible (Do Not Typically Contract with TANF or SAPT Funds)	1	0	11
Number of Eligible Agencies Contacted for Survey	52	50	48
Number of Agencies Responding to Survey	42	37	41
Response Rate for Eligible Agencies (Percent)	81	74	85
Number of Agencies Issuing Contracts Currently with TANF/SAPT Funds	40	35	40

Source: 2004 HHS Charitable Choice survey data.

organizations seeking or holding contracts or grants involving TANF funds; the corresponding number of people for the median SAPT agency was only 16.

The survey instruments specified that the focus of the study was *direct* contracting using funds from the program in question: either TANF, including state MOE funds, or SAPT. “Funding” was defined to include “fixed-price contracts, cost-reimbursement contracts, incentive-type or performance-based contracts, cost-reimbursement plus incentive contracts, grants, financial cooperative agreements, and any other related forms of direct funding.”³¹ Excluded from the definition of funding were various forms of *indirect* financing, such as certificates or vouchers granted to individual clients that faith-based providers could redeem. We did ask agencies how frequently they funded social services by using vouchers or some other mechanism by which clients may choose a provider. If agencies responded that they sometimes

³¹ Appendix A contains the full text of the survey instruments.

used vouchers or a similar method to fund social services, we also asked how frequently such methods funded social services.

Only 13 percent of SAPT agencies indicated that they ever used vouchers or a similar mechanism to provide clients with a choice of social service providers, not necessarily including faith-based providers. Of these agencies, 66 percent indicated that the choice of providers included faith-based options. In contrast to the SAPT agencies, 44 percent of state TANF agencies and 48 percent of local TANF agencies indicated that they sometimes used vouchers to deliver social services to clients. Of these TANF agencies, 93 percent of the state agencies and 77 percent of the local ones indicated that the choice of providers included faith-based options. Child care and job training are examples of the types of social services that could be funded under TANF by using vouchers and for which faith-related service providers might be available to clients.

B. AGENCY CLASSIFICATION OF FBOs

Of the three major types of agencies surveyed—state TANF agencies, local TANF agencies, and state SAPT agencies—local TANF agencies are the most likely to keep track of whether service providers are “faith-based,” while state SAPT agencies are the least likely to do so. About 74 percent of local TANF agencies classify organizations according to whether they are faith-based, compared to 59 percent of state TANF agencies and 41 percent of state SAPT agencies. Among agencies classifying providers as FBOs, clear majorities (78 percent of state TANF agencies, 68 percent of local TANF agencies, and 88 percent of state SAPT agencies) use no formal definition of “faith-based” but simply allow organizations to identify themselves as such.

Of those agencies that did *not* classify service providers as faith-based, the reasons given for not doing so included (1) absence of an official state definition of a faith-based organization,

(2) lack of a perceived need to distinguish between FBOs and other organizations, and (3) the belief that making a distinction would violate a policy of neutrality toward organizations on the basis of their religious affiliation or lack thereof.

Agencies that identified organizations as FBOs (by a means other than self-identification) used several approaches:

- Some agencies thought an organization’s formal affiliation or connection with a religious body was a major indicator.
- Other agencies emphasized that FBOs are motivated by religious principles and beliefs.
- Still other agencies said that FBOs had a religious “flavor” to their services and engaged in activities that included worship.
- Other agencies relied on a religious-sounding name to identify FBOs.
- Still other agencies looked at federal regulations for guidance in identifying FBOs.

For this study, however, we instructed agencies to define a faith-based organization as “a religious or religiously affiliated organization, including religious congregations (such as churches, synagogues, temples, or mosques), affiliates of national religious organizations, and independent religiously inspired or expressly religious service organizations.” The definition included the following as examples of FBOs: Catholic Charities, Jewish Family Services, Young Men’s Christian Association (Y.M.C.A.), the Salvation Army, and Gospel Rescue Ministries. A faith-based TANF or SAPT provider was defined as a religiously affiliated organization providing social services with TANF or SAPT funds. For the survey, a uniform definition of faith-based organization provided guidance for agencies that did not have their own definition and ensured that findings across agencies were more comparable to each other.

C. EXTENT OF CONTRACTING WITH FBOs

In general, contracting with FBOs was more prevalent among state TANF agencies than local TANF agencies and among local TANF agencies than among state SAPT agencies. Among the 34 state agencies responding to the survey for which contracting information was available for both 2001 and 2004, nearly all (94 percent) had current TANF contracts (Table III.2). Of the currently contracting state TANF agencies, 78 percent had TANF contracts with FBOs. Among local TANF agencies, 82 percent had current TANF contracts, and, of these agencies, 70 percent had contracts with FBOs. While the proportion of state SAPT agencies with current contracts was similarly high (85 percent), only 59 percent of the currently contracting agencies had contracts with FBOs.

When considering the characteristics of the agencies contracting for social services under Charitable Choice, we distinguish not only state TANF agencies from local TANF agencies and state SAPT agencies but also the *average* agency from the *median* agency. Because average values are influenced by all observations used to construct the average, the values are more likely to be affected by outlier observations, such as agencies with unusually high levels of TANF contracting. Median values, in contrast, are those that lie in the *middle* of the distribution of observed values and therefore are less likely to be affected by any extreme values reported by outlying agencies. Looking at differences in average values is useful for measuring what is happening in *aggregate* outcomes, as the average is the total of all values divided by the number of observations. Looking at differences in median values, however, is especially useful for measuring what is happening from the *typical* agency's perspective.

State TANF agencies are more likely than local TANF agencies or state SAPT agencies to fund faith-based social services. Among the agencies responding to the survey, the average number of contracts was higher for state TANF and SAPT agencies (59 each) than for local

TABLE III.2

CONTRACTING LEVELS OF STATE TANF, LOCAL TANF, AND STATE SAPT AGENCIES, 2004

Characteristic	State TANF Agencies	Local TANF Agencies	State SAPT Agencies
Number of Agencies with Complete Responses	34	33	34
Percent of Agencies with Current Contracts	94%	82%	85%
Percent of Currently Contracting Agencies with FBO Contracts	78%	70%	59%
Characteristics of Average Agency with Current Contracts			
Number of contracts	59	13	59
Number of contracts with FBOs	16	2	6
Percent of contracts with FBOs	27%	15%	10%
Total dollar amount of contracts	\$18,047,207	\$9,039,580	\$14,614,240
Total dollar amount of contracts with FBOs	\$6,498,459	\$369,986	\$678,462
Percent of contracted dollars with FBOs	36%	4%	5%
Average size of contract with non-FBOs	\$268,576	\$788,145	\$262,939
Average size of contract with FBOs	\$406,154	\$184,993	\$113,077
Characteristics of Median Agency with Current Contracts			
Number of contracts	34	8	32
Number of contracts with FBOs	3	1	1
Percent of contracts with FBOs	9%	13%	3%
Total dollar amount of contracts	\$5,878,645	\$1,345,937	\$7,616,865
Total dollar amount of contracts with FBOs	\$279,886	\$40,000	\$7,500
Percent of contracted dollars with FBOs	5%	3%	0.1%
Average size of contract with non-FBOs	\$180,605	\$186,562	\$245,463
Average size of contract with FBOs	\$93,295	\$40,000	\$7,500

Source: 2004 HHS Charitable Choice survey data.

Note: References to “contracts” mean TANF or SAPT contracts issued by agencies.

TANF agencies (13). The number (16) and proportion (27 percent) of contracts with FBOs were higher for the average state TANF agency than for either the average local TANF agency or average state SAPT agency. The average total dollar amount of TANF contracts in the current fiscal year was also higher for state TANF agencies (\$18 million) than for either local TANF agencies (\$9 million) or state SAPT agencies (\$15 million). The proportion of TANF contract dollars flowing to FBOs was considerably higher for the average state TANF agency (36

percent) than for either the average local TANF agency (4 percent) or average state SAPT agency (5 percent).

Unlike the other types of agencies, state TANF agencies report, on average, higher contract amounts for faith-based providers (\$406,000) than for secular providers (\$269,000). Both local TANF agencies and state SAPT agencies report higher average contract amounts for secular providers (\$788,000 and \$263,000, respectively) than for faith-based providers (\$185,000 and \$113,000). If FBOs providing social services were smaller than secular providers, we would expect the average contract amount flowing to faith-based providers to be smaller than the contract amounts flowing to secular providers. If, however, agencies were relying heavily on established FBOs such as Catholic Charities and Lutheran Social Services, such providers could be just as large as or larger than their secular counterparts. Unfortunately, while the survey asked agencies to quantify their contracting with new and newly eligible FBOs, the data reported to us were too incomplete to permit us to draw conclusions about the extent to which agencies are funding FBOs other than those traditionally contracting with state and local governments.

While comparisons of agencies in the aggregate suggest that state TANF agencies are funding FBOs on a substantially larger scale than are local TANF agencies or state SAPT agencies, comparisons of median agencies indicate that a minority of agencies are responsible for funding a large proportion of FBOs. The median state TANF agency has 34 TANF contracts in the current year, of which three contracts, or 9 percent, are with FBOs. Of the \$5.9 million in TANF contracts funded by the median state TANF agency, only 5 percent goes to FBOs, and the average contract amount for such organizations (\$93,000) is only about half the average contract amount for secular providers (\$181,000). The median local TANF agency funds fewer TANF contracts (eight), of which one (or 13 percent) is with an FBO. Of the \$1.3 million in TANF contracts funded by the median local TANF agency, only 3 percent goes to FBOs, with the

average contract amount (\$40,000) less than one-quarter the average contract amount for secular providers (\$187,000). The median state SAPT agency is considerably less likely than the median state TANF agency or the median local TANF agency to fund FBOs, giving only one out of 32 contracts to an FBO and less than 0.1 percent of \$7.6 million in funding to that lone provider.

How can we reconcile the current findings of little funding of FBOs by median agencies with the earlier findings that, on average, more than a third of state funds contracted under TANF and five percent of state funds contracted under SAPT go to faith-based service providers? The findings indicate that only a small fraction of agencies funds FBOs at high levels in both absolute terms and relative to their total dollars of contracted funds. The relatively high level of funding for FBOs by particular agencies, especially a few state TANF agencies, means that the average agency awards a considerably larger share of its contracts to FBOs than does the median agency.

D. CHANGES IN CHARITABLE CHOICE CONTRACTING OVER TIME

We can compare levels of Charitable Choice contracting by state TANF agencies between 2001 and 2004 for 34 states, using 2001 data collected by the (then) U.S. General Accounting Office (General Accounting Office 2002). The proportion of state TANF agencies with current TANF contracts was slightly lower in 2004 than in 2003 (94 versus 97 percent). However, the proportion of currently contracting agencies holding contracts with FBOs rose, from 64 percent in 2001 to 78 percent in 2004 (Table III.3). For the average state TANF agency, the total number of TANF contracts fell by 48 percent between 2001 and 2004 (from 121 to 59), but the proportion of contracts with FBOs rose from 7 to 27 percent. The dollar value of the average agency's TANF contracts fell by 27 percent during the period (from \$24.4 to \$18.0 million), but

TABLE III.3

CONTRACTING LEVELS OF STATE TANF AGENCIES OVER TIME, 2001 TO 2004

Characteristic	State TANF Agencies in 2001	State TANF Agencies in 2004	Percentage Change
Number of agencies with complete responses on both number and dollar amount of contracts	34	34	
Number of agencies with current TANF contracts	33	32	
Number of current contracting agencies with FBO contracts	21	25	
Percent of agencies with current TANF contracts	97%	94%	-3%
Percent of currently contracting agencies with FBO contracts	64%	78%	22%
Characteristics of Average Agency			
Number of TANF contracts	121	59	-51%
Number of TANF contracts with FBOs	9	16	78%
Percent of TANF contracts with FBOs	7%	27%	265%
Total dollar amount of TANF contracts	\$24,439,653	\$18,047,207	-26%
Total dollar amount of TANF contracts with FBOs	\$1,904,766	\$6,498,459	241%
Percent of contracted TANF dollars with FBOs	8%	36%	362%
Average size of TANF contract with non-FBOs	\$201,204	\$268,576	33%
Average size of TANF contract with FBOs	\$211,641	\$406,154	9%
Characteristics of Median Agency			
Number of TANF contracts	26	34	31%
Number of TANF contracts with FBOs	2	3	50%
Percent of TANF contracts with FBOs	8%	9%	15%
Total dollar amount of TANF contracts	\$5,385,975	\$5,878,645	9%
Total dollar amount of TANF contracts with FBOs	\$379,173	\$279,886	-26%
Percent of contracted TANF dollars with FBOs	7%	5%	-32%
Average size of TANF contract with non-FBOs	\$208,617	\$180,605	-13%
Average size of TANF contract with FBOs	\$189,586	\$93,295	-51%

Sources: 2001 GAO data (GAO 2002) adjusted for inflation by using the U. S. Department of Commerce's implicit price deflator for state and local government expenditures; 2004 HHS Charitable Choice survey data.

the proportion of dollars going to FBOs rose from 8 to 36 percent.³² While the average amount of state TANF contracts was similar (about \$200,000) for both secular and faith-based providers in 2001, the average contract amount by 2004 had risen almost three times as much for the average faith-based TANF provider than the average secular TANF provider.

Changes in state TANF contracting look somewhat different from the perspective of the median state agency than from that of the average agency. Between 2001 and 2004, the number of TANF contracts funded by the median state agency did not fall, as did the aggregate total, but instead rose by 31 percent. During the same three-year period, the median state agency's total dollar amount of TANF contracts did not decline, as did aggregate contracting; instead, it rose by 9 percent in real terms. For the median state TANF agency, the proportion of TANF contracts flowing to FBOs rose from 8 to 9 percent, but the proportion of contracted funds flowing to FBOs fell from 7 to 5 percent.

Looked at another way, the findings suggest increasingly different patterns of funding faith-based and secular providers by the median state TANF agency. While the average contract amount for secular providers with the median agency fell by 13 percent between 2001 and 2004, the average contract amount for faith-based providers with the median agency fell by 51 percent. In 2001, the typical agency held similarly sized contracts with both secular and faith-based providers, but by 2004, the typical agency held considerably smaller contracts with faith-based providers than with secular providers. While the shift may indicate increased funding of small, newly eligible FBOs by the median state TANF agency between 2001 and 2004, it does *not* indicate higher levels of overall funding for faith-based social services by the typical agency.

³² These values have been adjusted for inflation by using the U.S. Department of Commerce's implicit price deflator for state and local government expenditures and are expressed in fiscal year 2004 dollars.

The contrast between changes in TANF contracting levels for the average agency and for the median agency once again indicates that increases in funding for faith-based social service providers are concentrated in a relatively small number of states. Of the 34 state TANF agencies for which we have both 2001 and 2004 data, about 41 percent (14 agencies) reported increases in the real dollar value of their TANF contracts with FBOs. Another 35 percent of these agencies (representing 12 states) reported decreases in the dollar value of their TANF contracts with FBOs, while the remaining eight agencies indicated no funding for faith-based social service providers in both 2001 and 2004.³³

Whether their funding of FBOs under TANF rose, fell, or remained the same between 2001 and 2004, most state agencies reported no change in their FBO contracting policies and practices during the same period. About 29 percent of agencies experiencing growth in the funding of FBOs reported a slight change in contracting policies during the same period. More surprising is the fact that 25 percent of the state TANF agencies reporting *decreases* in funding of FBOs between 2001 and 2004 noted “slight,” “some,” or even “significant” changes in contracting policies and practices during the period. There does not appear to be a strong correspondence between reported changes in FBO contracting policies and the scale of contracting with FBOs by individual state and local agencies.

E. STATE TANF AGENCY CHARACTERISTICS AND CONTRACTING WITH FBOs

To learn what state TANF agency characteristics are most strongly associated with the presence and level of contracting with FBOs, we estimated statistical models of the presence, scale, and growth of state TANF contracting with FBOs. We estimated the models by using

³³ For confidentiality, we do not identify these states by name in this report and will not disclose them in any other format.

ordinary least squares regression and focused on whether we could conclude, with at least 90 percent confidence, that state TANF contracting was related to specific characteristics of individual states.

The contracting outcomes in the analysis were (1) an indicator, defined only for states with TANF contracts as of 2004, for those states that had TANF contracts with FBOs; (2) a measure of the dollar amount of TANF contracts with FBOs as of 2004 for states with such contracts; and (3) growth in the amount of TANF contracts with FBOs between 2001 and 2004.³⁴

The state characteristics by which we analyzed these outcomes were:

- An indicator for states with their own faith-based initiative, issued by either executive order of the governor or by legislation
- An indicator for states with FCLs that, in the judgment of the TANF contracting agency, have influenced agency policies for contracting with FBOs
- An indicator for states with constitutional restrictions on the funding of FBOs
- Indicators for states in the Northeast, South, and West
- The natural log of the dollar value of all TANF contracts as of 2004
- The growth in the natural log of the dollar value of all TANF contracts between 2001 and 2004
- An indicator for states with contracting with FBOs in 2001
- The natural log of the dollar value of all contracts with FBOs in 2001

Table III.4 presents the statistically significant results of our analysis of state contracting with FBOs. Among the 33 states that reported positive amounts of TANF contracts in 2004, states with FCLs perceived as influencing state contracting policies toward FBOs were

³⁴ We measured contracting levels by taking the natural log of the dollar amount of TANF contracts. Measuring contracting in this way, we could interpret the coefficients in the regression equation as indicating the percentage difference in the level of TANF contracts associated with a particular state characteristic.

TABLE III.4

CONTRACTING OUTCOMES FOR STATE TANF AGENCIES, BY AGENCY CHARACTERISTICS

Characteristic	Probability State Has TANF Contracts with FBOs, 2004	Natural Log of Dollar Amount of State TANF Contracts with FBOs, 2004	Growth in Natural Log of Dollar Amount of State TANF Contracts with FBOs, 2001– 2004
Number of State TANF Agencies	33	26	26
Agency Is in State with its Own Faith-Based Initiative		-1.10 *	-1.02 *
Agency Perceives FCL as Influencing Contracting Policies in State	+0.15 *		
State Has Constitutional Amendment Restricting Funding of FBOs			
State is in the Northeast			
State is in the South	+0.37 **		
State is in the West			
Natural Log of Dollar Amount of State TANF Contracting, 2004		+0.64 **	X
Growth in Natural Log of Dollar Amount of State TANF Contracting, 2001–2004	X	X	+0.39 **
Whether State had TANF Contracts with FBOs, 2001	+0.36 **		+1.41 *
Natural Log of Dollar Amount of State TANF Contracts with FBOs, 2001	+0.08 *		

Sources: 2001 GAO data (U.S. General Accounting Office 2002); 2004 HHS Charitable Choice survey data; Lupu and Tuttle (2002) for state constitutional provisions regarding funding FBOs; Ragan et al. (2003) for state faith-based initiatives.

Note: Statistically insignificant coefficients not shown; states in the Midwest are the omitted category.

** = Statistically significant and positive relationship estimated at the .05 level (* = at the .10 level).

x = Variable not included in analysis of the outcome in question.

significantly more likely, other factors held equal, to report contracts with faith-based service providers. States were also more likely to report contracting with FBOs in 2004, other factors held equal, if they were in the South, they reported contracting with FBOs in 2001, and their total dollar amount of contracts with FBOs in 2001 was large.

For those states holding TANF contracts with FBOs as of 2004, the size and growth of such contracts varied significantly with the overall level of state TANF contracting. The underlying coefficients, which were statistically significant, implied between 4 and 6 percent higher levels of contracting with FBOs for states with 10 percent higher levels of total TANF contracting (Table III.4). In other words, while contracting with FBOs appears to be larger in absolute terms as the total available resources for such contracting becomes larger, the *proportion* of TANF contract dollars going to FBOs appears to decline as the amount of contracted funds rises. The reason for this relationship is unknown. This pattern in the data, however, may reflect capacity constraints among faith-based service providers or agency reluctance to expand contracting opportunities to include FBOs that have not traditionally received government funding.

Without an FCL influencing state contracting policies and accounting for contracting levels with FBOs three years earlier, the presence of a faith-based initiative in a state was not associated with significantly higher levels of contracting with FBOs. In fact, after accounting for contracting levels with FBOs in 2001 and whether the agency viewed the FCL as influential, contracting levels with FBOs in 2004 and growth in FBO contracting between 2001 and 2004 were significantly *lower* in states with faith-based initiatives than in states without them (Table III.4). This finding does not mean that state faith-based initiatives are unimportant but rather suggests that funding patterns for FBOs vary more significantly with other factors, including past patterns of contracting with FBOs, the influence of a FCL on agency policies, and the scale of resources available for TANF contracting.

Some evidence suggested that TANF contracting levels with FBOs were lower in states with constitutional restrictions on funding religious organizations. However, after accounting for the other state characteristics mentioned earlier, the relationship was not statistically significant. As Lupu and Tuttle (2002) discuss, state constitutional provisions appear not to constrain many state TANF administrators from using TANF funds to contract for social services with FBOs.

The most important distinguishing characteristic of agencies increasing their TANF funding of FBOs between 2001 and 2004 is the extent to which their overall levels of TANF contracting also rose. Among the states increasing their funding for FBOs between 2001 and 2004, 64 percent increased their total funding for *all* TANF contracts and grants during the same period. In contrast, among those states decreasing their funding for FBOs between 2001 and 2004, only 25 percent increased their total funding for all TANF contracts and grants. Therefore, increases in funding for faith-based service providers are more likely to occur when available funding increases for *all* service providers, regardless of religious identity or affiliation. When funding is tight, FBOs are likely to receive less through TANF contracts and grants, even if the state has attempted to promote partnerships between the government and FBOs.

IV. STATE AND LOCAL AGENCY POLICIES AND PRACTICES REGARDING FAITH-BASED PROVIDERS

State and local agencies administering TANF and SAPT contracts and grants must develop and implement policies that address a wide range of concerns. Fundamental to agencies' ability to administer contracts and grants properly is their understanding and application of the Charitable Choice provisions affecting FBOs' applying for or receiving TANF or SAPT funds. In this chapter, we use data from the HHS survey of state TANF agencies, local TANF agencies, and state SAPT agencies to gauge agencies' understanding of Charitable Choice, the extent to which agency policies and practices reflect Charitable Choice provisions, and the factors that have influenced the policies and practices of the respective types of agencies.

Before discussing the findings from the HHS survey, we note that the survey was fielded shortly after the regulations were issued. Therefore, it is not surprising that they were not universally understood at the time of the survey.

Most TANF and SAPT agencies report little change in their contracting policies toward FBOs since the adoption of Charitable Choice. In general, while the proportion of state TANF agencies communicating key Charitable Choice provisions to faith-based providers or taking steps to safeguard provider and client rights consistent with the provisions is low, it is higher than the corresponding proportions for local TANF agencies. The proportion of state SAPT agencies communicating key Charitable Choice provisions to faith-based providers is usually even lower than the corresponding proportion for local TANF agencies. These patterns suggest less familiarity with Charitable Choice rules among local TANF agency officials than among state TANF agency officials and less among state SAPT agency officials than among both state and local TANF agency officials. These differences may reflect variations in the training that

agency officials received, as well as the different periods of time over which Charitable Choice provisions have been in effect for the respective programs.

The chapter contains six sections. In Section A, we describe how agencies' contracting policies and practices have changed since the adoption of Charitable Choice legislation. Section B focuses on agencies' efforts to reach out to faith-based providers that may be qualified to receive funding through TANF and SAPT contracts and grants. In Section C, we assess agencies' understanding of specific Charitable Choice provisions and how the provisions could affect the eligibility of faith-based providers for funding. Section D examines the extent to which agencies communicate Charitable Choice provisions to FBOs holding TANF and SAPT contracts and grants. Section E examines the extent to which agencies take steps to protect the religious freedom rights of both providers and clients under Charitable Choice. Finally, Section F discusses the guidance agencies have received for implementing Charitable Choice provisions.

A. CHANGES IN AGENCY CONTRACTING POLICIES

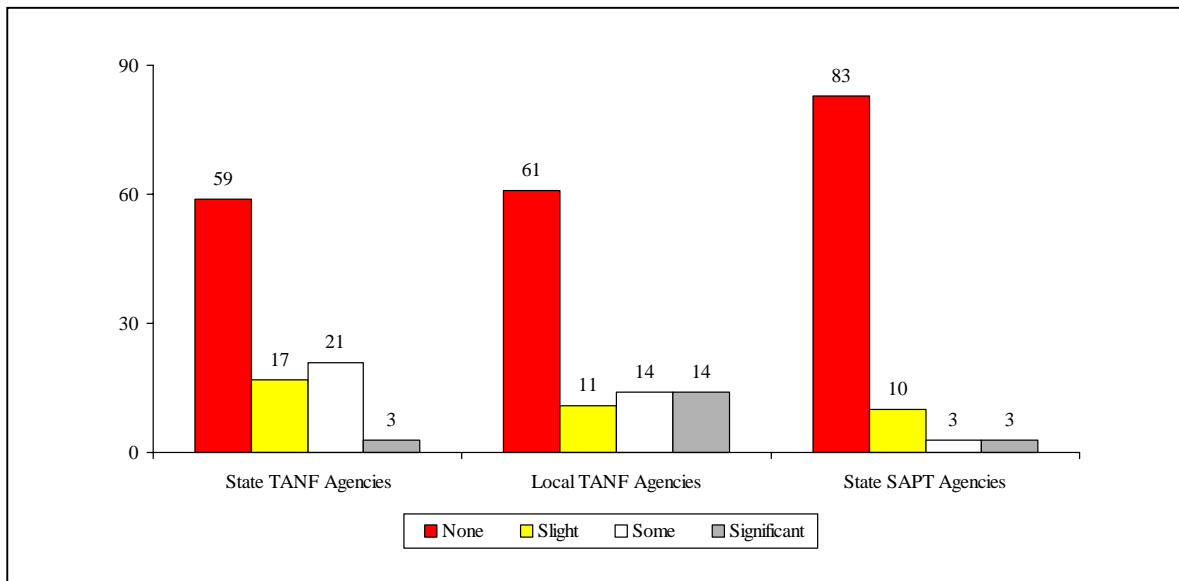
As the previous chapter mentions, about three-quarters of state TANF agencies reported no change between 2001 and 2004 in their contracting policies regarding FBOs. A similar proportion of local TANF agencies reported no change during the same period in their policies for contracting with FBOs. However, were TANF agencies' contracting policies any different in 2004 than in fiscal year 1996, before Charitable Choice rules took effect for the TANF program?³⁵

The best answer to this question is, "Not much." In spite of the new law, 59 percent of both state and local TANF agencies reported *no change* in their contracting policies regarding faith-

³⁵ While the legislation authorizing both the TANF program and the Charitable Choice rules applying to it was adopted toward the end of fiscal year 1996, the provisions of the law did not take effect in every state until the end of fiscal year 1997.

based providers since fiscal year 1996 (Figure IV.1). Only 3 percent of state TANF agencies and 14 percent of local TANF agencies reported any significant changes since fiscal year 1996 in their contracting policies affecting FBOs seeking or receiving TANF funds.

FIGURE IV.1
EXTENT OF CHANGE IN CONTRACTING POLICIES REGARDING
FBOs SINCE ADOPTION OF CHARITABLE CHOICE



Because Charitable Choice rules have applied to the SAPT program only since fiscal year 2001, the SAPT version of the HHS survey questionnaire focused on changes in SAPT contracting practices since that year. Eighty-three percent of state SAPT agencies indicated no change since fiscal year 2001 in their contracting practices governing faith-based service providers (Figure IV.1). Only three percent of state SAPT agencies reported any significant changes since fiscal year 2001 in their contracting policies toward FBOs seeking or receiving SAPT funding.

For the 41 percent of state TANF agencies, 39 percent of local TANF agencies, and 16 percent of state SAPT agencies indicating at least slight changes in their contracting policies

regarding FBOs, the survey asked whether changes had occurred in specific areas since the adoption of Charitable Choice. Of those agencies experiencing changes, the responses (displayed in Table IV.1) indicate that:

TABLE IV.1

FOR AGENCIES INDICATING CHANGES IN POLICIES REGARDING FBOs, POLICIES DIFFERENT FROM THOSE IN PLACE WHEN CHARITABLE CHOICE WAS ADOPTED (FISCAL YEAR 1996 FOR TANF, FISCAL YEAR 2001 FOR SAPT)

Are Current Policies Different from Those in Place When Charitable Choice Was Adopted?	Agencies Responding “Yes” (Percent)		
	State TANF Agencies	Local TANF Agencies	State SAPT Agencies
Efforts to Identify and Track Existing TANF/SAPT Contracts and Grants with FBOs	62	50	40
Efforts to Seek Out and Identify FBOs Without Previous Experience in Contracting with the Agency	38	55	40
Language in RFPs or Grant Announcements to Indicate the Rights and Responsibilities of FBOs Receiving TANF/SAPT Funding	46	25	20
Language in Contracts with Social Services Providers to Indicate the Rights and Responsibilities Of FBOs Receiving TANF/SAPT Funding	23	42	40
Guidance for Those Monitoring TANF/SAPT Contracts and Grants to Inform These Officials of the Rights and Responsibilities of FBOs Receiving Funding	38	33	40
None of the Above	15	17	20

Source: 2004 HHS Charitable Choice survey data.

- Sixty-two percent of state TANF agencies, 50 percent of local TANF agencies, and 40 percent of state SAPT agencies had made a new effort to identify and track existing TANF or SAPT contracts and grants with FBOs.
- Thirty-eight percent of state TANF agencies, 55 percent of local TANF agencies, and 40 percent of state SAPT agencies had made efforts to seek out and identify FBOs without previous experience in contracting with the agency.
- Forty-six percent of state TANF agencies, 25 percent of local TANF agencies, and 20 percent of state SAPT agencies had added language to Requests for Proposals (RFPs) and grant announcements to indicate the rights and responsibilities of FBOs receiving government funding.

- Twenty-three percent of state TANF agencies, 42 percent of local TANF agencies, and 40 percent of state SAPT agencies had added language to contracts with social service providers to indicate the rights and responsibilities of FBOs receiving government funding.
- Thirty-eight percent of state TANF agencies, 33 percent of local TANF agencies, and 40 percent of state SAPT agencies had provided guidance to officials monitoring TANF or SAPT contracts and grants to make them aware of the rights and responsibilities of faith-based contractors and grant recipients.
- Fifteen percent of state TANF agencies, 17 percent of local TANF agencies, and 20 percent of state SAPT agencies had not taken any of these steps since Charitable Choice took effect.

The survey also asked all agencies, whether or not their contracting policies had changed, what factors *other than federal law* affect agency policies that govern contracting with FBOs (Table IV.2).³⁶ Only 9 percent of state TANF agencies and 14 percent of both local TANF agencies and state SAPT agencies indicated that relevant state constitutional provisions had an effect. *None* of the state TANF agencies reporting changes in their contracting policies since fiscal year 1996 noted that state constitutional provisions affected these changes. In some states, however, Blaine Amendments banning funding of sectarian organizations may have determined welfare agencies' contracting policies *before* fiscal year 1996. Thirty-four percent of state TANF agencies cited relevant state laws as influencing their contracting policies governing FBOs, as did 45 percent of local TANF agencies and 28 percent of state SAPT agencies. Thirty-four percent of state TANF agencies, 14 percent of local TANF agencies, and 24 percent of state SAPT agencies pointed to executive actions such as a governor's faith-based initiative. No state TANF agencies, 10 percent of local TANF agencies, and 3 percent of state SAPT agencies cited local laws and ordinances. Twenty-five percent of state TANF agencies, 14 percent of local

³⁶ The survey did not distinguish recently issued federal regulations from federal law.

TABLE IV.2

FACTORS OTHER THAN FEDERAL LAW INFLUENCING AGENCY POLICIES
REGARDING CONTRACTING WITH FAITH-BASED ORGANIZATIONS

Factors Affecting Policies and Practices Regarding Contracting with Faith-Based Organizations	Agencies Indicating Factor (Percent)		
	State TANF Agencies	Local TANF Agencies	State SAPT Agencies
Relevant State Constitutional Provisions	9	14	14
Relevant State Laws	34	45	28
Policies and Practices Within the Executive Branch of State Government	34	14	24
Local Laws or Ordinances	0	10	3
Outreach Activities of an FCL	25	14	21
None of the Above	42	41	48

Source: 2004 HHS Charitable Choice survey data.

TANF agencies, and 21 percent of state SAPT agencies noted an FCL's outreach activities.

About two-fifths of state and local TANF agencies and nearly one-half of state SAPT agencies reported that nothing other than federal law affected agency policies governing contracting with FBOs.

SAPT has been subject to Charitable Choice rules for fewer years than TANF, which may be the reason for some of the differences in the extent of change reported by TANF agencies and state SAPT agencies. What is more striking, perhaps, is the high proportion of TANF agencies reporting little change in their contracting policies regarding FBOs during the years since the adoption of Charitable Choice. Anecdotal evidence, discussed at conferences where preliminary findings of this study were presented, suggests that some state and local contracting officials do not see Charitable Choice as a new initiative but rather as a continuation of their past practices in contracting with FBOs. Even before the adoption of Charitable Choice legislation, many state and local agencies may have been committed to granting religiously expressive FBOs equal

access to opportunities for government contracts and grants. It is also possible that some agencies may not remember all the details of their past practices in contracting with FBOs, especially if the agencies were reorganized during recent years because of welfare reform. Descriptions of current agency policies are arguably a better indicator than recollections of changes in agency policies of whether a level playing field exists for FBOs after the adoption of Charitable Choice provisions for the TANF and SAPT programs.

B. OUTREACH AND EFFORTS TO REMOVE BARRIERS FOR FBOs

Many government agencies have tried to reach out to prospective faith-based providers to encourage partnerships with government or to remove barriers these providers face in forming such partnerships. The HHS survey of state and local TANF agencies and of state SAPT agencies found evidence that many agencies conduct such outreach. Evidence also suggests, however, that some agencies have not tried to remove barriers so that FBOs can compete more effectively for contracts and grants supported by TANF and SAPT funds.

Some states and localities use state or local FCLs or statewide offices of faith- and community-based initiatives (OFCBI) to promote government partnerships with FBOs. Between 30 and 33 percent of the agencies responding to the survey said that an FCL was responsible for outreach, and between 15 and 28 percent said that regional FCLs were responsible for outreach to prospective faith-based providers (Table IV.3). Thirty-three percent of state TANF agencies, 46 percent of local TANF agencies, and 31 percent of state SAPT agencies reported that a statewide OFCBI is responsible for outreach. However, 60 percent of state TANF agencies, 40 percent of local TANF agencies, and 67 percent of state SAPT agencies indicated that in no case was a state FCL, regional FCLs, or a statewide OFCBI responsible for outreach to FBOs.

TABLE IV.3

RESPONSIBILITY FOR OUTREACH TO FAITH-BASED SERVICE PROVIDERS

	Agencies Indicating “Yes” (Percent)		
	State TANF Agencies	Local TANF Agencies	State SAPT Agencies
Whether Certain Groups Are Responsible for Promoting Government Partnerships with FBOs in the Agency’s Jurisdiction			
An FCL	31	30	33
A group of regional FCLs	25	15	28
A statewide OFCBI	33	46	31
None of the above	60	40	67

Source: 2004 HHS Charitable Choice survey data.

- As Table IV.4 shows, agencies indicated that they pursue several outreach strategies to promote partnerships with FBOs. Fifty-eight percent of state TANF agencies, 41 percent of local TANF agencies, and 34 percent of state SAPT agencies indicated that proposals and grant announcements usually or always indicate to prospective bidders that FBOs are eligible to apply for funding to deliver social services.
- Thirty-two percent of state TANF agencies, 41 percent of local TANF agencies, and 36 percent of state SAPT agencies maintain lists of FBOs that could be potential contractors or grant recipients.
- Thirty-eight percent of state and 41 percent of local TANF agencies, but only 18 percent of state SAPT agencies, usually or always rely on advertisements, email announcements, mailings, or telephone calls to inform FBOs of contracting and grant opportunities.
- Eighteen percent of state TANF agencies, 28 percent of local TANF agencies, and 37 percent of state SAPT agencies said that they do not use *any* of the above strategies to make FBOs aware of government contracting opportunities.

TABLE IV.4

OUTREACH BY STATE AND LOCAL AGENCIES TO FAITH-BASED SERVICE PROVIDERS

Outreach Activities and Responsibilities	Agencies (Percent)		
	State TANF Agencies	Local TANF Agencies	State SAPT Agencies
Steps Taken to Encourage FBO Participation in Contract/Grant Opportunities			
Proposals and grant announcements usually or always indicate to prospective bidders that FBOs are eligible to apply for funding to deliver social services	58	41	34
Agency maintains a list of FBOs that could be potential contractors or grant recipients	32	41	36
Agency usually or always relies on advertisements, email announcements, mailings, or telephone calls to inform FBOs of TANF or SAPT contracting or grant opportunities	38	41	18
None of the above	18	28	37
Whether Agency <i>Ever</i> Informs FBOs of Contracting or Grant Opportunities			
	94	69	52
If So, Whether Any of the Following Publicize Contracting or Grant Opportunities			
Contracting agency itself	77	90	82
Representative of a federal agency	8	0	12
Statewide FCL or OFBCI	31	19	18
Local FCL or OFBCI	7	14	18
Privately funded organization	19	5	12
Whether Technical Assistance Is Ever Provided to FBOs to Help Them Compete for Contracts or Grants			
	65	43	47
If So, Whether Any of the Following Provide Technical Assistance			
Contracting agency itself	64	83	75
Representative of a federal agency	14	8	25
Statewide FCL or OFBCI	32	33	13
Local FCL or OFBCI	9	25	13
Privately funded organization	18	33	6

Source: 2004 HHS Charitable Choice survey data.

Of the agencies making *any* effort to inform FBOs of contracting and grant opportunities, more than three-fourths indicate that the contracting agency itself engages in promotional activities. This is far higher than the proportion of these agencies indicating that a federal official, FCL, or privately funded organization promotes FBO awareness of opportunities to obtain government contracts or grants.

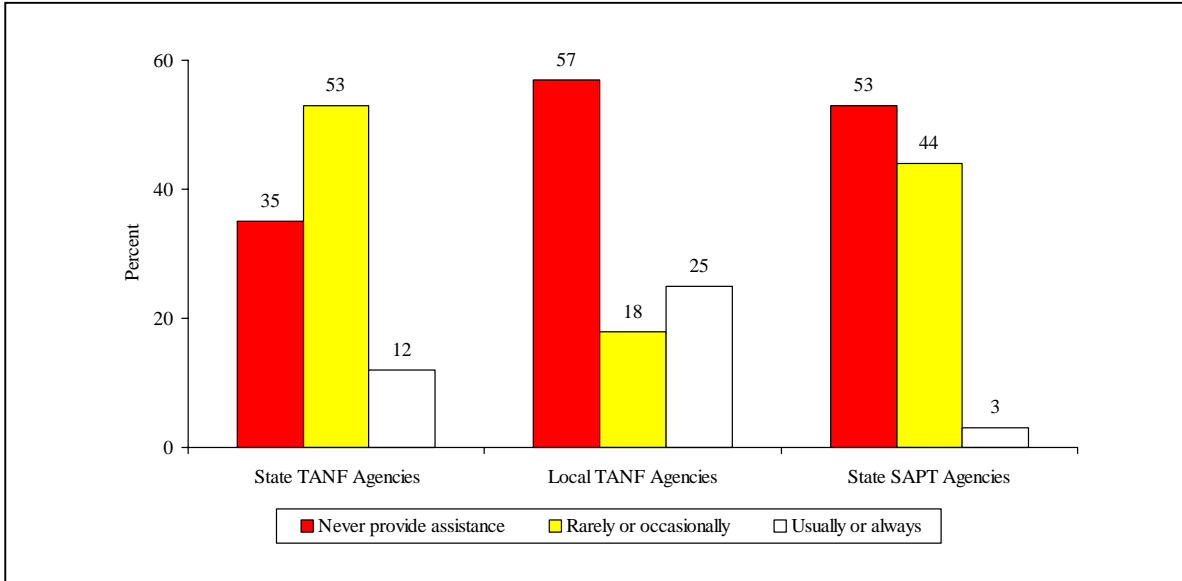
Only a few agencies ensure that FBOs regularly receive technical assistance to help them compete for TANF or SAPT contracts and grants (Figure IV.2). Examples of such technical assistance include training in the government procurement process, accounting practices, or meeting reporting requirements.³⁷ Only 12 percent of state TANF agencies, 25 percent of local TANF agencies, and 3 percent of state SAPT agencies said that FBOs usually or always receive such assistance. Thirty-five percent of state TANF agencies, 57 percent of local TANF agencies, and 53 percent of state SAPT agencies reported that FBOs in their jurisdiction *never* receive such assistance. Even if agencies are unaware of the provision of technical assistance to faith-based service providers operating in their jurisdiction, the FBOs might have access to other resources to help them compete for government contracts and grants.

Agencies report that, when FBOs receive technical assistance to apply for TANF or SAPT funding, the agency, rather than a federal representative, state or local FCL, or privately funded organization, usually provides that assistance. Of those agencies reporting the provision of any technical assistance to FBOs, 64 percent of state TANF agencies indicated that they provided the assistance directly, as did 83 percent of local TANF agencies and 75 percent of state SAPT agencies (Table IV.4). The federal Compassion Capital Fund is intended to expand the availability of technical assistance to FBOs seeking state and local funding to provide

³⁷ The survey did not ask whether the technical assistance specifically targeted FBOs.

FIGURE IV.2

FREQUENCY WITH WHICH TECHNICAL ASSISTANCE IS PROVIDED TO FAITH-BASED ORGANIZATIONS TO HELP THEM COMPETE FOR FUNDING



social services. It appears that such assistance is not reaching FBOs in a large share of jurisdictions represented in the survey, however—probably because of the fund’s relatively limited size.

Small proportions of agencies employ strategies designed specifically to promote participation by lowering barriers that FBOs might face in competing for contracts or grants (Table IV.5). These strategies include (1) reducing the dollar amount of individual contracts to make it easier for small organizations to compete, (2) reducing some paperwork requirements for the procurement process, (3) modifying past performance requirements to improve funding chances for newly applying organizations, and (4) eliminating or modifying contract performance requirements. However, four-fifths of state TANF and state SAPT agencies and three-quarters of local TANF agencies did not use *any* of these strategies to make it easier for FBOs to apply for funding.

TABLE IV.5

CHANGES IN AGENCY CONTRACTING PRACTICES TO PROMOTE GREATER PARTICIPATION
BY FAITH-BASED SERVICE PROVIDERS

	Agencies Indicating “Yes” (Percent)		
	State TANF Agencies (Since Fiscal Year 1997)	Local TANF Agencies (Since Fiscal Year 1997)	State SAPT Agencies (Since Fiscal Year 2001)
Steps Taken Since Charitable Choice Effective Date to Promote Broader Participation by FBOs			
Reduced dollar amount of some contracts	6	17	0
Reduced paperwork requirements for obtaining funding	13	8	12
Modified past performance requirements	6	9	6
Eliminated or modified performance requirements	9	13	6
None of the above	86	73	84

Source: 2004 HHS Charitable Choice survey data.

C. AGENCY UNDERSTANDING OF CHARITABLE CHOICE RULES

The faith-based initiative of which Charitable Choice was an early component is not simply an effort to expand awareness of existing government contracting opportunities for FBOs—it also changed the rules by which FBO eligibility for funding is assessed. As discussed in Chapter I, Charitable Choice provisions are designed to permit explicitly religious organizations to receive funding through TANF and SAPT while respecting the religious freedom of program clients. To assess how contracting officials would apply the provisions when deciding whether to fund FBOs, the questionnaire asked TANF and SAPT agencies to consider a hypothetical bidder on a standard contract or grant supported with TANF or SAPT funds. The bidder was assumed to be identical to its competitors in every respect except for a specified characteristic or behavior. The questionnaire asked agencies how the bidder’s chances of obtaining funding would be affected if it had that particular characteristic or exhibited that certain behavior. To avoid guiding survey respondents to the answer consistent with Charitable Choice rules, the

survey included questions about the following types of hypothetical FBOs: (1) FBOs ineligible for funding under Charitable Choice, (2) FBOs eligible for funding, and (3) FBOs for which ineligibility is uncertain or depends on state and local laws.

Hypothetical FBOs Ineligible for TANF and SAPT Funding. Table IV.6 displays the proportions of agencies indicating that certain characteristics would somewhat diminish or greatly diminish the chances that FBOs would receive funding in their jurisdiction.

Certain characteristics and behaviors make FBOs ineligible for funding under Charitable Choice:

- Use of federal funds for religious instruction, worship, or proselytizing
- Refusal to serve clients on the basis of their religious affiliation and commitment or lack thereof
- Requiring clients to participate in prayers or other inherently religious activities

In addition, while a commitment to the religious conversion or spiritual transformation of clients does not, *in itself*, disqualify an FBO for funding under Charitable Choice, the context in which such a provider operates can affect its eligibility for funding. Recent court decisions have indicated that, if a comparable, accessible alternative provider is not available to clients who object to a provider's religious character, then FBOs with a commitment to the religious conversion or spiritual transformation of their clients may be ineligible for funding. This is especially true if the explicit content or structure of the government-funded programs reflect the providers' implicit faith commitments.³⁸

For the types of ineligible faith-based providers described above, at least 90 percent of each agency type said that the FBO in question would have at least somewhat diminished chances of

³⁸ See Lupu and Tuttle (2002), pp. 26–29.

TABLE IV.6

AGENCY PERSPECTIVES ON WHETHER CERTAIN FBO CHARACTERISTICS OR BEHAVIORS
DIMINISH CHANCES OF OBTAINING FUNDING

Characteristic or Behavior of Hypothetical FBO Applying for TANF or SAPT Funding	Agencies Indicating Diminished Funding Chances for FBO (Percent)					
	State TANF Agencies		Local TANF Agencies		State SAPT Agencies	
	Somewhat Diminished	Greatly Diminished	Somewhat Diminished	Greatly Diminished	Somewhat Diminished	Greatly Diminished
Characteristics Generally Incompatible with Eligibility Under Charitable Choice Rules						
Would use federal funds for religious instruction, worship, or proselytizing	0	95	3	91	3	97
Offers privately funded religious instruction, worship, or proselytizing at the same time and location as the federally funded program	19	31	38	21	11	29
Would refuse to serve clients on the basis of their religious affiliation and commitment or lack thereof	14	81	6	89	8	89
Would require clients to participate in prayers or other inherently religious activities	0	95	3	94	16	74
Is committed to the religious conversion of clients who would lack choice of a comparable, accessible alternative provider if they object	8	84	3	94	3	97
Is committed to the spiritual transformation of clients who would lack choice of a comparable, accessible alternative provider if they object	8	82	9	85	15	85
Characteristics Generally Compatible with Eligibility Under Charitable Choice Rules						
Has experience in delivering social services but no government contracting experience	5	0	3	0	21	0

TABLE IV.6 (continued)

Characteristic or Behavior of Hypothetical FBO Applying for TANF or SAPT Funding	Agencies Indicating Diminished Funding Chances for FBO (Percent)					
	State TANF Agencies		Local TANF Agencies		State SAPT Agencies	
	Somewhat Diminished	Greatly Diminished	Somewhat Diminished	Greatly Diminished	Somewhat Diminished	Greatly Diminished
Is a religious congregation lacking a separate nonprofit corporation to provide services with federal funds	16	8	17	9	22	24
Displays religious symbols, such as images or sayings, at the location where federally funded services would be offered	5	0	6	0	5	0
Uses religious standards of belief and behavior for hiring and retaining staff supported with federal funds	16	10	25	9	17	11
Hires program staff lacking state or local certification but with “comparable” experience in faith-based programs	32	30	40	26	35	43
Offers privately funded religious instruction, worship, or proselytizing at a different time or location than the federally funded program	0	3	3	0	0	0
Invites clients to participate voluntarily in prayers or other inherently religious activities that would not affect their status in the federally funded program	14	6	21	0	3	3
Makes program staff available to discuss religious topics and themes with clients who initiate these discussions	11	8	13	3	5	0

TABLE IV.6 (continued)

Characteristic or Behavior of Hypothetical FBO Applying for TANF or SAPT Funding	Agencies Indicating Diminished Funding Chances for FBO (Percent)					
	State TANF Agencies		Local TANF Agencies		State SAPT Agencies	
	Somewhat Diminished	Greatly Diminished	Somewhat Diminished	Greatly Diminished	Somewhat Diminished	Greatly Diminished
Is committed to the spiritual transformation of clients who would have choice of a comparable, accessible alternative provider if they object	16	16	27	20	8	5
Characteristics That May or May Not Be Compatible with Charitable Choice Rules						
Would refuse, on the basis of religious convictions, to hire staff for federally funded program because of their sexual orientation	8	54	32	44	16	51
Would use what it views as relevant religious concepts or themes in the content of the federally funded program	24	41	31	31	13	24
Is committed to the religious conversion of clients who would have choice of a comparable and accessible alternative provider if they object	8	54	26	55	24	35

Source: 2004 HHS Charitable Choice survey data.

Note: Values may not sum to 100 percent because of rounding.

receiving TANF or SAPT funding, and at least 80 percent of each agency type indicated that the FBO in question would have *greatly* diminished chances of receiving funding. Consequently, state and local TANF agencies and state SAPT agencies have a high (although not universal) degree of awareness of the fact that FBOs remain ineligible for TANF and SAPT funding if they use federal dollars to fund inherently religious activities, discriminate against clients on the basis of religion, or require religious participation. Agencies also have a high (although not universal) degree of awareness that clients without comparable, accessible alternatives cannot be required against their consent to receive social services from providers committed to clients' religious conversion or spiritual transformation.

Agencies revealed less awareness of an additional provision of the Charitable Choice rules: that inherently religious activities, even if funded privately, must be held at a separate time or in a separate location from the TANF- or SAPT-funded program. The questionnaire asked agencies about the funding prospects of an FBO offering privately funded religious instruction, worship, or proselytizing *at the same time and in the same location* where services would be provided with TANF or SAPT funds. Only one-half of state TANF agencies, three-fifths of local TANF agencies, and two-fifths of state SAPT agencies said that such an FBO would have diminished chances of receiving funding (Table IV.6). No more than 31 percent of any agency type indicated that such an FBO would have *greatly* diminished chances of receiving funds. These responses show that many agencies are unfamiliar with important aspects of Charitable Choice regulations.

Hypothetical FBOs Eligible for TANF and SAPT Funding. The questionnaire asked agencies about the funding prospects of hypothetical FBOs that are generally eligible for TANF and SAPT funding according to Charitable Choice regulations. These FBOs had the following characteristics:

- FBOs experienced in delivering social services but lacking government contracting experience
- FBOs that are religious congregations lacking a separate nonprofit corporation to provide federally funded services
- FBOs that display religious symbols and images at the location where TANF- or SAPT-funded services are offered
- FBOs that use religious standards of belief and behavior for hiring and retaining staff supported with federal funds
- FBOs that offer privately funded religious instruction, worship, or proselytizing at a different time or in a different location than where the federally funded program is offered
- FBOs that invite clients to participate voluntarily in prayers or other inherently religious activities that would not affect the organization's status in the federally funded program
- FBOs that make program staff available to discuss religious topics and themes with clients who initiate such discussions
- FBOs committed to the spiritual transformation of clients in situations where clients can choose a comparable, accessible alternative if they object to such a provider's religious character

For each type of FBO, a majority of each agency type reported that providers would not have diminished chances of receiving TANF or SAPT funding (Table IV.6). A substantial minority of agencies, however, expressed reservations about particular behaviors. Nearly half of state SAPT agencies reported that religious congregations without separate nonprofit organizations would have diminished chances of receiving funding, and one-quarter said that funding opportunities for these congregations would be *greatly* diminished. (These agencies may be exercising an option they believe exists under Charitable Choice—namely, requiring organizations applying for funding to be separate from religious congregations. This is one of the areas of Charitable Choice in which interpretations of requirements vary.) One-third of local TANF agencies reported that FBOs using religious standards for hiring staff with TANF funds would have diminished chances of receiving funding.

Federal Charitable Choice regulations also specify that FBOs remain eligible for SAPT funding even if their staff members lack state and local certification, provided that these staff members have comparable experience in FBOs. While the TANF Charitable Choice provisions are silent on the staff certification issue, the survey asked TANF agencies as well as SAPT agencies about the eligibility of hypothetical FBOs with experienced but uncertified staff. Responses indicate that SAPT agencies would be less likely than TANF agencies to fund these hypothetical FBOs (Table IV.6). Three-fifths of state TANF agencies, two-thirds of local TANF agencies, and three-quarters of state SAPT agencies responded that such FBOs would have diminished prospects of receiving funding. Three-tenths of state TANF agencies, one-quarter of local TANF agencies, and two-fifths of state SAPT agencies responded that FBOs' funding chances would be *greatly* diminished if their staff lacked state and local certification. Based on these responses, it appears that state SAPT agencies are less in compliance with certain key Charitable Choice regulations than are either state or local TANF agencies.

Hypothetical FBOs of Uncertain Eligibility for TANF and SAPT Funding. The survey asked about the funding chances of hypothetical FBOs for which eligibility under current law is uncertain owing, in part, to unresolved issues regarding the preemption of state and local laws. These FBOs had the following distinguishing characteristics:

- FBOs that would refuse, on the basis of religious convictions, to hire staff for the federally funded program on the basis of their sexual orientation
- FBOs that would use what they view as relevant religious concepts or themes in the content of the TANF- or SAPT-funded program
- FBOs that would be committed to the religious conversion of clients in situations where clients could choose a comparable, accessible alternative provider if they objected to such a provider's religious character

Discrimination on the basis of sexual orientation by faith-based TANF and SAPT contractors is of uncertain legality because, in some states and localities, such discrimination is illegal, and the religious hiring exemption for FBOs may include only a partial exemption from the sexual-orientation antidiscrimination provisions of state and local law.³⁹ Use of religious concepts and themes by FBOs is of uncertain legality because Charitable Choice guidelines do not address under what circumstances such concepts/themes can be used. Direct funding of conversion-oriented FBOs is of uncertain legality, even when clients can choose a comparable, accessible alternative. While a commitment to the religious conversion of clients does not, in itself, disqualify a faith-based provider from funding under Charitable Choice, the Charitable Choice prohibition on the funding of proselytizing by FBOs may make such providers ineligible for direct funding if program staff encourage clients to consider changing their religious affiliation and commitment.

The questionable legality of funding the aforementioned types of FBOs was evident in agencies' responses to the survey (Table IV.6). In general, a majority of each agency type reported that the FBO in question would have diminished chances of receiving TANF or SAPT funding. For FBOs discriminating on the basis of sexual orientation, three-fifths of state TANF agencies, three-fourths of local TANF agencies, and two-thirds of state SAPT agencies labeled their funding chances as diminished. More than half of state TANF agencies, two-fifths of local TANF agencies, and half of state SAPT agencies indicated that such FBOs would face *greatly* diminished chances of funding.

For FBOs using religious concepts or themes in program content, two-thirds of state TANF agencies, three-fifths of local TANF agencies, and two-fifths of state SAPT agencies indicated

³⁹ See Lupu and Tuttle (2002), pp. 43–50, for a discussion of the “ministerial exception” to employment nondiscrimination laws when discrimination is based on religious grounds and for positions with a religious role.

that their funding chances would be at least somewhat diminished (Table IV.6). Two-fifths of state TANF agencies, three-tenths of local TANF agencies, and one-quarter of state SAPT agencies indicated that such FBOs would have *greatly* diminished chances of receiving funding.

For faith-based providers committed to the religious conversion of clients, a majority of agencies indicated that such FBOs would have diminished chances of receiving funding, even if clients who objected to the prospect of conversion could choose a comparable, accessible alternative (Table IV.6). Three-fifths of state TANF agencies, four-fifths of local TANF agencies, and three-fifths of state SAPT agencies indicated that such FBOs would have diminished chances of obtaining TANF or SAPT contracts and grants. More than half of state and local TANF agencies, but only a third of state SAPT agencies, indicated that such FBOs were at a great disadvantage in obtaining funding.

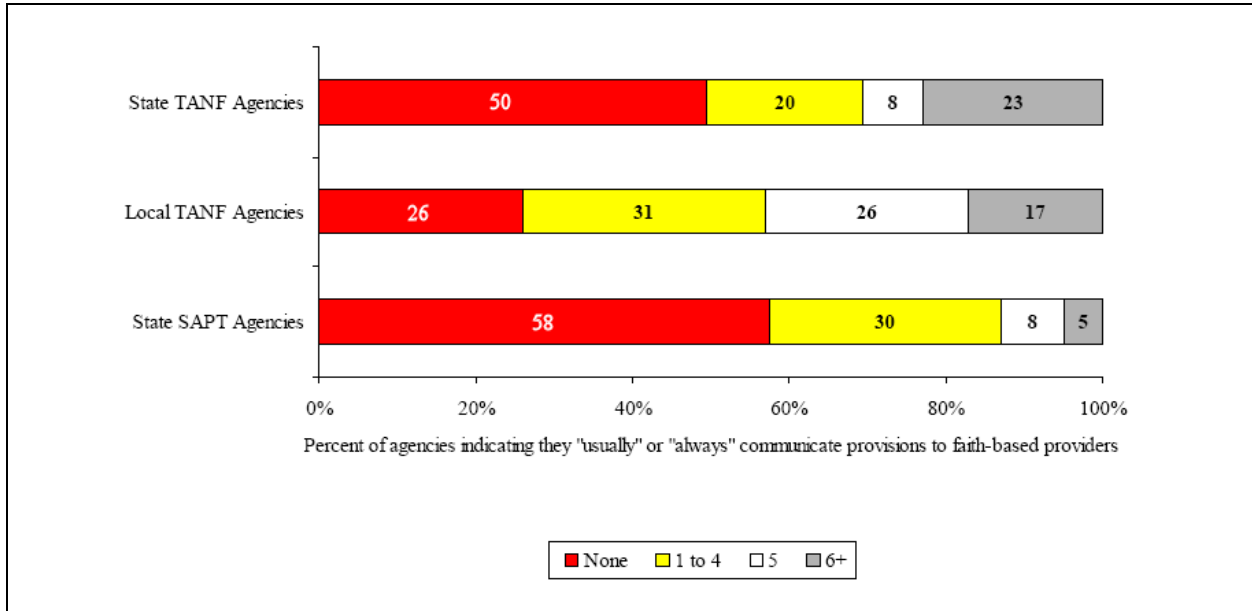
D. AGENCY EFFORTS TO INFORM CONTRACTORS OF SPECIFIC CHARITABLE CHOICE PROVISIONS

The ability of FBOs to comply with the requirements of Charitable Choice and enjoy its benefits depends on what faith-based providers know about their rights and responsibilities under the law. Only a small fraction of the agencies responding to the survey indicated that they usually or always inform faith-based providers of most of the key provisions of Charitable Choice. As Figure IV.3 shows, state and local TANF agencies are more likely than SAPT agencies to inform FBO contractors about these provisions, perhaps because Charitable Choice has been in effect for TANF longer than for SAPT. Regardless of type, most agencies fail to notify faith-based providers regularly of most of the Charitable Choice rules that apply to them.

The survey asked TANF and SAPT agencies how frequently agency staff inform FBOs either orally or in writing of specific provisions. To encourage agency officials to report accurately the messages communicated to providers, the text of the questionnaire did not specify

FIGURE IV.3

NUMBER OF THE 10 KEY CHARITABLE CHOICE PROVISIONS THAT AGENCIES USUALLY OR ALWAYS COMMUNICATE TO FAITH-BASED PROVIDERS



which of the listed provisions were part of the Charitable Choice rules contained in both TANF and SAPT regulations.⁴⁰

For the 10 Charitable Choice provisions mentioned (but not identified as such) in the questionnaire and listed on Table IV.7, only 23 percent of state TANF agencies, 17 percent of local TANF agencies, and 5 percent of state SAPT agencies communicated six or more provisions regularly (usually or always) to faith-based providers (Figure IV.3). Fifty percent of state TANF agencies, 26 percent of local TANF agencies, and 58 percent of state SAPT agencies

⁴⁰ Of the 19 provisions mentioned in this section of the survey (part E2 of Appendix A), only 10 provisions—those listed on Table IV.7—are included explicitly in Charitable Choice regulations applying to all TANF and SAPT contracts with FBOs. Four additional provisions (listed in questions E2e, E2f, E2g, and E2i) are permitted but not required in all instances, and five provisions (listed in questions E2k, E2l, E2m, E2n, and E2s) are inconsistent with Charitable Choice rules. Refer to Appendixes A and B for details.

TABLE IV.7
 AGENCY EFFORTS TO COMMUNICATE KEY CHARITABLE CHOICE PROVISIONS
 TO FAITH-BASED TANF OR SAPT CONTRACTORS

Charitable Choice Provision	Agencies Indicating Efforts Made to Communicate Provision (Percent)					
	State TANF Agencies		Local TANF Agencies		State SAPT Agencies	
	Usually Communicate	Always Communicate	Usually Communicate	Always Communicate	Usually Communicate	Always Communicate
Provisions Concerning the Rights of FBOs Receiving TANF or SAPT Funding						
Religious congregations may receive TANF or SAPT funds without establishing a separate nonprofit organization.	11	19	0	7	0	4
Providers may display religious symbols at the location where TANF- or SAPT-funded services are offered.	4	19	4	7	8	4
Providers may use religious standards for determining membership on their governing boards.	7	14	0	8	4	4
Providers may use religious standards for hiring staff with TANF or SAPT funds.	7	11	0	8	4	4
Provisions Concerning the Rights of Clients Served by TANF- or SAPT-Funded FBOs						
Clients must be served by the TANF- or SAPT-funded program regardless of their religious affiliation and commitment or lack thereof.	4	48	0	74	8	44
Clients must not be required to participate in prayers or other inherently religious activities.	0	57	7	56	8	20
Clients who object to a provider's religious character must be offered a comparable, accessible alternative.	11	36	19	35	8	20
Additional Restrictions on FBOs Holding a Contract or Grant Under TANF or SAPT						
TANF and SAPT funds may not be used for religious instruction, worship, or proselytizing.	4	57	7	63	8	36
Religious instruction, worship, or proselytizing must be held at a separate time or location from TANF- and SAPT-funded activities.	4	30	4	37	4	13
The same provisions that apply to prime contractors must be applied to any subcontractors receiving TANF or SAPT funds.	4	64	0	89	8	46

Source: 2004 HHS Charitable Choice survey data. Values may not sum to 100 percent because of rounding.

do not regularly inform faith-based providers of *any* of these provisions. When the sample is restricted to agencies with complete responses to all of the underlying survey questions, only 39 percent of state TANF agencies, 19 percent of local TANF agencies, and 20 percent of state SAPT agencies regularly communicate most of the provisions to faith-based providers (Figure IV.4). When the sample is further restricted to agencies with complete responses and current contracts with FBOs, no state SAPT agencies regularly communicate most key provisions to faith-based providers (Figure IV.5).

Four of the 10 Charitable Choice provisions included in the questionnaire relate to the rights of FBOs to retain their religious identity and mission even while accepting TANF or SAPT funds. Only a few agencies communicated specific provisions regularly (usually or always) to faith-based providers (Table IV.7):

- ***Provisions indicating that religious congregations may receive TANF or SAPT funds without establishing a separate nonprofit corporation*** were communicated regularly by only 30 percent of state TANF agencies, 7 percent of local TANF agencies, and 4 percent of state SAPT agencies.
- ***Provisions indicating that providers may display religious symbols at the location where services are provided with TANF or SAPT funds*** were communicated regularly by only 23 percent of state TANF agencies, 11 percent of local TANF agencies, and one-eighth of state SAPT agencies.
- ***Provisions indicating that providers may use religious standards for determining membership on their governing boards*** were communicated regularly by only 21 percent of state TANF agencies and 8 percent of local TANF agencies and state SAPT agencies.
- ***Provisions indicating that providers may use religious standards for hiring staff with TANF or SAPT funds*** were communicated regularly by only 18 percent of state TANF agencies and 8 percent of local TANF agencies and state SAPT agencies.

Three of the Charitable Choice provisions included (but not identified as actual provisions) in the questionnaire concern the rights of clients served by faith-based providers within TANF- or SAPT-funded programs. For each of these provisions, a majority of state and local TANF

FIGURE IV.4

FEW AGENCIES WITH COMPLETE RESPONSES COMMUNICATE KEY CHARITABLE CHOICE PROVISIONS TO FAITH-BASED PROVIDERS

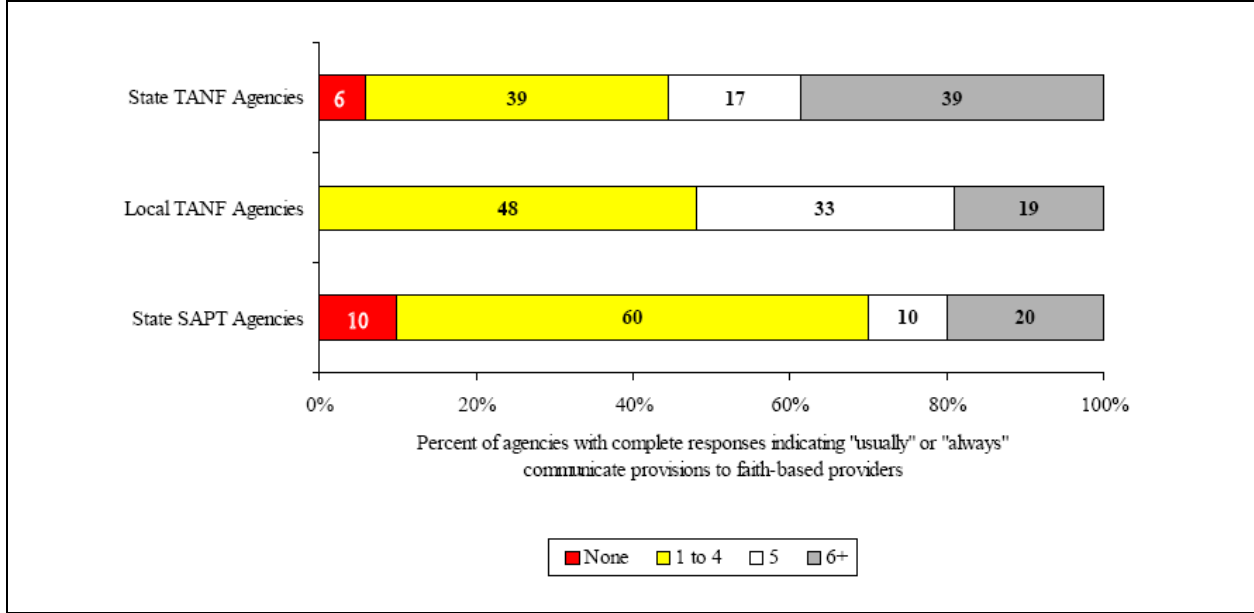
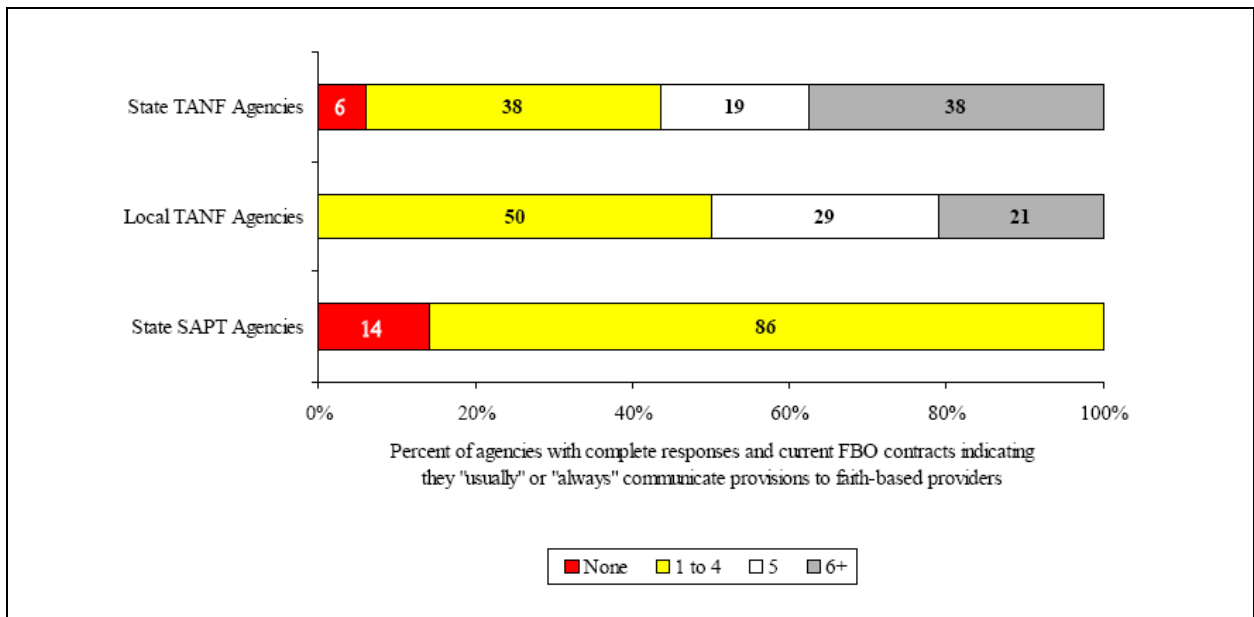


FIGURE IV.5

FEW AGENCIES WITH COMPLETE RESPONSES AND CURRENT FBO CONTRACTS COMMUNICATE KEY CHARITABLE CHOICE PROVISIONS TO FAITH-BASED PROVIDERS



agencies, but usually only a minority of state SAPT agencies, communicated the rules to faith-based providers (Table IV.7):

- ***Provisions indicating that clients must be served by the TANF- or SAPT-funded program regardless of clients' religious affiliation, religious commitment, or lack thereof*** were communicated regularly by 52 percent of state TANF agencies, 74 percent of local TANF agencies, and 52 percent of state SAPT agencies.
- ***Provisions indicating that clients must not be required to participate in prayers or other inherently religious activities*** were communicated regularly by 57 percent of state agencies and 63 percent of local TANF agencies but by only 28 percent of state SAPT agencies.
- ***Provisions indicating that clients who object to a provider's religious character must be offered a comparable, accessible alternative*** were communicated regularly by 47 percent of state agencies and 54 percent of local TANF agencies but by only 28 percent of state SAPT agencies.

Of the three other Charitable Choice provisions included (but not specifically identified) in the questionnaire, the first two listed below were communicated regularly to faith-based providers by a majority of agencies (Table IV.7):

- ***Provisions specifying that TANF and SAPT funds may not be used to fund religious instruction, worship, or proselytizing*** were communicated regularly by 61 percent of state TANF agencies, 70 percent of local TANF agencies, and 44 percent of state SAPT agencies.
- ***Provisions specifying that the rules applying to prime contractors must also be applied to any subcontractors receiving TANF or SAPT funds*** were communicated regularly by 68 percent of state TANF agencies, 89 percent of local TANF agencies, and 54 percent of state SAPT agencies.
- ***In contrast, provisions specifying that any religious instruction, worship, or proselytizing must be held at a separate time or in a separate location from TANF- and SAPT-funded activities*** were communicated regularly by only 34 percent of state TANF agencies, 41 percent of local TANF agencies, and 17 percent of state SAPT agencies.

For agencies regularly communicating at least some Charitable Choice provisions to faith-based providers, a majority includes the provisions in the text of the contract or grant agreement

with the FBO. Fifty-three percent of state TANF agencies, 65 percent of local TANF agencies, and 55 percent of state SAPT agencies regularly communicating at least one of the 10 Charitable Choice provisions to faith-based contractors reported that they include “most” or “all” of the communicated provisions in the text of the contract.

E. ADDITIONAL AGENCY ACTIONS TO PROTECT THE RELIGIOUS FREEDOM RIGHTS OF PROVIDERS AND CLIENTS

The HHS survey also measured the extent to which TANF and SAPT agencies take additional steps to protect the religious freedom rights of both providers and clients under Charitable Choice (Table IV.8). While federal regulations do not explicitly require TANF and SAPT agencies to take all of the following measures, the steps are nonetheless consistent with Charitable Choice’s emphasis on respecting both providers’ right to a religious identity and clients’ right to nonparticipation in religious activities and programs:

- ***Informing both faith-based and secular providers of the rights and responsibilities of FBOs receiving TANF or SAPT funds.*** This step seeks to ensure that secular providers know the provisions of Charitable Choice if they subcontract with FBOs or decide to manifest a more explicitly religious character themselves. Twenty-one percent of local TANF agencies, 17 percent of state SAPT agencies, and 37 percent of state TANF agencies reported regularly taking this step.
- ***Communicating to faith-based contractors the procedures they may follow if their rights in areas such as hiring practices and the display of religious symbols are not respected.*** This step seeks to provide a grievance process for faith-based providers concerned that state or local agencies do not respect their religious identity and mission. Thirty-nine percent of state TANF agencies, 19 percent of local TANF agencies, but only 8 percent of state SAPT agencies reported taking this step on a regular basis.
- ***Contacting clients served by a TANF or SAPT provider to assess their satisfaction with the services they are receiving.*** This step, when taken with faith-based providers, provides an opportunity for clients to express any concerns about the provider not respecting their religious freedom. Twenty-eight percent of state TANF agencies and one-third of local TANF agencies and state SAPT agencies regularly take this step.

TABLE IV.8

AGENCY EFFORTS TO SAFEGUARD PROVIDER AND CLIENT RIGHTS

Action Taken by Agency Officials	Agencies (Percent)		
	State TANF Agencies	Local TANF Agencies	State SAPT Agencies
Inform Faith-Based and Secular Providers of the Rights and Responsibilities of FBOs Receiving TANF or SAPT Funds			
Never	22	48	55
Rarely/occasionally	41	31	27
Usually/always	37	21	17
Communicate to Faith-Based Contractors the Procedures They May Follow if Their Rights in Areas Such as Hiring Practices and the Display of Religious Symbols Are Not Respected			
Never	19	52	62
Rarely/occasionally	42	30	31
Usually/always	39	19	8
Contact Clients Served by a TANF or SAPT Provider to Assess Their Satisfaction with the Services They Are Receiving			
Never	13	10	25
Rarely/occasionally	59	55	41
Usually/always	28	34	34
Contact Clients Served by a Faith-Based Provider to Assess Whether They Are Aware of Their Right Not to Participate in Religious Activities			
Never	45	52	52
Rarely/occasionally	39	26	46
Usually/always	16	22	4
Contact Clients Served by a Faith-Based Provider to Assess Whether They Are Aware of Their Right to a Comparable, Accessible Alternative Provider if They Object to the Current Provider's Religious Character			
Never	38	43	64
Rarely/occasionally	41	36	32
Usually/always	21	21	4
Either Directly or by Providers Themselves, Inform Clients Served by Faith-Based Providers That They Have a Right to a Comparable, Accessible Alternative Provider if They Object to Their Current Provider's Religious Character			
Never	19	21	24
Rarely/occasionally	37	25	41
Usually/always	44	54	35

Source: 2004 HHS Charitable Choice survey data.

Note: Values may not sum to 100 percent because of rounding.

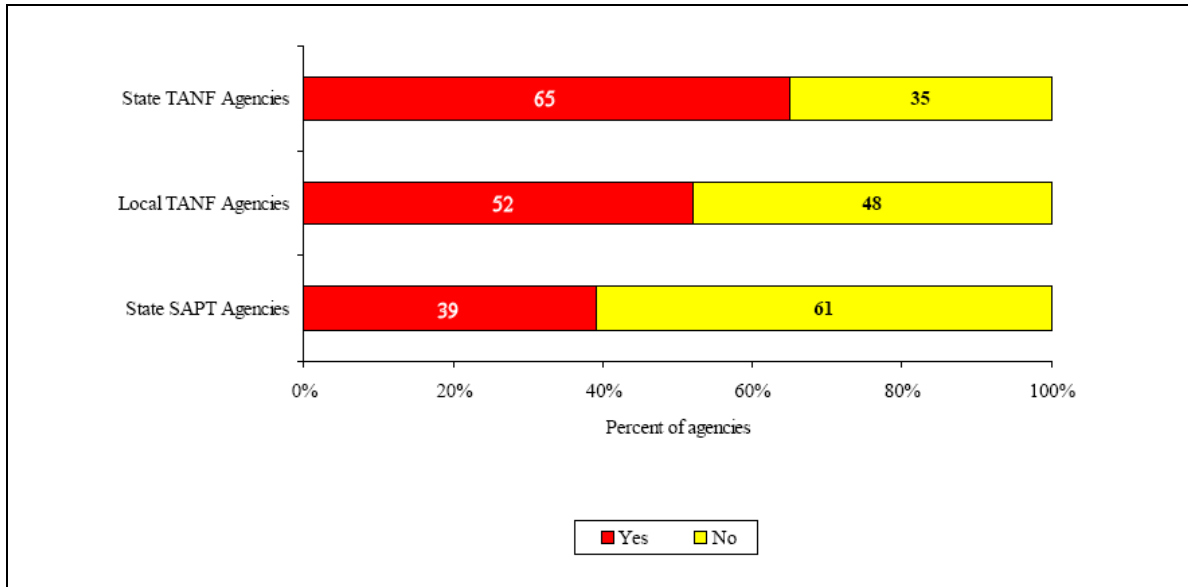
- *Contacting clients served by faith-based providers to assess whether they are aware of their right not to participate in religious activities.* Sixteen percent of state TANF agencies, 32 percent of local TANF agencies, and 4 percent of state SAPT agencies regularly take this step.
- *Contacting clients faith-based providers serve to assess whether they are aware of their right to a comparable, accessible alternative provider if they object to the current provider's religious character.* Twenty-one percent of state and local TANF agencies and 4 percent of state SAPT agencies regularly take this step.
- *Informing clients, directly or through providers, that they have a right to a comparable, accessible alternative provider if they object to a current provider's religious character.* Forty-four percent of state TANF agencies, 54 percent of local TANF agencies, and 35 percent of state SAPT agencies regularly take this step. Charitable Choice regulations require that either the agency or the provider notify clients of their right to an alternative provider.

F. GUIDANCE PROVIDED TO AGENCY STAFF REGARDING CHARITABLE CHOICE PROVISIONS

The Charitable Choice statute has been in effect longer for TANF than for SAPT. However, this fact does not explain why communication of the rules appears to be greater by state TANF agencies responding to the survey than by local TANF agencies responding to it. Differences in the training agency staff received may help explain the differences between state TANF agency and state SAPT agency behavior and also between state TANF agency and local TANF agency behavior. As Figure IV.6 shows, about two-thirds of state TANF agencies, one-half of local TANF agencies, and two-fifths of state SAPT agencies reported that their agency staff had “ever received any training, workshops, legal guidance, procurement manuals, policy statements or other assistance concerning provisions affecting contracting with faith-based organizations.” State SAPT agencies have received the least training on Charitable Choice implementation and state TANF agencies the most. This corresponds to the extent to which each group of agencies appears to understand and apply the Charitable Choice provisions to contracts and grants with FBOs.

FIGURE IV.6

WHETHER AGENCY STAFF HAVE RECEIVED TRAINING
RELATED TO PROVISIONS AFFECTING CONTRACTING
WITH FAITH-BASED ORGANIZATIONS

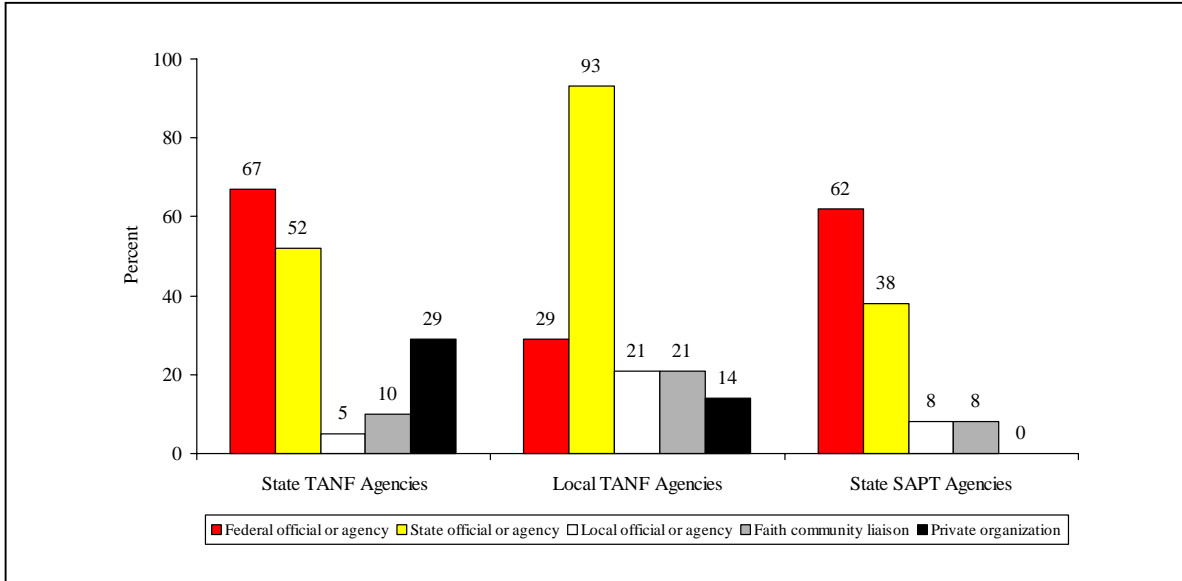


The survey asked about a broader category of training than training in the specific provisions of Charitable Choice, so some of the agencies that have received training probably are nonetheless uninformed about important Charitable Choice provisions. Of the agencies reporting that they had received training on contracting with FBOs, only 32 percent of state TANF agencies, 40 percent of local TANF agencies, and 8 percent of state SAPT agencies indicated that they regularly communicated at least six of the aforementioned 10 Charitable Choice provisions to faith-based contractors. However, these proportions are higher than those of *untrained* agencies communicating at least six of the Charitable Choice provisions to faith-based providers: 17 percent of state TANF agencies, 0 percent of local TANF agencies, and 5 percent of state SAPT agencies.

The primary source of training on contracting with FBOs varied with the jurisdiction in which the agency operated (Figure IV.7). For state TANF and state SAPT agencies, the most

FIGURE IV.7

SOURCES OF TRAINING FOR AGENCIES RECEIVING TRAINING RELATED TO PROVISIONS AFFECTING CONTRACTING WITH FAITH-BASED ORGANIZATIONS



common source of technical assistance on contracting with FBOs was a federal official or agency (in 67 percent of cases for state TANF agencies receiving technical assistance and in 62 percent of cases for state SAPT agencies receiving technical assistance). For local TANF agencies, in contrast, the most common source of assistance by far was a state official or agency; 93 percent of local TANF agencies receiving Charitable Choice–related technical assistance received it from a state. The receipt of Charitable Choice–related technical assistance from FCLs was reported by 10 percent of state TANF agencies receiving assistance, 21 percent of local TANF agencies receiving assistance, and 8 percent of state SAPT agencies receiving assistance. The receipt of Charitable Choice–related technical assistance from a private organization was reported by 29 percent of state TANF agencies receiving such assistance, compared with only 14 percent of local TANF agencies receiving assistance and none of the state SAPT agencies.

In general, the limited receipt of technical assistance related to Charitable Choice implementation suggests that state and local agencies—local TANF agencies and state SAPT agencies in particular—could be made more aware of key Charitable Choice provisions through greater coordination of efforts by both state and federal officials. Local agency officials can contact state agency officials more easily than federal agency ones. Therefore, it makes sense for knowledgeable state officials to be involved in training local agency staff. Training of key agency staff also could occur through the participation of nongovernmental organizations, such as those that have trained some TANF agencies on the details of contracting with FBOs. Training of agency staff on contracting with faith-based providers of social services will need to take into account FBO perceptions of their contracting experiences and how these perceptions are associated with agency policies. The next chapter presents these perceptions by using 2001 data from FBOs holding TANF or SAPT contracts in 10 states, to which we have linked survey responses from the corresponding contracting agencies.

V. FBO AND AGENCY CHARACTERISTICS AND PERSPECTIVES

In this chapter, we compare how the characteristics and perspectives of FBOs receiving TANF or SAPT funding in 10 states vary with the policies, practices, and perspectives of their corresponding contracting agency. We expect that, compared with other FBOs, religiously expressive FBOs would be more likely to hold contracts with agencies that both encourage contracting with such providers and communicate Charitable Choice provisions to religiously expressive FBOs. Our source of provider data is the survey of FBOs conducted by the Hudson and Bliss Institutes (Green and Sherman 2002).⁴¹ We focus on FBOs receiving direct TANF or SAPT funds in states or localities with little or no change in contracting policies since fiscal year 2001 so that the comparison of the 2001 FBO survey data and 2004 agency survey data is valid.

In general, FBOs receiving public funds are more religiously expressive when the agency conducts explicit outreach to FBOs and when the agency takes measures to safeguard FBO rights under the law. Religiously expressive FBOs are more likely to contract with agencies that communicate important Charitable Choice provisions *outside* the text of the contract than with agencies that write the provisions into the contract itself. FBOs contracting with these types of agencies are also less likely than other FBOs to report on an agency's burdensome requirements or "intrusive" monitoring behavior. FBOs are more likely to take measures to safeguard the religious freedom of clients when Charitable Choice provisions are explicitly written into the rules of contracts and when agencies contact clients to assess their awareness of their rights. We did *not* find a strong relationship between an agency's openness to religiously expressive FBOs (such as religious congregations without separate nonprofit corporations or FBOs hiring staff

⁴¹ We express appreciation to Drs. Green and Sherman for sharing these data with us.

who share their religious commitments) and the religious expressiveness of FBOs contracting with the agency. In general, it appears that agency policies for communicating Charitable Choice provisions—both with faith-based providers and with program clients—are strongly associated with providers’ religious expression and respect for client rights.

This chapter contains six main sections. Section A discusses the integration of the FBO data with data from the corresponding contracting agencies. Section B describes how FBO characteristics vary by the contracting agency’s outreach to faith-based providers. Section C discusses the extent to which FBO characteristics vary by the agency’s policies on informing providers of Charitable Choice rules. In Section D, we discuss how FBO characteristics vary according to the agency’s policies for safeguarding FBO rights and client rights under the law. In Section E, we discuss how FBO characteristics vary according to the agency’s openness to certain types of religiously expressive social service providers. We conclude in Section F with some observations on the consequences of agencies communicating, or not communicating, Charitable Choice provisions to both faith-based providers and program clients.

A. INTEGRATION OF FBO AND AGENCY DATA

During spring 2002, the Bliss Institute at the University of Akron, under contract to the Hudson Institute, sought to conduct a mail and telephone survey of 587 heads of FBOs in 14 states. The FBOs themselves had been identified during the previous year (Sherman 2002) as service providers receiving funds under Charitable Choice and were therefore contractors with state and local agencies during fiscal year 2001. Of the 587 FBO heads listed in the Hudson Institute’s *Collaborations Catalogue* targeted for the Hudson/Bliss survey, 365, or about two-thirds, were contacted in 2002 and responded to the survey. Of these 365 FBOs, the *Catalogue* identified 287 as receiving direct funding through TANF or SAPT. Of these 287 FBOs, the new HHS survey obtained data from the corresponding TANF or SAPT agencies in 236 (or

82 percent of) cases, which is similar to the response rate of about 80 percent for state TANF and state SAPT agencies as a whole. We linked the new agency data with the original data describing the characteristics and perspectives of each FBO.

We consciously excluded from the analysis FBOs in states where officials of the corresponding agency indicated that contracting policies and practices had changed substantially since fiscal year 2001. Of the 236 FBOs with which HHS agency data could be linked, 213 contracted with agencies that indicated no (159) or a slight (54) change since fiscal year 2001 in their policies and practices regarding FBOs seeking or receiving TANF or SAPT funds. Unlike the original Hudson sample, which included FBOs contracting under Charitable Choice in 14 states, the 213 FBOs merged with the HHS data were located in 10 states.

The FBOs in the Hudson/Bliss Institute sample for which we have corresponding agency data are located in 10 states. Therefore, the findings discussed here should not be viewed as representative of *all* FBOs receiving TANF or SAPT funds during fiscal year 2001. Rather, the findings represent a subset of states that were active in contracting with FBOs and that did not significantly change their contracting policies between fiscal years 2001 and 2004.

In the sections that follow, we consider whether FBO characteristics differ according to agencies' policies or perceptions regarding contracting with FBOs. The FBO characteristics and perspectives include (1) FBOs' contracting experience with the government agency, (2) the religious identity of FBOs, (3) the religious staffing of FBOs, and (4) FBOs' approach toward safeguarding the religious freedom rights of clients. Agency characteristics and perspectives include (1) whether the agency conducted outreach to FBOs to inform them of TANF or SAPT contracting activities, (2) whether and how the agency regularly informed faith-based providers of most Charitable Choice provisions, (3) whether the agency took steps to safeguard the religious freedom rights of both FBOs and the clients served by the government-funded program,

and (5) whether FBOs viewed certain types of providers as having diminished chances of receiving TANF or SAPT funding from the agency. The tables in Appendix C list the full set of characteristics of FBOs and agencies in the linked data. *Whenever we compare one group of FBOs to “other FBOs,” it should be understood that the FBOs in question are restricted to faith-based TANF and SAPT contractors in the 10 states that responded to the 2001 Hudson/Bliss Institute survey.*

The rest of this chapter focuses on characteristics for which we discerned “statistically significant” differences between FBOs contracting with different types of agencies.⁴² The chapter’s tables display only these differences; Appendix C displays statistically insignificant differences between the corresponding groups of FBOs. While the available data are not always sufficient to make causal inferences about the link between agency policies and provider characteristics, we are able to identify how agency contracting policies are associated with particular types of faith-based social service providers receiving TANF or SAPT funding.

B. FBO CHARACTERISTICS, BY AGENCY’S OUTREACH TO FBOs

About three-fifths of the FBOs in the 10 states held TANF or SAPT contracts with agencies that usually or always used advertisements, email announcements, mailings, or telephone calls to inform faith-based providers of contracting opportunities. FBOs contracting with agencies using the outreach methods above had the following characteristics (Table V.1):

- They were somewhat more likely than other faith-based contractors to indicate that they would seek government funding again (95 versus 85 percent).
- They were more likely than other faith-based contractors to be congregations (29 versus 13 percent), more likely to have an explicitly religious mission statement

⁴² In this context, “statistically significant” means we can accept, with 90 percent confidence of being correct, the notion that there is a difference between the two groups of FBOs.

TABLE V.1

RESPONSES FROM FBOs WORKING WITH AGENCIES THAT USUALLY OR
ALWAYS INFORM FBOs OF CONTRACTING OPPORTUNITIES

FBO Characteristic or Perspective	Percent for FBOs with This Type of Agency	Percent for FBOs Without This Type of Agency	Difference (Percent)	Statistical Significance
Contracting Experiences				
Would Seek Government Funding Again	95	85	9	**
Religious Identity				
Religious Congregation	29	13	15	***
FBO's Mission Statement Is Explicitly Religious	62	41	21	***
Faith Commitments Are Explicit in the Program	40	23	16	**
Religious Staffing				
Most or All Paid Program Staff Share the Faith of the FBO	60	47	13	*
Very Important That FBO Control Its Board Membership	74	63	12	*
Respect for Religious Freedom Rights of Clients				
Train Staff About/In Appropriate Ways to Share Their Faith	15	28	-13	**
FBO Staff Are Available to Discuss Spiritual Matters with Clients	77	65	12	*
Staff Seek Personal Involvement with Clients Regarding Faith	31	19	12	*
FBO Offers Clients Optional, Voluntary Religious Programming	55	41	14	**
Very Important for Clients to Have Alternative Provider	44	62	-18	***
Sample Size	130 (61%)	83 (39%)		

Source: (Also applicable to Tables V.2 through V.9): 2004 HHS Charitable Choice survey data linked to 2001 Hudson/Bliss Institute survey data.

Note: (Also applicable to Tables V.2 through V.9): Numbers may not sum to 100 percent due to rounding.

* = 0.10 level of statistical significance, ** = 0.05 level, *** = 0.01 level.

(62 versus 41 percent), and more likely to indicate that their faith commitments were explicit in their government-funded program (40 versus 23 percent).

- They were more likely than other faith-based contractors to indicate that most or all of their paid staff shared their faith (60 versus 47 percent) and were more likely to indicate that it was very important for FBOs to be able to control their board membership (74 versus 63 percent).
- They were less likely than other FBOs to train their staff in appropriate versus inappropriate ways of sharing their faith (15 versus 28 percent) and to say that it was very important for clients to have the choice of an alternative provider (44 versus 62 percent). They were more likely to make program staff available to discuss spiritual matters with clients (77 versus 65 percent), to have program staff seek personal involvement with clients regarding matters of faith (31 versus 19 percent), and to offer clients optional and voluntary religious programming (55 versus 41 percent).

These findings suggest that faith-based providers holding TANF or SAPT contracts with agencies publicizing contracting opportunities for FBOs are more likely to be religiously expressive than other FBOs but less likely to train their staff in appropriate ways of sharing their faith. Although these providers were less likely than other FBOs to value clients' choice of an alternative provider, they were about as likely as other FBOs to inform clients of the existence of such a choice. Interestingly, agencies' use of the above types of outreach was not associated with a higher level of participation by FBOs without previous government contracting experience. Only two-fifths of the FBOs held government contracts before 1996, whether or not the corresponding agency publicized contracting opportunities by the means noted above.

C. FBO CHARACTERISTICS, BY AGENCY'S COMMUNICATION OF CHARITABLE CHOICE PROVISIONS

Of the FBOs holding TANF or SAPT contracts in the 10 states, 45 percent held contracts with agencies that usually or always informed faith-based contractors of at least six of 10 key Charitable Choice provisions, as listed on Table IV.7. Compared with FBOs contracting with

other types of agencies, FBOs contracting with agencies communicating most Charitable Choice provisions had the following characteristics (Table V.2):

- They were somewhat more likely than other FBOs to indicate that the agency had encouraged them to apply for their current contract (75 versus 63 percent), were less likely to have been a government contractor before 1996 (31 versus 50 percent), and were less likely to report that they found government reporting requirements at least somewhat burdensome (63 versus 78 percent).
- They were more likely than other FBOs to be religious congregations (37 versus 11 percent), indicating that congregations may be more likely to contract with agencies that are committed to informing faith-based providers of Charitable Choice provisions.
- They were, surprisingly, *less* likely than other FBOs to indicate that it was “very important” for government-funded FBOs to be able to hire program staff on the basis of faith considerations (31 versus 43 percent).
- They were *more* likely than were other FBOs to indicate that members of their governing board shared their faith commitment (68 versus 56 percent).

TABLE V.2
RESPONSES FROM FBOs WORKING WITH AGENCIES THAT USUALLY
OR ALWAYS INFORM FAITH-BASED CONTRACTORS OF
MOST CHARITABLE CHOICE RULES

FBO Characteristic or Perspective	Percent for FBOs with This Type of Agency	Percent for FBOs Without This Type of Agency	Difference (Percent)	Statistical Significance
Contracting Experiences				
Agency Sought Out the FBO for Its Current Contract	75	63	12	*
Government Contractor Before 1996	31	50	-20	***
At Least Somewhat Burdensome Reporting Requirements	63	78	-14	**
Religious Identity				
Religious Congregation	37	11	25	***
Religious Staffing				
Very Important for FBOs to Be Able to Hire on the Basis of Faith	31	43	-12	*
Members of Board Share Faith Commitments of FBO	68	56	12	*
Sample Size	96 (45%)	117 (55%)		

* = 0.10 level of statistical significance, ** = 0.05 level, *** = 0.01 level.

These findings suggest that regular communication of key Charitable Choice provisions to faith-based providers is associated with the funding of organizations without previous government contracting experience, including religious congregations and other FBOs sought out by the agency.

Among those FBOs holding contracts with agencies that regularly communicate most Charitable Choice provisions to faith-based providers, 55 percent contracted with agencies that included most of the provisions in the text of their contracts, as opposed to relying exclusively on other written or oral means to communicate Charitable Choice rules. Compared with FBOs receiving notification of most Charitable Choice provisions by less formal means, FBOs holding contracts discussing Charitable Choice had the following distinguishing characteristics (see Table V.3):

- They were more likely to have held government contracts before 1996 (41 versus 19 percent), more likely to report that government reporting requirements were at least somewhat burdensome (75 versus 49 percent), and more likely to report at least some “intrusive” monitoring behavior by the agency (42 versus 20 percent).
- Surprisingly, they were less likely to report familiarity with Charitable Choice (39 versus 58 percent).
- They were less likely to be religious congregations (15 versus 63 percent), less likely to make their faith commitments explicit in the program (21 versus 50 percent), and less likely to indicate that spiritual transformation was important for program outcomes (58 versus 83 percent).
- They were *less* likely to report that most of their paid staff share their faith (40 versus 78 percent), less likely to report that most of their volunteers share their faith (50 versus 76 percent), and less likely to report that their governing board members share their faith (60 versus 77 percent).
- They were *more* likely to train staff not to use government funds for inherently religious activities (62 versus 42 percent).
- They were *more* likely to train staff in appropriate ways to share their faith (34 versus 7 percent) and more likely to notify clients of their right to choose an alternative provider (79 versus 56 percent).

TABLE V.3

RESPONSES FROM FBOs WORKING WITH AGENCIES THAT PUT CHARITABLE CHOICE RULES
IN CONTRACTS RATHER THAN RELYING ON OTHER COMMUNICATION ONLY

FBO Characteristic or Perspective	Percent for FBOs with This Type of Agency	Percent for FBOs Without This Type of Agency	Difference (Percent)	Statistical Significance
Contracting Experiences				
Government Contractor Before 1996	41	19	23	**
At Least Somewhat Burdensome Reporting Requirements	75	49	26	***
At Least Some Degree of Government Intrusion	42	20	23	**
Familiar with Charitable Choice Rules	39	58	-19	*
Religious Identity				
Religious Congregation	15	63	-48	***
Faith Commitments Are Explicit in the Program	21	50	-29	***
Spiritual Transformation Is Important for Program Outcomes	58	83	-26	***
Do Not Bill for Hours Spent on Inherently Religious Activities	62	42	20	**
Religious Staffing				
Most or All Paid Program Staff Share the Faith of the FBO	40	78	-37	***
Most or All Program Volunteers Share the Faith of the FBO	50	76	-26	**
Members of Board Share Faith Commitments of FBO	60	77	-17	*
Respect for Religious Freedom Rights of Clients				
Train Staff About/In Appropriate Ways to Share Their Faith	34	7	27	***
FBO Staff Are Available to Discuss Spiritual Matters with Clients	64	91	-27	***
Staff Seek Personal Involvement with Clients Regarding Faith	15	42	-28	***
Clients Are Invited to Religious Activities Outside Of Program	15	36	-20	**
FBO Offers Clients Optional, Voluntary Religious Programming	39	64	-26	**
Notify Clients of Right to Choose Alternative Provider	79	56	23	**
Sample Size	53 (55%)	43 (45%)		

* = 0.10 level of statistical significance, ** = 0.05 level, *** = 0.01 level.

- They were *less* likely to make program staff available to discuss spiritual matters with clients (64 versus 91 percent), less likely to seek personal involvement with clients regarding matters of faith (15 versus 42 percent), less likely to invite clients to religious activities outside of the program (15 versus 36 percent), and less likely to offer clients optional, voluntary religious programming (39 versus 64 percent).

These findings suggest that religiously expressive FBOs are more likely to hold contracts with agencies that rely on means other than the contract itself to communicate key Charitable Choice provisions to contractors. Religiously expressive FBOs appear less likely to hold contracts with agencies that do not use any means to communicate most Charitable Choice provisions to faith-based providers.

Cultural factors may make it easier for religiously expressive FBOs to contract with some agencies than with others. Consistent communication of Charitable Choice provisions other than by writing the rules into contracts probably reflects an important cultural difference between agencies that relate positively to faith-based providers and those that do not. We describe agencies that regularly communicate Charitable Choice provisions through noncontractual language as “expressively FBO-friendly agencies.” One-fifth of the FBOs in the 10 states held TANF or SAPT contracts with such agencies, which appear to seek out or attract a disproportionate number of religiously expressive FBOs as contractors.

Compared with all of the other faith-based contractors in the 10 states (some of whose contracts spelled out most Charitable Choice rules), the FBOs holding contracts with expressively FBO-friendly agencies demonstrated the following distinguishing characteristics (see Table V.4):

- They were more likely to have been sought out by the agency for their current contract (83 versus 65 percent), were less likely to have held government contracts before 1996 (19 versus 48 percent), were less likely to report that government reporting requirements were at least somewhat burdensome (49 versus 77 percent),

TABLE V.4

RESPONSES FROM FBOs WORKING WITH AGENCIES THAT RELY ON MEANS OTHER
THAN THE CONTRACT ITSELF TO COMMUNICATE MOST CHARITABLE CHOICE
PROVISIONS REGULARLY TO FAITH-BASED PROVIDERS

FBO Characteristic or Perspective	Percent for FBOs with This Type of Agency	Percent for FBOs Without This Type of Agency	Difference (Percent)	Statistical Significance
Contracting Experiences				
Agency Sought Out the FBO for Its Current Contract	83	65	17	**
Government Contractor Before 1996	19	48	-29	***
At Least Somewhat Burdensome Reporting Requirements	49	77	-28	***
At Least Some Degree of Government Intrusion	20	40	-20	***
Religious Identity				
Religious Congregation	63	12	50	***
Faith Commitments Are Explicit in the Program	50	29	21	**
Spiritual Transformation Is Important for Program Outcomes	83	66	17	**
Do Not Bill for Hours Spent on Inherently Religious Activities	42	64	-22	**
Religious Staffing				
Most or All Paid Program Staff Share the Faith of the FBO	78	49	28	***
Most or All Program Volunteers Share the Faith of the FBO	76	51	24	***
Very Important That FBO Control Its Board Membership	82	67	15	**
Members of Board Share Faith Commitments of FBO	77	58	19	**
Respect for Religious Freedom Rights Of Clients				
Train Staff About/In Appropriate Ways to Share Their Faith	7	23	-16	***
FBO Staff Are Available to Discuss Spiritual Matters with Clients	91	68	23	***
Staff Seek Personal Involvement with Clients Regarding Faith	42	22	20	**
FBO Offers Clients Optional, Voluntary Religious Programming	64	46	19	**
Notify Clients of Right to Choose Alternative Provider	56	77	-21	**
Sample Size	43 (20%)	170 (80%)		

* = 0.10 level of statistical significance, ** = 0.05 level, *** = 0.01 level.

and were less likely to report at least some “intrusive” monitoring behavior by the agency (20 versus 40 percent).

- They were more likely to be religious congregations (63 versus 12 percent), more likely to make their faith commitments explicit in the program (50 versus 29 percent), and more likely to indicate that spiritual transformation was important for program outcomes (83 versus 66 percent).
- They were less likely to train staff not to bill the government for hours spent on inherently religious activities (42 versus 64 percent).
- They were more likely to report that most of their staff share their faith (78 versus 49 percent), more likely to report that most of their volunteers share their faith (76 versus 51 percent), more likely to place a high value on FBO control of board membership (82 versus 67 percent), and more likely to report that their governing board members share their faith (77 versus 58 percent).
- They were less likely to train staff in appropriate ways to share their faith (7 versus 22 percent) and less likely to notify clients of their right to choose an alternative provider (56 versus 77 percent).
- They were more likely to make program staff available to discuss spiritual matters with clients (91 versus 68 percent), more likely to seek personal involvement with clients regarding matters of faith (42 versus 22 percent), and more likely to offer clients optional, voluntary religious programming (64 versus 46 percent).

These differences paint a consistent portrait of FBOs contracting with expressively faith-friendly agencies: these FBOs were more likely than others to be positive about their contracting experiences, despite the fact that they were disproportionately new contractors. These organizations were usually religious congregations and/or organizations that valued spiritual transformation as an important outcome for clients in the government-funded program. They were more likely to have paid staff, volunteers, and board members who shared their faith and were more likely to make themselves available to share their faith with, and offer optional religious service to, program clients. Of potential concern to government agencies, these FBOs were less likely to train their staff about inappropriate billing of hours to the government contract and inappropriate ways of sharing their faith with clients. They also were less likely than were other FBOs to inform clients of their right to choose an alternative provider. These findings

suggest that agencies favorably disposed to faith-expressive FBOs may need to take further steps to ensure that contractors adhere to Charitable Choice provisions and respect the religious freedom rights of clients in TANF- and SAPT-funded programs.

Looking beyond the 10 states to the nation as a whole, only 13 percent of state TANF agencies, 8 percent of local TANF agencies, and 2 percent of state SAPT agencies qualify as expressively FBO-friendly according to the above definition. Even if we expand the definition of “expressively FBO-friendly” to include those agencies relying on the text of their contracts to communicate Charitable Choice provisions, only a small fraction of TANF or SAPT agencies indicated that they usually or always inform faith-based providers of most of the key provisions. Only 23 percent of state TANF agencies, 17 percent of local TANF agencies, and 5 percent of state SAPT agencies reported that they regularly (usually or always) communicate six or more of the 10 Charitable Choice provisions to faith-based providers. Half of state TANF agencies, 26 percent of local TANF agencies, and 58 percent of state SAPT agencies did not indicate that they regularly inform faith-based providers of *any* of the provisions. When the sample is restricted to agencies with complete responses to all of the underlying survey questions, only two-fifths of state TANF agencies and one-fifth of local TANF and state SAPT agencies regularly communicate most of the provisions to faith-based providers. When the sample is restricted further to agencies with complete responses and current contracts with FBOs, *no* state SAPT agencies regularly communicate most of the important Charitable Choice provisions to faith-based providers.

By any definition, most TANF and SAPT agencies do not regularly communicate key Charitable Choice provisions to faith-based contractors. Even if they do, they rarely communicate the provisions by relying on the noncontractual (oral or less formal written) language most strongly associated with contracting with religiously expressive FBOs.

D. FBO RESPONSES, BY AGENCY'S MEASURES TO SAFEGUARD FBO AND CLIENT RIGHTS

About half of the FBOs in the 10 states held TANF or SAPT contracts with agencies that usually or always communicate to faith-based contractors the procedures that FBOs may follow if they believe their rights are not respected in areas such as hiring practices and the display of religious symbols. FBOs contracting with agencies communicating these grievance procedures had the following characteristics (see Table V.5):

- They were more likely than other FBOs to have been recruited by the agency for their current contract (75 versus 63 percent) and were less likely to have held government contracts before 1996 (31 versus 54 percent).
- While they were less likely than other FBOs to report that government reporting requirements were at least somewhat burdensome (64 versus 79 percent), they also were less likely to report that they would seek government funding again (87 versus 95 percent), perhaps reflecting less dependence on government funding than other faith-based providers.
- FBOs contracting with agencies communicating grievance procedures were more likely than other FBOs to be religious congregations (35 versus 10 percent) and were more likely to place a high importance on FBOs' ability to hire program staff on the basis of faith (50 versus 29 percent).
- At the same time, these FBOs were less likely than other FBOs to indicate that faith elements were integrated into program content (10 versus 20 percent).

Agencies offering grievance procedures to FBOs are associated with a higher proportion of newly participating faith-based contractors than traditional providers. Grievance procedures, however, are not as strong an indicator of an agency's likelihood of contracting with religiously expressive FBOs as is the communication of Charitable Choice provisions to faith-based providers by means other than the text of the contract.

Only 15 percent of the FBOs in the 10 states held TANF or SAPT contracts with agencies that usually or always contact FBO clients to inform them of their religious freedom rights. This takes two forms: (1) ensuring that clients know that they do not have to participate in religious

TABLE V.5

RESPONSES FROM FBOs WORKING WITH AGENCIES THAT USUALLY OR ALWAYS
INFORM FBOs OF A GRIEVANCE PROCESS TO SAFEGUARD FBO RIGHTS

FBO Characteristic or Perspective	Percent for FBOs with This Type of Agency	Percent for FBOs Without This Type of Agency	Difference (Percent)	Statistical Significance
Contracting Experiences				
Agency Sought Out the FBO for Its Current Contract	75	63	13	*
Government Contractor Before 1996	31	54	-23	***
Would Seek Government Funding Again	87	95	-8	**
At Least Somewhat Burdensome Reporting Requirements	64	79	-15	**
Religious Identity				
Religious Congregation	35	10	25	***
Religious Staffing				
Very Important for FBOs to Be Able to Hire on the Basis of Faith	31	47	-16	**
Respect for Religious Freedom Rights of Clients				
Faith Elements Are Integrated Into Program Content	10	20	-10	*
Sample Size	109 (53%)	98 (47%)		

* = 0.10 level of statistical significance, ** = 0.05 level, *** = 0.01 level.

activities against their will, or (2) ensuring that clients know that they have a right to a comparable, accessible alternative provider if they object to a faith-based provider's religious character. FBOs contracting with agencies that safeguard client rights in at least one of these ways had the following characteristics (Table V.6):

- They were less likely than other FBOs to have been recruited by the agency for their current contract (55 versus 71 percent).
- They were less likely than other FBOs to be religious congregations (6 versus 26 percent), but they were more likely than other FBOs to indicate that their faith affiliation was relevant for the government-funded program (90 versus 78 percent).
- They were less likely than other FBOs to offer clients optional, voluntary religious programming (33 versus 53 percent).

TABLE V.6

RESPONSES FROM FBOs WORKING WITH AGENCIES THAT USUALLY OR ALWAYS
CONTACT CLIENTS TO SAFEGUARD THEIR RELIGIOUS FREEDOM RIGHTS

FBO Characteristic or Perspective	Percent for FBOs with This Type of Agency	Percent for FBOs Without This Type of Agency	Difference (Percent)	Statistical Significance
Contracting Experiences				
Agency Sought Out the FBO for Its Current Contract	55	71	-17	*
Religious Identity				
Religious Congregation	6	26	-20	***
Faith Affiliation Is Relevant for FBO's Program	90	78	12	*
Respect for Religious Freedom Rights of Clients				
FBO Offers Clients Optional, Voluntary Religious Programming	33	53	-19	**
Notify Clients of Right to Choose Alternative Provider	91	69	22	***
Sample Size	33 (15%)	180 (85%)		

* = 0.10 level of statistical significance, ** = 0.05 level, *** = 0.01 level.

- They were more likely than other FBOs to notify clients of their right to choose an alternative provider (91 versus 69 percent).

The last difference is statistically significant, even after simultaneously accounting for other agency policies discussed in this chapter, for whether the FBO is a religious congregation, and for whether the agency has reported even slight changes in its contracting policies toward FBOs since fiscal year 2001. There probably is a causal connection between an agency's willingness to monitor clients' awareness of their religious freedom rights and the consistency with which faith-based providers let clients know about their right to an alternative provider.

E. FBO CHARACTERISTICS, BY AGENCY'S OPENNESS TO FAITH-EXPRESSIVE PROVIDERS

An agency's communication of Charitable Choice provisions to faith-based providers, especially outside the text of the contract, is strongly associated with the agency's holding contracts with faith-expressive providers. The agency and FBOs together may have decided to establish such contracts, but the existence of the contracts points to the agency's openness to funding faith-expressive providers. Agency perspectives on whether hypothetical providers have diminished chances of receiving funding also may indicate an agency's openness to such contracts.

Charitable Choice rules permit government agencies to fund religious congregations even when the service providers lack separate 501(c)(3) status. However, almost half the FBOs in the 10 states held TANF or SAPT contracts with agencies that reported that religious congregations lacking separate nonprofit corporations would be at a disadvantage in receiving funding. FBOs that contracted with such agencies had the following characteristics (Table V.7):

- They were more likely than other faith-based TANF and SAPT contractors to have held government contracts before 1996 (48 versus 36 percent).
- They were more likely than other FBOs to report that they would seek government funding again (96 versus 86 percent), perhaps because long-term government contractors—as opposed to newly participating FBOs—probably are more comfortable with, and dependent on, the government contracting process.
- They were more likely than other FBOs to be religious congregations (31 versus 15 percent), a finding that is counterintuitive, given the reluctance of agencies to fund some congregations. Perhaps this finding indicates that many TANF- and SAPT-funded congregations have established separate nonprofit organizations to obtain government contracts or grants, something we could not tell from the FBO data.
- They were more likely than other FBOs to indicate that their mission statement is explicitly religious (64 versus 44 percent), their faith commitments are explicit in their program (46 versus 21 percent), and their governing board members share their faith commitments (68 versus 55 percent).

TABLE V.7

RESPONSES FROM FBOs WORKING WITH AGENCIES REPORTING THAT CONGREGATIONS
WITHOUT 501(C)(3) STATUS ARE AT A DISADVANTAGE

FBO Characteristic or Perspective	Percent for FBOs with This Type of Agency	Percent for FBOs Without This Type of Agency	Difference (Percent)	Statistical Significance
Contracting Experiences				
Government Contractor Before 1996 Would Seek Government Funding Again	48	36	12	*
Religious Identity				
Religious Congregation	31	15	17	***
FBO's Mission Statement Is Explicitly Religious	64	44	19	***
Faith Commitments Are Explicit in the Program	46	21	25	***
Do Not Bill for Hours Spent on Inherently Religious Activities	52	66	-13	*
Religious Staffing				
Members of Board Share Faith Commitments of FBO	68	55	13	*
Respect for Religious Freedom Rights of Clients				
FBO Staff Are Available to Discuss Spiritual Matters with Clients	81	64	18	***
Staff Seek Personal Involvement with Clients Regarding Faith	35	18	18	***
Clients Are Invited to Religious Activities Outside of Program	33	17	16	***
FBO Offers Clients Optional, Voluntary Religious Programming	59	41	18	***
Program Includes Religious Element but Clients May Opt Out	40	26	14	**
Sample Size	103 (46%)	110 (54%)		

* = 0.10 level of statistical significance, ** = 0.05 level, *** = 0.01 level.

- They were less likely than other FBOs to instruct government-funded staff not to bill the government for hours spent on inherently religious activities (52 versus 66 percent).
- They were more likely than other FBOs to express their faith to clients by making staff available to discuss spiritual matters (81 versus 64 percent), seeking personal involvement with clients on matters of faith (35 versus 18 percent), inviting clients to participate in religious activities outside of the government-funded program

(33 versus 17 percent), offering clients optional religious programming (59 versus 41 percent), and including religious elements in the government-sponsored program but permitting clients to opt out (40 versus 26 percent).⁴³

In general, it appears that agencies preferring that religious congregations maintain separate nonprofit organizations are no less likely (in fact, are more likely) to hold TANF or SAPT contracts with religious congregations and no less likely to hold contracts with religiously expressive FBOs.

About three-fifths of the FBOs in the 10 states held TANF or SAPT contracts with agencies that reported that FBOs committed to the religious conversion of clients would be at a disadvantage in receiving funding, even if the clients could choose an alternative provider. (Charitable Choice rules do not rule out the funding of such FBOs, provided that clients have a genuine choice.) FBOs contracting with agencies with this perspective had the following characteristics (Table V.8):

- They were, surprisingly, less likely than other FBOs to have held government contracts before 1996 (42 versus 60 percent).
- They were less likely than other FBOs to make hiring decisions based on consideration of faith commitments (25 versus 39 percent).
- They were less likely than other FBOs to invite clients to participate in religious activities outside of the government-funded program (19 versus 31 percent) and were less likely to offer clients optional, voluntary religious programming (39 versus 57 percent).

⁴³ Including optional religious components in a government-funded program is contrary to Charitable Choice rules, which prohibit government funding of religious instruction, worship, or proselytizing. However, FBOs funded under Charitable Choice may offer privately funded religious programs if held at a separate time or separate location from the government-funded program.

TABLE V.8

RESPONSES FROM FBOs WORKING WITH AGENCIES REPORTING THAT FBOs COMMITTED TO RELIGIOUS CONVERSIONS ARE AT A DISADVANTAGE, EVEN WITH CLIENT CHOICE

FBO Characteristic or Perspective	Percent for FBOs with This Type of Agency	Percent for FBOs Without This Type of Agency	Difference (Percent)	Statistical Significance
Contracting Experiences				
Government Contractor Before 1996	42	60	-18	**
Religious Staffing				
Hiring Decisions Include Consideration of Faith Commitments	25	39	-14	*
Respect for Religious Freedom Rights of Clients				
Clients Are Invited to Religious Activities Outside of Program	19	31	-12	*
FBO Offers Clients Optional, Voluntary Religious Programming	39	57	-18	**
Sample Size	103 (62%)	62 (38%)		

* = 0.10 level of statistical significance, ** = 0.05 level, *** = 0.01 level.

These findings are consistent with the hypothesis that agencies preferring that TANF or SAPT providers not be committed to religious conversions are more likely to contract with FBOs that hire staff regardless of religion and more likely to contract with FBOs that do not offer religious programming to clients in the government-funded program.

- They were, surprisingly, more likely than other FBOs to be religious congregations (31 versus 12 percent) and more likely to make their faith commitments explicit in the government-funded program (46 versus 21 percent).
- In a finding that was also surprising, the same FBOs were more likely than other FBOs to indicate that it is very important to be able to hire on the basis of faith (44 versus 32 percent). In addition, they were more likely themselves to hire on the basis of faith (38 versus 24 percent) and were more likely to indicate that their paid program staff, volunteers, and board members shared their faith commitments (65 versus 42 percent, 62 versus 48 percent, and 68 versus 54 percent, respectively).
- FBOs contracting with agencies that were less accepting of religious hiring standards were also, surprisingly, more likely than were other FBOs to make staff available to discuss spiritual matters with clients (82 versus 62 percent), more likely to have staff who seek personal involvement with clients on matters of faith (35 versus

18 percent), more likely to invite clients to participate in religious activities outside of the government-funded program (35 versus 15 percent), more likely to offer clients optional religious programming (60 versus 38 percent), and more likely to include religious elements in their government-funded programming that clients could decline (39 versus 26 percent).

All of these findings indicate little correspondence between an agency's discomfort with a TANF or SAPT provider's religious hiring standards and the provider's hiring practices and religious expression. Of all agency policies and perspectives, those mostly strongly associated with FBOs' religiously expressive behavior relate to the agency's regular communication of Charitable Choice provisions to faith-based providers and their clients, especially when communication occurs by some means other than the text of the contract.

F. OBSERVATIONS ON CONSEQUENCES OF AGENCY COMMUNICATION OF CHARITABLE CHOICE

Linking characteristics of faith-based TANF and SAPT contractors with information on the policies and practices of the corresponding contracting agencies reveals the importance of agency communication of key Charitable Choice provisions. When agencies regularly communicate most Charitable Choice provisions to faith-based contractors outside the text of the contract, FBOs holding contracts with the agencies are more likely to be religiously expressive in their mission, commitment to spiritual transformation, staffing, and willingness to discuss religious issues with clients. At the same time, these religiously expressive FBOs may be less likely than other FBOs to train their staff in two areas of program operation: (1) the need to avoid billing government entities for time spent on explicitly religious activities, and (2) the need to distinguish between staff members' appropriate and inappropriate expression of their faith to clients.

Compared with other FBOs, those holding TANF or SAPT contracts with agencies that communicate key Charitable Choice provisions outside the text of the contract are less likely to notify their clients of their right to an alternative provider. A likely explanation for this is that only 16 percent of FBOs contracting with these agencies report that the agency regularly contacts its clients to ensure that the provider is respecting clients' religious freedom rights. When agencies contact clients served by faith-based providers to ensure that they know their rights, such as the right to an alternative provider and the right to not participate in religious activities, then the providers themselves are more likely to inform clients of their rights. Agencies committed to extending TANF and SAPT contracting opportunities to explicitly religious FBOs while safeguarding clients' religious freedom rights will need to find effective ways of communicating key Charitable Choice provisions both to faith-based social service providers and the clients served by such providers.

TABLE V.9

RESPONSES FROM FBOs WORKING WITH AGENCIES REPORTING THAT FBOs HIRING
OR RETAINING STAFF ON THE BASIS OF FAITH ARE AT A DISADVANTAGE

FBO Characteristic or Perspective	Percent for FBOs with This Type of Agency	Percent for FBOs Without This Type of Agency	Difference (Percent)	Statistical Significance
Religious Identity				
Religious Congregation	31	12	19	***
Faith Commitments Are Explicit in the Program	46	21	25	***
Religious Staffing				
Very Important for FBOs to Be Able to Hire on the Basis of Faith	44	32	12	*
Hiring Decisions Include Consideration of Faith Commitments	38	24	15	**
Most or All Paid Program Staff Share the Faith of the FBO	65	42	22	***
Most or All Program Volunteers Share the Faith of the FBO	62	48	14	*
Members of Board Share Faith Commitments of FBO	68	54	13	*
Respect for Religious Freedom Rights of Clients				
FBO Staff Are Available to Discuss Spiritual Matters with Clients	82	62	21	***
Staff Seek Personal Involvement with Clients Regarding Faith	35	18	18	***
Clients Are Invited to Religious Activities Outside of Program	35	15	20	***
FBO Offers Clients Optional, Voluntary Religious Programming	60	38	22	***
Program Includes Religious Element but Clients May Opt Out	39	26	13	**
Sample Size	109 (52%)	102 (48%)		

* = 0.10 level of statistical significance, ** = 0.05 level, *** = 0.01 level.

VI. LESSONS LEARNED

This study has investigated the policies, practices, and perspectives of state and local TANF agencies and state SAPT agencies with respect to contracting with FBOs in accordance with Charitable Choice provisions. Using data from a new survey of state and local agency officials, the study offers insights into the scale of state and local contracting with faith-based service providers and how such contracting has changed during the past four years. The survey data also permit us to draw several conclusions about how agencies differ from one another in their outreach to faith-based service providers and application of Charitable Choice provisions to faith-based government contractors. By linking the new survey data from agencies with fiscal year 2001 data collected from faith-based TANF and SAPT contractors, we were able to see how the characteristics and perspectives of contractors vary according to the policies and perspectives of the corresponding agencies.

The four sections of this chapter review the main lessons learned from the study of state and local contracting for social services under Charitable Choice. Section A discusses major findings on the scale of state and local contracting with faith-based service providers. Section B identifies lessons learned about state and local agency contracting practices involving FBOs seeking or holding TANF or SAPT contracts. Section C discusses the implications of our comparison of FBO characteristics according to the policies, practices, and perspectives of the corresponding agencies. Finally, Section D identifies some unanswered questions from the study, which may represent promising directions for future research.

A. THE SCALE OF STATE AND LOCAL CONTRACTING WITH FAITH-BASED PROVIDERS

Using a consistent definition of faith-based organizations, the study found that contracting with FBOs was more prevalent among state TANF agencies than local TANF agencies and among local TANF agencies than among state SAPT agencies. While 36 percent of state TANF contract dollars flowed to FBOs in 2004, only 4 percent of local TANF contract dollars and 5 percent of state SAPT contract dollars went to faith-based social service providers. For each type of agency, a minority of agencies was responsible for funding a large proportion of faith-based service providers.

We compared levels of Charitable Choice contracting by state TANF agencies between 2001 and 2004 for 34 states, using 2001 data collected by the U.S. General Accounting Office (General Accounting Office 2002). We found that, while the total dollar value of the average agency's TANF contracts fell by 25 percent during the period, the *proportion* of contracted dollars allocated to FBOs rose, from 8 to 36 percent. About two-fifths of state TANF agencies were responsible for the increases in average state TANF contracting with FBOs between 2001 and 2004. During the same period, funding of FBOs decreased for one-third of state TANF agencies.

States with FCLs that contracting officials perceived as influencing state contracting policies involving FBOs were significantly more likely to report contracts with faith-based service providers. The mere presence of a faith-based initiative or FCL in such a state was not significantly associated with whether and how much funding FBOs received in 2004.

For those states holding TANF contracts with FBOs as of 2004, the size and growth of such contracts varied significantly with the overall level of state TANF contracting. The patterns of contracting across states implied a 4 to 6 percent higher level of contracting with FBOs for states

with 10 percent more TANF funds dedicated to contracting for social services. This finding implies that the proportion of funds allocated to FBOs declines as overall contracting increases, perhaps reflecting either barriers to contracting by some faith-based providers or insufficient capacity among FBOs to provide the social services government agencies seek to fund.

B. STATE AND LOCAL CONTRACTING PRACTICES INVOLVING FAITH-BASED PROVIDERS

Even though state TANF funding for faith-based service providers has increased, most TANF and SAPT agencies report that the advent of Charitable Choice law has had little or no effect on their preexisting contracting policies involving FBOs. Despite 1996 legislation applying Charitable Choice provisions to the TANF program, three-fifths of state and local TANF agencies reported *no change* since 1996 in their contracting policies governing faith-based providers. Despite the application of Charitable Choice rules to the SAPT program since fiscal year 2001, more than four-fifths of state SAPT agencies indicated no change since that year in their contracting practices involving faith-based service providers. While these findings do not imply that agencies were hostile to faith-based providers before Charitable Choice, they do suggest that the effects of Charitable Choice on agency behavior have, to date, been limited to a minority of TANF and SAPT agencies. Consequently, the policies of most agencies toward FBOs are similar to those that were in place before the advent of Charitable Choice provisions. In jurisdictions that report few effects from Charitable Choice, the extent to which a level playing field exists for FBOs seeking TANF or SAPT funding in those jurisdictions may depend heavily on the extent to which it existed before the adoption of Charitable Choice legislation.

1. Outreach to Faith-Based Providers

Despite reports of little change in their policies on contracting with FBOs, many TANF and SAPT agencies have made concrete efforts to reach out to prospective faith-based providers to

encourage partnerships with the public sector and to remove barriers FBOs face in forming such partnerships. Four-fifths of state TANF agencies, three-quarters of local TANF agencies, and three-fifths of state SAPT agencies indicated that they employ at least some strategies to make FBOs aware of government contracting opportunities. Two-fifths of state TANF agencies, three-fifths of local TANF agencies, and one-third of state SAPT agencies indicated that a state FCL, regional FCL, or statewide OFCBI was responsible for helping with outreach to FBOs. However, one-third of state TANF agencies and more than half of local TANF agencies and state SAPT agencies reported that FBOs in their jurisdiction, to their knowledge, *never* receive technical assistance to help them compete for government contracts and grants.

2. Likelihood of FBOs Facing Diminished Funding Chances

Nearly all agencies recognize that certain characteristics and behaviors make some types of faith-based providers ineligible for funding under Charitable Choice. In more than 90 percent of cases, funding opportunities would be diminished for FBOs that used federal funds for religious instruction, worship, or proselytizing; refused to serve clients on the basis of their religious affiliation or lack thereof; or required clients to participate in prayer or other inherently religious activities. However, only about 50 percent of state TANF agencies, 60 percent of local TANF agencies, and 40 percent of state SAPT agencies reported diminished funding prospects for FBOs that offer privately funded religious instruction, worship, or proselytizing at the same time and in the same location where services would be provided with government funds. According to Charitable Choice regulations, such an FBO would be ineligible for direct funding under TANF or SAPT.

In several instances, agencies did not appear to know or apply the relevant Charitable Choice provisions that establish the eligibility of certain types of FBOs for TANF or SAPT funding:

- *While Charitable Choice rules permit FBOs to use religious standards of belief and behavior for hiring and retaining staff supported with federal funds, one-third of local TANF agencies reported that these FBOs would have diminished chances of receiving funding.*
- *While Charitable Choice rules permit agencies to fund religious congregations lacking a separate nonprofit corporation, nearly half of SAPT agencies reported that these FBOs would have diminished chances of receiving funding.⁴⁴*
- *While Charitable Choice rules permit the funding of FBOs committed to the spiritual transformation of clients if clients can choose a comparable, accessible alternative, nearly half of local TANF agencies indicated that these FBOs would have diminished chances of receiving funding.*
- *While Charitable Choice regulations also specify that FBOs remain eligible for SAPT funding even if their staff members lack formal state and local certification, provided that the programs are effective and that these staff members have comparable experience in FBOs, two-fifths of state SAPT agencies responded that FBOs with uncertified staff would have greatly diminished chances of receiving funding.*

3. Training of Agency Staff

Discrepancies between Charitable Choice rules and the perspectives of state and local agency officials may indicate a need for more training of agency staff. One-third of state TANF agencies, one-half of local TANF agencies, and three-fifths of state SAPT agencies reported that their agency staff had *never* received training, workshops, legal guidance, procurement manuals, policy statements, or other assistance concerning provisions that govern contracting with FBOs. While agencies that have received training are more likely than other agencies to communicate important Charitable Choice provisions to faith-based providers, a majority of the agencies that

⁴⁴ TANF and SAPT agencies may believe they have discretion to require the funded FBOs to be nonprofit organizations separate from religious congregations. Therefore, these responses may indicate the exercise of such discretion rather than a lack of familiarity with Charitable Choice rules.

had training in contracting with FBOs does not report that they take such action. This finding may indicate that the training agencies received in the past did not focus enough on promoting agency compliance with the provisions of Charitable Choice, or it may reflect reluctance on the part of some agency officials to implement the law fully. Although the HHS survey measured the extent to which agencies would treat hypothetical FBOs in a manner consistent with the provisions of Charitable Choice, but it did not uncover the underlying motivations of agency staff for their contracting decisions.

For state TANF and state SAPT agencies, the most common source of training in contracting with FBOs came from a federal official or agency. For local TANF agencies, in contrast, the most common source of training was a state official or agency. The greater proximity of state officials to local officials suggests that federal efforts to train state agency staff on Charitable Choice rules should include preparing state officials to provide corresponding technical assistance to local agencies.

4. Agency Efforts to Inform Contractors of Specific Charitable Choice Provisions

There is a need for training agency staff in communicating Charitable Choice provisions to *current* contractors as well. In the case of 10 key Charitable Choice provisions, only 23 percent of state TANF agencies, 17 percent of local TANF agencies, and 5 percent of state SAPT agencies reported that they regularly (usually or always) communicate six or more provisions to faith-based providers. Fifty percent of state TANF agencies, 26 percent of local TANF agencies, and 58 percent of state SAPT agencies did not indicate that they regularly inform faith-based providers of *any* of these provisions.

5. Agency Actions to Protect the Religious Freedom Rights of Providers and Clients

In addition to making faith-based contractors aware of important Charitable Choice provisions, agencies can take additional steps to protect the religious freedom rights of both providers and their clients. For instance, agencies can communicate to providers the grievance procedures they can follow if they believe that their rights are not respected. Thirty-nine percent of state TANF agencies, 19 percent of local TANF agencies, but only 8 percent of state SAPT agencies reported that they regularly take this step.

Charitable Choice regulations require that either the provider or the agency itself inform each client that she or he has a right to an alternative provider if that client objects to an FBO's religious character. Nonetheless, only 44 percent of state TANF agencies, 54 percent of local TANF agencies, and 35 percent of state SAPT agencies regularly take this step. Even lower proportions of agencies regularly contact clients to determine if they are aware of their right to an alternative provider and their right not to be required to participate in religious activities.

C. STATE AND LOCAL POLICIES AND PROVIDER CHARACTERISTICS

Linking data from the agencies with fiscal year 2001 data from faith-based contractors in 10 states where agency policies involving FBOs had remained stable, we were able to see how the characteristics and perspectives of faith-based providers vary according to the policies and perspectives of the contracting agencies. Some of the important lessons relate to agency outreach to and openness toward faith-expressive FBOs. We found that FBOs holding TANF or SAPT contracts with certain types of agencies differed from other TANF- and SAPT-funded FBOs in the following ways:

- FBOs holding contracts with agencies publicizing contracting opportunities for FBOs were more likely than other FBOs to be religiously expressive but less likely to train their staff in appropriate ways of sharing their faith.

- FBOs contracting with agencies communicating grievance procedures to FBOs were more likely than other FBOs to be religious congregations and to have been recruited by the agency for their current contract. Compared with other FBOs, these FBOs were less likely to have held government contracts before 1996 and less likely to view government reporting requirements as at least somewhat burdensome.
- Agencies preferring that religious congregations maintain separate nonprofit organizations were no less likely to hold TANF or SAPT contracts with congregations and no less likely to hold contracts with religiously expressive FBOs.
- Agencies preferring that TANF or SAPT providers not be committed to religious conversions were more likely to contract with FBOs that hire staff regardless of religion and that do not offer religious programming to clients in the government-funded program.
- There was little correspondence between an agency's discomfort with a TANF or SAPT provider's religious hiring standards and the provider's hiring practices and religious expression.

Regular communication of the most important Charitable Choice provisions to faith-based providers was associated with the funding of organizations without previous government contracting experience, including religious congregations and other FBOs sought out by the agency. Compared with FBOs holding contracts that mentioned most Charitable Choice provisions, FBOs receiving separate notification of the provisions were more likely to be religiously expressive across several dimensions (for example, congregational status, emphasis on spiritual transformation, faith commitments of staff, and openness to interacting with interested clients on matters of faith). Reliance on noncontractual language for consistently communicating Charitable Choice provisions probably reflects a cultural difference in agencies that seek to contract with or are sought out by faith-expressive social service providers. Nationally, only small fractions of TANF and SAPT agencies indicate that they regularly inform faith-based providers of most Charitable Choice provisions in a manner other than including the provisions in the contract itself.

Few FBOs held TANF or SAPT contracts with agencies that usually or always contact FBO clients to safeguard their religious freedom rights. Such monitoring of client freedom by the agency can take two forms: (1) ensuring that clients know that they do not have to participate in religious activities, even if held at a separate time or location, against their will; and (2) ensuring that clients are aware of their right to a comparable, accessible alternative provider if they object to a faith-based provider's religious character. FBOs contracting with agencies safeguarding client rights in at least one of these ways were substantially more likely than other FBOs to notify clients of their right to choose an alternative provider.

Linking characteristics of faith-based TANF and SAPT contractors with information on the policies and practices of the corresponding contracting agencies reveals the importance of agency communication of key Charitable Choice provisions. When agencies regularly communicate most Charitable Choice provisions to faith-based contractors separately from the contract itself, FBOs holding contracts with the agency are more likely to be religiously expressive in their mission, staffing, and interactions with clients. When agencies contact clients that FBOs serve to make sure they know their rights, the providers themselves are more likely to inform clients of their right to an alternative provider. Agencies committed to extending contracting opportunities to explicitly religious FBOs while safeguarding the religious freedom rights of clients will need to find effective ways of communicating important Charitable Choice provisions both to faith-based social service providers and to the clients these providers would serve.

D. OPPORTUNITIES FOR FURTHER RESEARCH

The lessons learned through this study leave several unresolved issues that may be appropriate for further research:

1. State SAPT and Local TANF Contracting over Time

Linking the HHS survey data to TANF data gathered by the GAO in 2001 permitted the tracking of state TANF funding of FBOs. Not enough data were available, however, to track funding patterns for a large number of local TANF or state SAPT agencies. Follow-up data collection from these types of agencies could track changes in Charitable Choice contracting between 2004 and some future date when implementation of important provisions may be more complete.

2. Representative Samples of Local Agencies and FBOs

The local TANF agencies in the study were not representative of all local TANF agencies, and the FBOs linked to the agency data were not representative of all faith-based TANF and SAPT providers. Future data collection could focus on creating more representative samples of local TANF agencies and of faith-based TANF or SAPT contractors.

3. Analysis of TANF and SAPT Contract Documents

The HHS survey requested agency officials to provide sample contract documents for the study team to review. The number of documents obtained, however, was insufficient to permit an analysis of the extent to which Charitable Choice provisions were contained therein. Further collection and analysis of contract documents from a representative group of state and local agencies would reveal the extent to which contracts contain specific Charitable Choice provisions.

4. The Role of FCLs

The survey of state and local agencies gathered important information on agency officials' awareness of the activities of FCLs. However, it would be valuable to contact state FCLs

directly to learn about their activities and to link their responses to responses from the agencies in their states.

5. Gaining Client Perspectives

Absent from the study were data collected from clients served by TANF- or SAPT-funded FBOs to learn about clients' satisfaction with their provider and their awareness of their rights not to participate in religious activities and to have access to an alternative provider.

Another area for further study concerns mechanisms for the indirect funding of FBOs by TANF and SAPT agencies. The main focus of the present study was agencies' *direct* contracting with faith-based social service providers. Excluded from this definition of contracting were various forms of indirect financing, such as certificates or vouchers granted to clients so that they may choose among various providers. The proportion of TANF agencies using at least some form of indirect contracting is close to half of all state and local agencies, and the proportion of SAPT agencies using indirect funding, while small, may increase. While only 13 percent of SAPT agencies indicated that they ever use indirect funding, the proportion is likely to increase as the Bush Administration implements the Access to Recovery voucher program.

A promising area for future investigation would be to document the experiences of state and local agencies that have already used vouchers to deliver social services. What types of programs have been supported through vouchers or other forms of indirect funding? What are the "best practices" for designing and implementing such funding? To what extent are FBOs represented among the providers that can be funded indirectly? How do clients become aware of the service provider options available to them, and are they aware of their rights under the law? What proportion of clients using indirect funding mechanisms selects faith-based options, and do the selections vary according to clients' own faith affiliations and commitments? Do clients express different levels of satisfaction with faith-based versus secular providers? Does providing

clients with greater access to faith-based providers demonstrate significant impacts on policy-relevant outcomes?

Investigation of these research questions would require the collection of additional data from government agencies, social service providers, and program clients. Estimation of the impact of offering clients more choices of faith-based providers would require the development of a rigorous evaluation design and most likely a commitment from agencies to assign clients randomly to voucher or nonvoucher status for the receipt of specific social services. A chief area of interest is likely to be the impact of voucher programs on secular measures of client well-being; however, an examination of impacts on clients' faith commitments also may be important for understanding how faith-based programs may function differently from secular alternatives.

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APPENDIX A

**STATE AND LOCAL CONTRACTING FOR SOCIAL SERVICES UNDER
CHARITABLE CHOICE: TANF SURVEY**

OMB APPROVAL NUMBER: 0990-0274

EXPIRATION DATE: 03/31/2007

STATE AND LOCAL CONTRACTING
FOR SOCIAL SERVICES UNDER
CHARITABLE CHOICE:
TANF SURVEY

MPRID

March 31, 2004

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GENERAL INSTRUCTIONS

Thank you for participating in the “State and Local Contracting for Social Services under Charitable Choice” study. A major part of this study is a survey of state and local agencies that contract with nongovernmental organizations for social services. This questionnaire is designed to collect information about contracting activities under the Federal Government’s Charitable Choice provisions in order to learn more about state and local policies and practices for contracting with faith-based social service providers under the Temporary Assistance for Needy Families (TANF) program.

The study is being conducted by Mathematica Policy Research, Inc. (MPR), for the U.S. Department of Health and Human Services (DHHS). Your name(s) will be kept entirely confidential. The survey is being conducted **only** for research purposes. Information collected will **not** be used to determine your agency’s compliance with Charitable Choice guidelines. **You are encouraged to consult with other persons in your agency, as needed, for assistance in completing the survey accurately.**

Most of the questions use a similar format. Many of the questions require you to check a box that represents a response category; others ask you to fill in amounts. If you do not know an answer, simply write “do not know” or “dk” next to the answer category. If an answer category does not apply to you, please write “NA” or “not applicable” next to the response category. ***If you are unable to provide exact data, please provide your best estimate.***

When you have finished filling out the questionnaire, please make a copy and send the original to MPR in the enclosed FedEx package. If possible, please include with your completed questionnaire a copy of a sample contract or grant agreement of the kind that your agency uses when funding FBOs to provide social services under TANF. If you have questions, please call 1-866-296-0695 or e-mail us at SMarsh@mathematica-mpr.com.

Please return your completed questionnaire by _____ or earlier, if possible.

A. Contact Information and Definitions

- A1. Please enter the following contact information of the person primarily responsible for completing this questionnaire.

Name

Title

Agency

Mailing Address

City State Zip

Fax #

(Area Code) Phone Number

E-mail Address

Definitions

Temporary Assistance for Needy Families (TANF) funds refers to both federal funds and state "maintenance of effort" (MOE) funds connected with the TANF program.

Aid to Families with Dependent Children (AFDC) was the program that preceded TANF.

Faith-based organizations (FBOs) are religious or religiously affiliated organizations, including religious congregations (such as churches, synagogues, temples or mosques), affiliates of national religious organizations, and independent religiously inspired or expressly religious service organizations. Some examples of faith-based organizations meeting this definition are Catholic Charities, Jewish Family Services, Young Men's Christian Association (Y.M.C.A.), The Salvation Army, and Gospel Rescue Ministries.

Throughout this survey, you will see the terms "funds" and "funding" referring to money distributed through the TANF program. When thinking about your answers to questions using these terms, please include fixed-price contracts, cost-reimbursement contracts, incentive-type or performance-based contracts, cost-reimbursement plus incentive contracts, grants, financial cooperative agreements, and any other related forms of direct funding.

B. Background on TANF Agency

- B1. Which agency or agencies in your state use TANF funds to contract for social services?

MARK ALL THAT APPLY

- 1 a single state agency
- 2 multiple state-level agencies
- 3 regional agencies
- 4 county or other local agencies
- 5 other (specify) _____
- 6 none of the above

- B2. Over what geographic area is your **own** agency responsible for contracting with TANF funds?

MARK ONE

- 1 The entire state
- 2 A region or group of counties in the state
- 3 A single county in the state
- 4 A city or subsection of a county in the state
- 5 NO TANF CONTRACTS ISSUED BY THIS AGENCY → **SKIP TO H1**
- 6 Other (*Specify*) ↷

- B3. Approximately how many people currently work for your agency?

|_|_|_| NUMBER OF PEOPLE

- B4. Approximately how many people in your agency interact directly with organizations seeking or holding contracts or grants involving TANF funds?

|_|_|_| NUMBER OF PEOPLE

C. Perspectives on What Constitutes a Faith-Based Service Provider

- C1. When do contracting officials in your agency classify organizations as "faith-based":

- 1 **before** grants or contracts involving TANF funds are awarded
- 2 **after** grants or contracts involving TANF funds are awarded
- 3 sometimes **before** and sometimes **after** grants or contracts involving TANF funds are awarded
- 0 Never → **GO TO C4**

C2. How are "faith-based" organizations classified?

MARK ONE

- 1 the agency has no formal definition of "faith-based," but allows organizations to self-identify as such → **GO TO D1**
- 2 the agency applies its own definition of "faith-based" organization (no self-identification)
- 3 the agency applies its own definition **as well as** allowing self-identification by the organization

C3. What is your agency's own definition of a "faith-based" organization?

GO TO D1

C4. Why doesn't your agency classify organizations as "faith-based"? (attach separate sheet if necessary)

D. Information on TANF Contracting

For the purposes of the remainder of this survey, a faith-based organization is defined as a religious or religiously affiliated organization, including religious congregations (such as churches, synagogues, temples or mosques), affiliates of national religious organizations, and independent religiously inspired or expressly religious service organizations. Some examples of faith-based organizations meeting this definition are Catholic Charities, Jewish Family Services, Young Men's Christian Association (Y.M.C.A.), The Salvation Army, and Gospel Rescue Ministries. A faith-based TANF provider is defined as a religiously affiliated organization providing social services with TANF funds.

D1. Does your agency **currently** contract with non-governmental entities to provide services to needy individuals and families paid for by Temporary Assistance for Needy Families (TANF) funds?

- 1 Yes
- 0 No → **SKIP TO G1 ON PAGE 9**

D2a. How many of your agency's TANF contracts are with **non-governmental** entities?

|_|_|_|_| NUMBER OF CONTRACTS

- 1 NO CONTRACTS WITH NON-GOVERNMENTAL ENTITIES → **GO TO G1**

Dollar amount in the following questions means the maximum dollar amount that could be paid for services performed in the current fiscal year over all the contracts combined. Exclude funds for services that will be provided in another fiscal year.

D2b. What is the total dollar amount of your agency's TANF contracts with **non-governmental** entities for the current fiscal year?

\$ |_|_|_|_|,|_|_|_|_|,|_|_|_|_|
TOTAL DOLLAR AMOUNT OF CONTRACTS

D3. Approximately how many of your agency's TANF contracts are with entities that are **faith-based** organizations?

|_|_|_|_| NUMBER OF CONTRACTS

- 1 NO CONTRACTS WITH FAITH-BASED ORGANIZATIONS → **GO TO D9**

D4. What is the total dollar amount of your agency's TANF contracts with **faith-based organizations** for the current fiscal year?

\$ |_|_|_|_|,|_|_|_|_|,|_|_|_|_|
TOTAL DOLLAR AMOUNT OF CONTRACTS

D5. Did you consult program records to arrive at the number and dollar amount of contracts with **faith-based** organizations, or was your answer an estimate, based on your contracting experience?

- 1 CONSULTED RECORDS
- 2 ESTIMATE

E. TANF Contracting Policies

D6a. Approximately how many of your agency's current TANF contracts are with faith-based organizations that **did not hold contracts with you prior to the implementation of the Charitable Choice provisions in Fiscal Year 1997?**

|_|_|_| NUMBER OF CONTRACTS

1 NONE → **GO TO D7a**

D6b. What is the total dollar amount of your agency's TANF contracts with faith-based organizations that **did not hold contracts with you prior to Fiscal Year 1997?**

\$|_|_|,|_|_|_|_|,|_|_|_|_|
TOTAL DOLLAR AMOUNT OF CONTRACTS

D7a. Approximately how many of your agency's TANF contracts are with faith-based organizations that **were not eligible** to hold contracts with you prior to Fiscal Year 1997?

|_|_|_| NUMBER OF CONTRACTS

1 NONE → **GO TO D9**

D7b. What is the total dollar amount of your agency's TANF contracts with faith-based organizations that **were not eligible** to hold contracts with you prior to Fiscal Year 1997?

\$|_|_|,|_|_|_|_|,|_|_|_|_|
TOTAL DOLLAR AMOUNT OF CONTRACTS

D8. Did you consult program records to arrive at the number and dollar amounts of contracts that are with faith-based organizations that were **not eligible** to hold contracts with you prior to Fiscal Year 1997, or was your answer an estimate, based on your contracting experience?

1 CONSULTED RECORDS

2 ESTIMATE

D9. For your agency, what are the start and end dates for the current fiscal year?

|_|_|/|_|_|/|_|_|_|_| START DATE
Month Day Year

|_|_|/|_|_|/|_|_|_|_| END DATE
Month Day Year

E1a. How frequently do requests for proposals or grant announcements from your agency indicate to prospective bidders that **faith-based organizations are eligible** to apply for TANF funding to deliver social services?

0 Never

1 Rarely

2 Occasionally

3 Usually

4 Always

E1b. How frequently do requests for proposals or grant announcements from your agency indicate to prospective bidders that **pervasively sectarian organizations are ineligible** to receive TANF funding to deliver social services?

0 Never

1 Rarely

2 Occasionally

3 Usually

4 Always

E2. For any given contract or grant with a **faith-based organization** to provide social services using TANF funds, how often do staff representing your agency inform the organization, **verbally or in writing**, of the following kinds of provisions? *Please indicate how often a faith-based organization receiving TANF funds to provide social services will, over the course of the contract or grant, be informed by staff representing your agency of each type of provision.*

	NEVER	RARELY	OCCASIONALLY	USUALLY	ALWAYS
a. Provisions allowing providers to display religious symbols at the location where TANF-funded services are offered?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
b. Provisions allowing TANF-funded providers to use religious standards for determining membership on their governing boards?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
c. Provisions allowing providers to use religious standards for hiring staff with TANF funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
d. Provisions allowing religious congregations (such as churches, synagogues, and mosques) to receive TANF funds without establishing separate nonprofit organizations?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
e. Provisions requiring providers to account to the government for funds other than those provided by the government through TANF?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
f. Provisions requiring providers to account to the government only for TANF funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
g. Provisions allowing providers to employ relevant religious concepts or themes in the substance or content of programs funded by TANF?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
h. Provisions guaranteeing clients in TANF-funded programs a comparable and accessible alternative if they object to the religious character of the provider?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
i. Provisions requiring providers to inform clients in TANF-funded programs that they are entitled to a comparable and accessible alternative if they object to the religious character of the provider?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
j. Provisions requiring providers to apply to any subcontractors receiving TANF funds the same rules that apply to prime contractors?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
k. Provisions forbidding providers from displaying religious symbols at the location where TANF-funded services are offered?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
l. Provisions forbidding TANF-funded providers from using religious standards for determining membership on their governing boards?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
m. Provisions forbidding providers from using religious standards for hiring staff with TANF funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
n. Provisions forbidding religious congregations (such as churches, synagogues, and mosques) from receiving TANF funds without establishing separate nonprofit organizations?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
o. Provisions forbidding providers from refusing to serve clients in a TANF-funded program on the basis of clients' religious affiliation and commitment, or lack thereof?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
p. Provisions forbidding providers from using TANF funds for religious instruction, worship, or proselytizing?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
q. Provisions forbidding providers from conducting religious instruction, worship, or proselytizing at the same time and in the same location where services are provided with TANF funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
r. Provisions forbidding TANF-funded programs from requiring clients to participate in prayers or other inherently religious activities?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
s. Provisions forbidding TANF-funded programs from inviting clients to participate voluntarily in prayers or other inherently religious activities?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

E2a. Is “always” or “usually” answered for any of the provisions in E2?

- 1 Yes
- 0 No → **GO TO E4**

E3. For the provisions above where you answered “always” or “usually” communicated to faith-based organizations receiving TANF funds, how many of these provisions are contained explicitly in the **text of the contract or grant agreement** with the organization providing social services?

- 0 None
- 1 Some
- 2 Most
- 3 All

E4. How frequently do officials from your agency inform **both** faith-based providers **and** non-faith-based providers of the rights and responsibilities of faith-based organizations receiving TANF funds?

- 0 Never
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

E5. For any contract or grant involving TANF funds, how frequently do staff representing your agency contact **clients** being served by a provider to assess their satisfaction with the services they are receiving?

- 0 Never contact
- 1 Rarely contact
- 2 Occasionally contact
- 3 Usually contact
- 4 Always contact

E6a. For any contract or grant involving TANF funds, how frequently do staff representing your agency contact **clients** being served by a **faith-based** organization to assess whether they are aware of their right **not** to participate in any religious activities offered by the provider?

- 0 Never contact
- 1 Rarely contact
- 2 Occasionally contact
- 3 Usually contact
- 4 Always contact

E6b. For any contract or grant involving TANF funds, how frequently do staff representing your agency contact **clients** being served by a **faith-based** organization to assess whether they are aware of their right to an alternative provider if they object to the religious character of their current provider?

- 0 Never contact
- 1 Rarely contact
- 2 Occasionally contact
- 3 Usually contact
- 4 Always contact

E7. For any contract or grant involving TANF funds, how frequently does your agency communicate to faith-based contractors the procedures that they may follow if they believe their rights in areas such as hiring practices and the display of religious symbols are not being respected?

- 0 Never communicate
- 1 Rarely communicate
- 2 Occasionally communicate
- 3 Usually communicate
- 4 Always communicate

E8. Compared with other social service providers receiving TANF funding, how likely are faith-based contractors or grant recipients to be monitored for their compliance, performance, and client satisfaction?

- 1 Faith-based less likely to be monitored
- 2 Faith-based equally likely to be monitored
- 3 Faith-based more likely to be monitored

E9. Have staff in your agency ever received any training, workshops, legal guidance, procurement manuals, policy statements or other assistance concerning provisions affecting contracting with faith-based organizations?

- 1 Yes
- 0 No → **GO TO E11**

E10. From whom did staff in the agency receive training on provisions affecting contracting with faith-based organizations?

MARK ALL THAT APPLY

- 1 a federal official or agency
- 2 a state official or agency
- 3 a local official or agency
- 4 a faith community liaison
- 5 a private organization
- 6 other (*Specify*) ↷

E11. How frequently are clients being served by faith-based providers using TANF funds informed that they may receive comparable services from an alternative provider if they object to a provider's religious character?

- 0 Never
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

E12. How frequently are TANF funded social services paid for through **vouchers** or some other mechanism by which clients may choose from various providers?

- 0 Never → **GO TO E14**
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

E13. How frequently are TANF funded social services paid for through vouchers or some other mechanism by which clients may choose from various providers, **including a choice of faith-based providers**?

- 0 Never
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

E14. How much do the **current** policies and practices of your agency regarding faith-based organizations seeking or receiving TANF funding **differ from** the AFDC/TANF policies and practices for the same geographic area . . .

in **Fiscal Year 2001**?

- 1 Not at all
- 2 Slightly
- 3 Somewhat
- 4 Significantly

E15. in **Fiscal Year 1996**?

- 1 Not at all → **GO TO E17**
- 2 Slightly
- 3 Somewhat
- 4 Significantly

E16. Which of your agency's **current** policies and practices regarding faith-based organizations differ from the AFDC/TANF policies and practices for the same geographic area in **Fiscal Year 1996**?


MARK ALL THAT APPLY

- 1 efforts to seek out and identify faith-based organizations without previous experience in contracting with your agency or its predecessor and that may have been ineligible for funding under older rules
- 2 language in RFPs and grant announcements to indicate the rights and responsibilities of faith-based organizations receiving TANF funding
- 3 language in contracts with social service providers to indicate the rights and responsibilities of faith-based organizations receiving TANF funding
- 4 efforts to identify and track existing TANF contracts and grants with faith-based organizations
- 5 guidance for those monitoring TANF contracts and grants to inform these officials of the rights and responsibilities of faith-based contractors and grant recipients
- 6 other (*Specify*) ↷

- 7 None of the above

E17. Besides federal law, which factors have affected the policies and practices of your agency regarding contracting with faith-based organizations?

MARK ALL THAT APPLY

- 1 relevant provisions in the state constitution
- 2 relevant state laws
- 3 policies and practices within the executive branch of state government
- 4 local laws or ordinances
- 5 outreach activities of a faith community liaison
- 6 other (*Specify*) 

- 7 None of the above

F. Outreach to Prospective Providers

F1. Which of the following groups are responsible for promoting public partnerships with faith-based organizations in your jurisdiction?

MARK YES OR NO FOR EACH

Yes No

- a. a faith community liaison 1 0
- b. a group of regional faith community liaisons 1 0
- c. a statewide office of faith- and community-based initiatives 1 0

F2. Does your agency maintain a list of faith-based organizations that could be potential contractors or grant recipients?


- 1 Yes
- 0 No

F3. How frequently are advertisements, email announcements, mailings, or telephone calls used to inform faith-based organizations of TANF contracting or grant opportunities?

- 0 Never → **GO TO F5**
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

F4. Is this publicizing of TANF contracting or grant opportunities provided by any of the following?

MARK ALL THAT APPLY

- 1 the TANF contracting agency itself
- 2 a representative of a federal agency
- 3 a statewide faith community liaison or office of faith- and community-based initiatives
- 4 a local faith community liaison or office of faith- and community-based initiatives
- 5 a privately funded organization
- 6 other (*Specify*) 

- 7 None of the above

F5. How frequently is **technical assistance** (such as training in the government contracting and grants process, accounting practices, or meeting reporting requirements) provided to faith-based organizations to help them compete for contracts or grants involving TANF funds?

- 0 Never → **GO TO F7**
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

F6. Is this **technical assistance** provided by any of the following organizations?

MARK ALL THAT APPLY

- 1 the TANF contracting agency itself
- 2 a representative of a federal agency
- 3 a statewide faith community liaison or office of faith- and community-based initiatives
- 4 a local faith community liaison or office of faith- and community-based initiatives
- 5 a privately funded organization
- 6 other (*Specify*) ➡

F7. Please indicate which of the following things your agency (or its predecessor) has done, since Fiscal Year 1997, to promote broader participation by faith-based organizations.

MARK YES OR NO FOR EACH

- | | <u>Yes</u> | <u>No</u> | <u>Don't Know</u> |
|--|----------------------------|----------------------------|----------------------------|
| a. Reduced the dollar amount of some individual TANF contracts | 1 <input type="checkbox"/> | o <input type="checkbox"/> | d <input type="checkbox"/> |
| b. Reduced some paperwork requirements for obtaining TANF contracts and grants... | 1 <input type="checkbox"/> | o <input type="checkbox"/> | d <input type="checkbox"/> |
| c. Modified past performance requirements for obtaining TANF contracts and grants... | 1 <input type="checkbox"/> | o <input type="checkbox"/> | d <input type="checkbox"/> |
| d. Eliminated or modified performance requirements | 1 <input type="checkbox"/> | o <input type="checkbox"/> | d <input type="checkbox"/> |

F8. Please describe anything else your agency has done to promote broader participation by faith-based organizations in TANF contracts or grants?

G. Perspectives on Hypothetical Providers

The following situations refer to a **hypothetical** bidder on a standard contract or grant supported with TANF funds. Please assume that every other characteristic of the bidder is the same as its hypothetical competitors.

How would a hypothetical bidder's chances of obtaining TANF funding be affected if, **all else being equal**, it had the following characteristic or exhibited the following behavior . . .

		GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G1.	The organization has experience delivering social services but no prior experience contracting with the government?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G2.	The organization is a religious congregation that lacks a separate nonprofit corporation to administer services with TANF funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G3.	The organization displays religious symbols, such as religious images or teachings, at the location where TANF-funded services would be offered?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G4.	The organization uses religious standards of belief and behavior for hiring and retaining staff whose salaries would be paid with TANF funds?.....	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
		GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G5.	The organization hires for a TANF-funded program staff whose training does not meet state or local certification requirements, but does have experience in faith-based programs "comparable" to that necessary to meet state or local requirements?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G6.	The organization, because of religious convictions, would choose not to hire persons to work for the TANF-funded program on account of their sexual orientation?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G7.	The TANF-funded program would not serve some clients on the basis of their religious affiliation and commitment, or lack thereof?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G8.	The organization would use what it views as relevant religious concepts or themes in the substance of the program funded by TANF?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

How would a hypothetical bidder's chances of obtaining TANF funding be affected if, **all else being equal**, it had the following characteristic or exhibited the following behavior . . .

	GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G9. The organization would use TANF funds for religious instruction, worship, or proselytizing?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G10. The organization would offer privately funded religious instruction, worship, or proselytizing at the same time and in the same location where services would be provided with TANF funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G11. The organization would offer privately funded religious instruction, worship, or proselytizing at a different time or in a different location than where services would be provided with TANF funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G12. The organization would require clients in the TANF-funded program to participate in prayers or other inherently religious activities?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G13. The organization would invite clients to participate voluntarily in prayers or other inherently religious activities that would not affect their status in the TANF-funded program?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
	GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G14. Provider staff working for the TANF-funded program would be available to discuss religious topics and themes with clients who initiate these discussions?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G15. The organization is committed to the spiritual transformation of clients in the TANF-funded program, and clients would have a choice of a comparable and accessible alternative provider if they object?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G16. The organization is committed to the spiritual transformation of clients in the TANF-funded program, and clients would not have a choice of a comparable and accessible alternative provider if they object?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G17. The organization is committed to the conversion of clients in the TANF-funded program to a particular religion, and clients would have a choice of a comparable and accessible alternative provider if they object?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

How would a hypothetical bidder's chances of obtaining TANF funding be affected if, **all else being equal**, it had the following characteristic or exhibited the following behavior . . .

	GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G18. The organization is committed to the conversion of clients in the TANF-funded program to a particular religion, and clients would not have a choice of a comparable and accessible alternative provider if they object?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G19. The organization is Catholic and would use TANF funds to serve, regardless of client religious affiliation, a population that is predominantly Catholic?.....	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G20. The organization is Catholic and would use TANF funds to serve, regardless of client religious affiliation, a population that is predominantly non-Catholic?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G21. The organization is Jewish and would use TANF funds to serve, regardless of client religious affiliation, a population including many Jewish clients?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G22. The organization is Jewish and would use TANF funds to serve, regardless of client religious affiliation, a population that is predominantly non-Jewish?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
	GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G23. The organization is Mormon (Latter Day Saint) and would use TANF funds to serve, regardless of client religious affiliation, a population including many Mormon (Latter Day Saint) clients?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G24. The organization is Mormon (Latter Day Saint) and would use TANF funds to serve, regardless of client religious affiliation, a population that is predominantly non-Mormon (Latter Day Saint)?...	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G25. The organization is Muslim and would use TANF funds to serve, regardless of client religious affiliation, a population including many Muslim clients?.....	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G26. The organization is Muslim and would use TANF funds to serve, regardless of client religious affiliation, a population that is predominantly non-Muslim?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

H. Conclusion

H1. Please estimate the number of people in your agency who assisted you in completing sections A through G of the survey.

|_|_| NUMBER OF PEOPLE

H2. **If possible, please include with your completed questionnaire a copy of a sample contract or grant agreement of the kind that your agency uses when funding FBOs to provide social services under TANF.**

Thank you for your time. Your answers will be very helpful for this study.

**Charitable Choice Survey
Mathematica Policy Research, Inc.
600 Alexander Park
Princeton, NJ 08540**

**Please estimate the total amount of time
necessary to complete the survey.**

|_|_| LENGTH

1 Minutes

2 Hours

APPENDIX B

**STATE AND LOCAL CONTRACTING FOR SOCIAL SERVICES UNDER
CHARITABLE CHOICE: SAPT SURVEY**

OMB APPROVAL NUMBER: 0990-0274
0938-0709 03/31/2007

STATE AND LOCAL CONTRACTING FOR SOCIAL SERVICES UNDER CHARITABLE CHOICE: SAPT SURVEY

MPRID

April 9, 2004

Paperwork Reduction Act (PRA) Public Burden Statement

In accordance with the Paperwork Reduction Act (5 CFR 1320.8 (b)(3)), a Federal agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Public Burden Statement: Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering the necessary data, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information to OS Reports Clearance Officer, ASBTF/Budget/PIA, Room 503H, HHH Bldg., 200 Independence Ave. SW, Washington, DC 20201.

GENERAL INSTRUCTIONS

Thank you for participating in the “State and Local Contracting for Social Services under Charitable Choice” study. A major part of this study is a survey of state and local agencies that contract with nongovernmental organizations for social services. This questionnaire is designed to collect information about contracting activities under the Federal Government’s Charitable Choice provisions in order to learn more about state and local policies and practices for contracting with faith-based social service providers under the Substance Abuse Prevention and Treatment (SAPT)-funded program.

The study is being conducted by Mathematica Policy Research, Inc. (MPR), for the U.S. Department of Health and Human Services (DHHS). Your name(s) will be kept entirely confidential. The survey is being conducted **only** for research purposes. Information collected will **not** be used to determine your agency’s compliance with Charitable Choice guidelines. **You are encouraged to consult with other persons in your agency, as needed, for assistance in completing the survey accurately.**

Most of the questions use a similar format. Many of the questions require you to check a box that represents a response category; others ask you to fill in amounts. If you do not know an answer, simply write “do not know” or “dk” next to the answer category. If an answer category does not apply to you, please write “NA” or “not applicable” next to the response category. ***If you are unable to provide exact data, please provide your best estimate.***

When you have finished filling out the questionnaire, please make a copy and send the original to MPR in the enclosed FedEx package. If possible, please include with your completed questionnaire a copy of a sample contract or grant agreement of the kind that your agency uses when funding FBOs to provide social services under SAPT. If you have questions, please call 1-866-296-0695 or e-mail us at SMarsh@mathematica-mpr.com.

Please return your completed questionnaire by _____ or earlier, if possible.

A. Contact Information and Definitions

A1. Please enter the following contact information of the person primarily responsible for completing this questionnaire.

Name

Title

Agency

Mailing Address

City State Zip

Fax #

(Area Code) Phone Number

E-mail Address

Definitions

Substance Abuse Prevention and Treatment (SAPT) refers to federal funds.

Faith-based organizations (FBOs) are religious or religiously affiliated organizations, including religious congregations (such as churches, synagogues, temples or mosques), affiliates of national religious organizations, and independent religiously inspired or expressly religious service organizations. Some examples of faith-based organizations meeting this definition are Catholic Charities, Jewish Family Services, Young Men's Christian Association (Y.M.C.A.), The Salvation Army, and Gospel Rescue Ministries.

Throughout this survey, you will see the terms "funds" and "funding" referring to money distributed through the SAPT program. When thinking about your answers to questions using these terms, please include fixed-price contracts, cost-reimbursement contracts, incentive-type or performance-based contracts, cost-reimbursement plus incentive contracts, grants, financial cooperative agreements, and any other related forms of direct funding.

B. Background on SAPT-Administering Agency

B1. Which agency or agencies in your state use SAPT funds to contract for social services?

MARK ALL THAT APPLY

- 1 a single state agency
- 2 multiple state-level agencies
- 3 regional agencies
- 4 county or other local agencies
- 5 other (specify) _____
- 6 none of the above

B2. Over what geographic area is your **own** agency responsible for contracting with SAPT funds?

MARK ONE

- 1 The entire state
- 2 A region or group of counties in the state
- 3 A single county in the state
- 4 A city or subsection of a county in the state
- 5 NO SAPT CONTRACTS ISSUED BY THIS AGENCY → **SKIP TO H1**
- 6 Other (*Specify*) → _____

B3. Approximately how many people currently work for your agency?

|_|_|_| NUMBER OF PEOPLE

B4. Approximately how many people in your agency interact directly with organizations seeking or holding contracts or grants involving SAPT funds?

|_|_|_| NUMBER OF PEOPLE

C. Perspectives on What Constitutes a Faith-Based Service Provider

C1. When do contracting officials in your agency classify organizations as "faith-based":

- 1 **before** grants or contracts involving SAPT funds are awarded
- 2 **after** grants or contracts involving SAPT funds are awarded
- 3 sometimes **before** and sometimes **after** grants or contracts involving SAPT funds are awarded
- 0 Never → **GO TO C4**

C2. How are "faith-based" organizations classified?

MARK ONE

- 1 the agency has no formal definition of "faith-based," but allows organizations to self-identify as such → **GO TO D1**
- 2 the agency applies its own definition of "faith-based" organization (no self-identification)
- 3 the agency applies its own definition **as well as** allowing self-identification by the organization

C3. What is your agency's own definition of a "faith-based" organization?

GO TO D1

C4. Why doesn't your agency classify organizations as "faith-based"? (attach separate sheet if necessary)

D. Information on SAPT Contracting

For the purposes of the remainder of this survey, a faith-based organization is defined as a religious or religiously affiliated organization, including religious congregations (such as churches, synagogues, temples or mosques), affiliates of national religious organizations, and independent religiously inspired or expressly religious service organizations. Some examples of faith-based organizations meeting this definition are Catholic Charities, Jewish Family Services, Young Men's Christian Association (Y.M.C.A.), The Salvation Army, and Gospel Rescue Ministries. A faith-based SAPT provider is defined as a religiously affiliated organization providing social services with SAPT funds.

D1. Does your agency **currently** contract with non-governmental entities to provide services to needy individuals and families paid for by Substance Abuse Prevention and Treatment (SAPT) funds?

- 1 Yes
- 0 No → **SKIP TO G1 ON PAGE 9**

D2a. How many of your agency's SAPT contracts are with **non-governmental** entities?

|_|_|_| NUMBER OF CONTRACTS

- 1 NO CONTRACTS WITH NON-GOVERNMENTAL ENTITIES → **GO TO G1**

Dollar amount in the following questions means the maximum dollar amount that could be paid for services performed in the current fiscal year over all the contracts combined. Exclude funds for services that will be provided in another fiscal year.

D2b. What is the total dollar amount of your agency's SAPT contracts with **non-governmental** entities for the current fiscal year?

\$ |_|_|_|,|_|_|_|,|_|_|_|
TOTAL DOLLAR AMOUNT OF CONTRACTS

D3. Approximately how many of your agency's SAPT contracts are with entities that are **faith-based** organizations?

|_|_|_| NUMBER OF CONTRACTS

- 1 NO CONTRACTS WITH FAITH-BASED ORGANIZATIONS → **GO TO D9**

D4. What is the total dollar amount of your agency's SAPT contracts with **faith-based organizations** for the current fiscal year?

\$ |_|_|_|,|_|_|_|,|_|_|_|
TOTAL DOLLAR AMOUNT OF CONTRACTS

D5. Did you consult program records to arrive at the number and dollar amount of contracts with **faith-based** organizations, or was your answer an estimate, based on your contracting experience?

- 1 CONSULTED RECORDS
- 2 ESTIMATE

D6a. Approximately how many of your agency's current SAPT contracts are with faith-based organizations that **did not hold contracts with you prior to the implementation of the Charitable Choice provisions in Fiscal Year 2001?**

|_|_|_| NUMBER OF CONTRACTS

1 NONE → **GO TO D7a**

D6b. What is the total dollar amount of your agency's SAPT contracts with faith-based organizations that **did not hold contracts with you prior to Fiscal Year 2001?**

\$ |_|_|,|_|_|_|_|_|,|_|_|_|_|_|
TOTAL DOLLAR AMOUNT OF CONTRACTS

D7a. Approximately how many of your agency's SAPT contracts are with faith-based organizations that **were not eligible** to hold contracts with you prior to **Fiscal Year 2001?**

|_|_|_| NUMBER OF CONTRACTS

1 NONE → **GO TO D9**

D7b. What is the total dollar amount of your agency's SAPT contracts with faith-based organizations that **were not eligible** to hold contracts with you prior to Fiscal Year 2001?

\$ |_|_|,|_|_|_|_|_|,|_|_|_|_|_|
TOTAL DOLLAR AMOUNT OF CONTRACTS

D8. Did you consult program records to arrive at the number and dollar amounts of contracts that are with faith-based organizations that were **not eligible** to hold contracts with you prior to Fiscal Year 2001, or was your answer an estimate, based on your contracting experience?

- 1 CONSULTED RECORDS
2 ESTIMATE

D9. For your agency, what are the start and end dates for the current fiscal year?

|_|_|_|/|_|_|_|/|_|_|_|_|_| START DATE
Month Day Year

|_|_|_|/|_|_|_|/|_|_|_|_|_| END DATE
Month Day Year

E. SAPT Contracting Policies

E1a. How frequently do requests for proposals or grant announcements from your agency indicate to prospective bidders that **faith-based organizations are eligible** to apply for SAPT funding to deliver social services?

- 0 Never
1 Rarely
2 Occasionally
3 Usually
4 Always

E1b. How frequently do requests for proposals or grant announcements from your agency indicate to prospective bidders that **pervasively sectarian organizations are ineligible** to receive SAPT funding to deliver social services?

- 0 Never
1 Rarely
2 Occasionally
3 Usually
4 Always

E2. For any given contract or grant with a **faith-based organization** to provide social services using SAPT funds, how often do staff representing your agency inform the organization, **verbally or in writing**, of the following kinds of provisions? *Please indicate how often a faith-based organization receiving SAPT funds to provide social services will, over the course of the contract or grant, be informed by staff representing your agency of each type of provision.*

	NEVER	RARELY	OCCASIONALLY	USUALLY	ALWAYS
a. Provisions allowing providers to display religious symbols at the location where SAPT-funded services are offered?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
b. Provisions allowing SAPT-funded providers to use religious standards for determining membership on their governing boards?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
c. Provisions allowing providers to use religious standards for hiring staff with SAPT funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
d. Provisions allowing religious congregations (such as churches, synagogues, and mosques) to receive SAPT funds without establishing separate nonprofit organizations?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
e. Provisions requiring providers to keep federal SAPT funds segregated in a separate account?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
f. Provisions requiring providers to account to the government only for SAPT funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
g. Provisions allowing providers to employ relevant religious concepts or themes in the substance or content of programs funded by SAPT?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
h. Provisions guaranteeing clients in SAPT-funded programs a comparable and accessible alternative if they object to the religious character of the provider?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
i. Provisions requiring providers to inform clients in SAPT-funded programs that they are entitled to a comparable and accessible alternative if they object to the religious character of the provider?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
j. Provisions requiring providers to apply to any subcontractors receiving SAPT funds the same rules that apply to prime contractors?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
k. Provisions forbidding providers from displaying religious symbols at the location where SAPT-funded services are offered?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
l. Provisions forbidding SAPT-funded providers from using religious standards for determining membership on their governing boards?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
m. Provisions forbidding providers from using religious standards for hiring staff with SAPT funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
n. Provisions forbidding religious congregations (such as churches, synagogues, and mosques) from receiving SAPT funds without establishing separate nonprofit organizations?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
o. Provisions forbidding providers from refusing to serve clients in a SAPT-funded program on the basis of clients' religious affiliation and commitment, or lack thereof?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
p. Provisions forbidding providers from using SAPT funds for religious instruction, worship, or proselytizing?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
q. Provisions forbidding providers from conducting religious instruction, worship, or proselytizing at the same time and in the same location where services are provided with SAPT funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
r. Provisions forbidding SAPT-funded programs from requiring clients to participate in prayers or other inherently religious activities?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
s. Provisions forbidding SAPT-funded programs from inviting clients to participate voluntarily in prayers or other inherently religious activities?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

E2a. Is “always” or “usually” answered for any of the provisions in E2?

- 1 Yes
- 0 No → **GO TO E4**

E3. For the provisions above where you answered “always” or “usually” communicated to faith-based organizations receiving SAPT funds, how many of these provisions are contained explicitly in the **text of the contract or grant agreement** with the organization providing social services?

- 0 None
- 1 Some
- 2 Most
- 3 All

E4. How frequently do officials from your agency inform **both** faith-based providers **and** non-faith-based providers of the rights and responsibilities of faith-based organizations receiving SAPT funds?

- 0 Never
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

E5. For any contract or grant involving SAPT funds, how frequently do staff representing your agency contact **clients** being served by a provider to assess their satisfaction with the services they are receiving?

- 0 Never contact
- 1 Rarely contact
- 2 Occasionally contact
- 3 Usually contact
- 4 Always contact

E6a. For any contract or grant involving SAPT funds, how frequently do staff representing your agency contact **clients** being served by a **faith-based** organization to assess whether they are aware of their right **not** to participate in any religious activities offered by the provider?

- 0 Never contact
- 1 Rarely contact
- 2 Occasionally contact
- 3 Usually contact
- 4 Always contact

E6b. For any contract or grant involving SAPT funds, how frequently do staff representing your agency contact **clients** being served by a **faith-based** organization to assess whether they are aware of their right to an alternative provider if they object to the religious character of their current provider?

- 0 Never contact
- 1 Rarely contact
- 2 Occasionally contact
- 3 Usually contact
- 4 Always contact

E7. For any contract or grant involving SAPT funds, how frequently does your agency communicate to faith-based contractors the procedures that they may follow if they believe their rights in areas such as hiring practices and the display of religious symbols are not being respected?

- 0 Never communicate
- 1 Rarely communicate
- 2 Occasionally communicate
- 3 Usually communicate
- 4 Always communicate

E8. Compared with other social service providers receiving SAPT funding, how likely are faith-based contractors or grant recipients to be monitored for their compliance, performance, and client satisfaction?

- 1 Faith-based less likely to be monitored
- 2 Faith-based equally likely to be monitored
- 3 Faith-based more likely to be monitored

E9. Have staff in your agency ever received any training, workshops, legal guidance, procurement manuals, policy statements or other assistance concerning provisions affecting contracting with faith-based organizations?

- 1 Yes
- 0 No → **GO TO E11**

E10. From whom did staff in the agency receive training on provisions affecting contracting with faith-based organizations?

MARK ALL THAT APPLY

- 1 a federal official or agency
- 2 a state official or agency
- 3 a local official or agency
- 4 a faith community liaison
- 5 a private organization
- 6 other (*Specify*) ↷

E11. How frequently are clients being served by faith-based providers using SAPT funds informed by the provider or agency that they may receive comparable services from an alternative provider if they object to a provider's religious character?

- 0 Never
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

E12. How frequently are SAPT-funded social services paid for through **vouchers** or some other mechanism by which clients may choose from various providers?

- 0 Never → **GO TO E14**
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

E13. How frequently are SAPT-funded social services paid for through vouchers or some other mechanism by which clients may choose from various providers, **including a choice of faith-based providers**?

- 0 Never
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

E14. How much do the **current** policies and practices of your agency regarding faith-based organizations seeking or receiving SAPT funding **differ from** the SAPT policies and practices for the same geographic area . . .

in Fiscal Year 2001?

- 1 Not at all → **GO TO E17**
- 2 Slightly
- 3 Somewhat
- 4 Significantly

E15. In **Fiscal Year 1996?**

- 1 Not at all → **GO TO E17**
- 2 Slightly
- 3 Somewhat
- 4 Significantly

E16. Which of your agency's **current** policies and practices regarding faith-based organizations differ from the SAPT policies and practices for the same geographic area in **Fiscal Year 2001?**


MARK ALL THAT APPLY

- 1 efforts to seek out and identify faith-based organizations without previous experience in contracting with your agency or its predecessor and that may have been ineligible for funding under older rules
- 2 language in RFPs and grant announcements to indicate the rights and responsibilities of faith-based organizations receiving SAPT funding
- 3 language in contracts with social service providers to indicate the rights and responsibilities of faith-based organizations receiving SAPT funding
- 4 efforts to identify and track existing SAPT contracts and grants with faith-based organizations
- 5 guidance for those monitoring SAPT contracts and grants to inform these officials of the rights and responsibilities of faith-based contractors and grant recipients
- 6 other (*Specify*) ↷

- 7 None of the above

E17. Besides federal law, which factors have affected the policies and practices of your agency regarding contracting with faith-based organizations?

MARK ALL THAT APPLY

- 1 relevant provisions in the state constitution
- 2 relevant state laws
- 3 policies and practices within the executive branch of state government
- 4 local laws or ordinances
- 5 outreach activities of a faith community liaison
- 6 other (*Specify*) 

- 7 None of the above

F. Outreach to Prospective Providers

F1. Which of the following groups are responsible for promoting public partnerships with faith-based organizations in your jurisdiction?

MARK YES OR NO FOR EACH

Yes No

- a. a faith community liaison 1 0
- b. a group of regional faith community liaisons 1 0
- c. a statewide office of faith- and community-based initiatives 1 0

F2. Does your agency maintain a list of faith-based organizations that could be potential contractors or grant recipients?


- 1 Yes
- 0 No

F3. How frequently are advertisements, email announcements, mailings, or telephone calls used to inform faith-based organizations of SAPT contracting or grant opportunities?

- 0 Never → **GO TO F5**
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

F4. Is this publicizing of SAPT contracting or grant opportunities provided by any of the following?

MARK ALL THAT APPLY

- 1 the SAPT contracting agency itself
- 2 a representative of a federal agency
- 3 a statewide faith community liaison or office of faith- and community-based initiatives
- 4 a local faith community liaison or office of faith- and community-based initiatives
- 5 a privately funded organization
- 6 other (*Specify*) 

- 7 None of the above

F5. How frequently is **technical assistance** (such as training in the government contracting and grants process, accounting practices, or meeting reporting requirements) provided to faith-based organizations to help compete for contracts or grants involving SAPT funds?

- 0 Never → **GO TO F7**
- 1 Rarely
- 2 Occasionally
- 3 Usually
- 4 Always

F6. Is this **technical assistance** provided by any of the following organizations?

MARK ALL THAT APPLY

- 1 the SAPT contracting agency itself
- 2 a representative of a federal agency
- 3 a statewide faith community liaison or office of faith- and community-based initiatives
- 4 a local faith community liaison or office of faith- and community-based initiatives
- 5 a privately funded organization
- 6 other (*Specify*) ↷

F7. Please indicate which of the following things your agency (or its predecessor) has done, since Fiscal Year 2001, to promote broader participation by faith-based organizations.

MARK YES OR NO FOR EACH

- | | <u>Yes</u> | <u>No</u> | <u>Don't Know</u> |
|--|----------------------------|----------------------------|----------------------------|
| a. Reduced the dollar amount of some individual SAPT contracts | 1 <input type="checkbox"/> | o <input type="checkbox"/> | d <input type="checkbox"/> |
| b. Reduced some paperwork requirements for obtaining SAPT contracts and grants..... | 1 <input type="checkbox"/> | o <input type="checkbox"/> | d <input type="checkbox"/> |
| c. Modified past performance requirements for obtaining SAPT contracts and grants..... | 1 <input type="checkbox"/> | o <input type="checkbox"/> | d <input type="checkbox"/> |
| d. Eliminated or modified performance requirements..... | 1 <input type="checkbox"/> | o <input type="checkbox"/> | d <input type="checkbox"/> |

F8. Please describe anything else your agency has done to promote broader participation by faith-based organizations in SAPT contracts or grants?

G. Perspectives on Hypothetical Providers

The following situations refer to a **hypothetical** bidder on a standard contract or grant supported with SAPT funds. Please assume that every other characteristic of the bidder is the same as its hypothetical competitors.

How would a hypothetical bidder's chances of obtaining SAPT funding be affected if, **all else being equal**, it had the following characteristic or exhibited the following behavior . . .

		GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G1.	The organization has experience delivering social services but no prior experience contracting with the government?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G2.	The organization is a religious congregation that lacks a separate nonprofit corporation to administer services with SAPT funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G3.	The organization displays religious symbols, such as religious images or teachings, at the location where SAPT-funded services would be offered?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G4.	The organization uses religious standards of belief and behavior for hiring and retaining staff whose salaries would be paid with SAPT funds?.....	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
		GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G5.	The organization hires for a SAPT-funded program staff whose training does not meet state or local certification requirements, but does have experience in faith-based programs "comparable" to that necessary to meet state or local requirements?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G6.	The organization, because of religious convictions, would choose not to hire persons to work for the SAPT-funded program on account of their sexual orientation?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G7.	The SAPT-funded program would not serve some clients on the basis of their religious affiliation and commitment, or lack thereof?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G8.	The organization would use what it views as relevant religious concepts or themes in the substance of the program funded by SAPT?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

How would a hypothetical bidder's chances of obtaining SAPT funding be affected if, **all else being equal**, it had the following characteristic or exhibited the following behavior . . .

	GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G9. The organization would use SAPT funds for religious instruction, worship, or proselytizing?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G10. The organization would offer privately funded religious instruction, worship, or proselytizing at the same time and in the same location where services would be provided with SAPT funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G11. The organization would offer privately funded religious instruction, worship, or proselytizing at a different time or in a different location than where services would be provided with SAPT funds?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G12. The organization would require clients in the SAPT-funded program to participate in prayers or other inherently religious activities?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G13. The organization would invite clients to participate voluntarily in prayers or other inherently religious activities that would not affect their status in the SAPT-funded program?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
	GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G14. Provider staff working for the SAPT-funded program would be available to discuss religious topics and themes with clients who initiate these discussions?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G15. The organization is committed to the spiritual transformation of clients in the SAPT-funded program, and clients would have a choice of a comparable and accessible alternative provider if they object?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G16. The organization is committed to the spiritual transformation of clients in the SAPT-funded program, and clients would not have a choice of a comparable and accessible alternative provider if they object?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G17. The organization is committed to the conversion of clients in the SAPT-funded program to a particular religion, and clients would have a choice of a comparable and accessible alternative provider if they object?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

How would a hypothetical bidder's chances of obtaining SAPT funding be affected if, **all else being equal**, it had the following characteristic or exhibited the following behavior . . .

	GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G18. The organization is committed to the conversion of clients in the SAPT-funded program to a particular religion, and clients would not have a choice of a comparable and accessible alternative provider if they object?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G19. The organization is Catholic and would use SAPT funds to serve, regardless of client religious affiliation, a population that is predominantly Catholic?.....	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G20. The organization is Catholic and would use SAPT funds to serve, regardless of client religious affiliation, a population that is predominantly non-Catholic?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G21. The organization is Jewish and would use SAPT funds to serve, regardless of client religious affiliation, a population including many Jewish clients?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G22. The organization is Jewish and would use SAPT funds to serve, regardless of client religious affiliation, a population that is predominantly non-Jewish?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
	GREATLY ADVANTAGED	SOMEWHAT ADVANTAGED	NEITHER ADVANTAGED NOR DIMINISHED	SOMEWHAT DIMINISHED	GREATLY DIMINISHED
G23. The organization is Mormon (Latter Day Saint) and would use SAPT funds to serve, regardless of client religious affiliation, a population including many Mormon (Latter Day Saint) clients?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G24. The organization is Mormon (Latter Day Saint) and would use SAPT funds to serve, regardless of client religious affiliation, a population that is predominantly non-Mormon (Latter Day Saint)?...	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G25. The organization is Muslim and would use SAPT funds to serve, regardless of client religious affiliation, a population including many Muslim clients?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
G26. The organization is Muslim and would use SAPT funds to serve, regardless of client religious affiliation, a population that is predominantly non-Muslim?	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

H. Conclusion

H1. Please estimate the number of people in your agency who assisted you in completing sections A through G of the survey.

|_|_| NUMBER OF PEOPLE

H2. **If possible, please include with your completed questionnaire a copy of a sample contract or grant agreement of the kind that your agency uses when funding FBOs to provide social services under SAPT.**

Thank you for your time. Your answers will be very helpful for this study.

**Charitable Choice Survey
Mathematica Policy Research, Inc.
600 Alexander Park
Princeton, NJ 08540**

**Please estimate the total amount of time
necessary to complete the survey.**

|_|_| LENGTH

1 Minutes

2 Hours

APPENDIX C

**ADDITIONAL TABLES ON FBO AND AGENCY
CHARACTERISTICS AND PERSPECTIVES**

APPENDIX TABLE C.1

RESPONSES FOR FBOs WORKING WITH AGENCIES THAT USUALLY OR ALWAYS INFORM FBOs OF CONTRACTING OPPORTUNITIES

FBO Characteristic or Perspective	Percent for FBOs With This Kind of Agency	Percent for FBOs Without This Kind of Agency	Difference	Statistical Significance
Contracting Experiences				
Agency sought out the FBO for its current contract	68.3%	68.8%	-0.5%	
Government contractor prior to 1996	44.2%	37.8%	6.4%	
At least somewhat difficult to apply	39.0%	43.8%	-4.7%	
Very positive contracting experience	47.7%	48.1%	-0.5%	
Would seek government funding again	94.5%	85.4%	9.1%	**
At least somewhat burdensome reporting requirements	70.3%	72.8%	-2.5%	
At least some deal of government intrusion	32.5%	40.5%	-8.0%	
Familiar with Charitable Choice rules	53.2%	46.3%	6.8%	
Charitable Choice rules included explicitly in contract	17.7%	24.7%	-7.0%	
Religious Identity				
Religious congregation	28.5%	13.3%	15.2%	***
FBO's mission statement is explicitly religious	62.0%	40.7%	21.3%	***
Faith affiliation is irrelevant for FBO's program	16.7%	26.0%	-9.4%	
Faith commitments are explicit in the program	39.5%	23.3%	16.2%	**
Spiritual transformation is important for program outcomes	71.4%	67.1%	4.4%	
Very important the FBOs be able to display religious symbols	51.6%	44.3%	7.3%	
Very important that agency not fund inherently religious activities	54.0%	50.0%	4.0%	
Segregate government funds from other funds	56.2%	51.8%	4.3%	
Hold inherently religious activities at other times or locations	50.0%	53.0%	-3.0%	
Do not bill for hours spent on inherently religious activities	56.9%	62.7%	-5.7%	
Religious Staffing				
Very important for FBOs to be able to hire on the basis of faith	36.7%	39.5%	-2.8%	
Hiring decisions include consideration of faith commitments	34.1%	26.9%	7.2%	
Most or all of paid program staff share the faith of the FBO	59.7%	46.7%	13.0%	*
Most or all of program volunteers share the faith of the FBO	59.5%	50.6%	8.9%	
Very important that FBO control its board membership	74.2%	62.5%	11.7%	*
Members of board share faith commitments of FBO	64.2%	56.6%	7.6%	
Respect for Religious Freedom of Clients				
Train staff about in/appropriate ways to share their faith	14.6%	27.7%	-13.1%	**
FBO staff are available to discuss spiritual matters with clients	76.7%	65.0%	11.7%	*
Staff seek personal involvement with clients regarding faith	30.7%	19.2%	11.5%	*
Clients are invited to religious activities outside of program	28.7%	19.5%	9.2%	
FBO offers clients optional, voluntary religious programming	55.0%	40.7%	14.3%	**
Program includes religious element but clients can opt-out	31.2%	33.8%	-2.6%	
Faith elements are integrated into program content	15.8%	15.1%	0.7%	
Faith components of program are mandatory for clients	0.9%	0.0%	0.9%	
Very important that participation in religious activities be voluntary	77.6%	79.0%	-1.4%	
Very important for clients to have alternative provider	43.8%	62.2%	-18.4%	***
Notify clients of right to choose alternative provider	70.0%	75.9%	-5.9%	
Sample Size	130 (61%)	83 (39%)		

* = 0.10 level of statistical significance

** = 0.05 level

*** = 0.01 level

APPENDIX TABLE C.2

RESPONSES FOR FBOs WORKING WITH AGENCIES THAT USUALLY OR ALWAYS INFORM
FAITH-BASED CONTRACTORS OF MOST CHARITABLE CHOICE RULES

FBO Characteristic or Perspective	Percent for FBOs With This Kind of Agency	Percent for FBOs Without This Kind of Agency	Difference	Statistical Significance
Contracting Experiences				
Agency sought out the FBO for its current contract	75.0%	63.2%	11.8%	*
Government contractor prior to 1996	30.9%	50.4%	-19.6%	***
At least somewhat difficult to apply	35.6%	45.1%	-9.6%	
Very positive contracting experience	49.5%	46.6%	2.9%	
Would seek government funding again	89.2%	92.2%	-3.0%	
At least somewhat burdensome reporting requirements	63.4%	77.6%	-14.1%	**
At least some deal of government intrusion	31.9%	38.6%	-6.7%	
Familiar with Charitable Choice rules	46.7%	53.4%	-6.7%	
Charitable Choice rules included explicitly in contract	18.6%	22.0%	-3.4%	
Religious Identity				
Religious congregation	36.5%	11.1%	25.3%	***
FBO's mission statement is explicitly religious	56.8%	51.3%	5.5%	
Faith affiliation is irrelevant for FBO's program	22.1%	18.8%	3.3%	
Faith commitments are explicit in the program	33.7%	32.7%	1.0%	
Spiritual transformation is important for program outcomes	69.1%	70.2%	-1.0%	
Very important the FBOs be able to display religious symbols	47.3%	50.0%	-2.7%	
Very important that agency not fund inherently religious activities	47.8%	56.4%	-8.5%	
Segregate government funds from other funds	58.3%	51.3%	7.1%	
Hold inherently religious activities at other times or locations	56.3%	47.0%	9.2%	
Do not bill for hours spent on inherently religious activities	53.1%	64.1%	-11.0%	
Religious Staffing				
Very important for FBOs to be able to hire on the basis of faith	31.2%	43.1%	-11.9%	*
Hiring decisions include consideration of faith commitments	30.4%	32.2%	-1.7%	
Most or all of paid program staff share the faith of the FBO	57.5%	52.7%	4.8%	
Most or all of program volunteers share the faith of the FBO	61.8%	51.8%	10.0%	
Very important that FBO control its board membership	73.0%	67.0%	6.1%	
Members of board share faith commitments of FBO	67.8%	56.3%	11.6%	*
Respect for Religious Freedom of Clients				
Train staff about in/appropriate ways to share their faith	21.9%	17.9%	3.9%	
FBO staff are available to discuss spiritual matters with clients	75.5%	69.6%	6.0%	
Staff seek personal involvement with clients regarding faith	26.7%	25.7%	1.0%	
Clients are invited to religious activities outside of program	24.5%	25.6%	-1.2%	
FBO offers clients optional, voluntary religious programming	50.0%	49.1%	0.9%	
Program includes religious element but clients can opt-out	33.0%	31.5%	1.4%	
Faith elements are integrated into program content	12.8%	17.8%	-5.0%	
Faith components of program are mandatory for clients	0.0%	1.0%	-1.0%	
Very important that participation in religious activities be voluntary	76.1%	79.8%	-3.7%	
Very important for clients to have alternative provider	50.5%	51.3%	-0.8%	
Notify clients of right to choose alternative provider	68.8%	75.2%	-6.5%	
Sample Size	96 (45%)	117 (55%)		

* = 0.10 level of statistical significance

** = 0.05 level

*** = 0.01 level

APPENDIX TABLE C.3

RESPONSES FOR FBOs WORKING WITH AGENCIES THAT PUT CHARITABLE CHOICE
RULES IN CONTRACTS RATHER THAN RELYING ON OTHER
COMMUNICATION ONLY

FBO Characteristic or Perspective	Percent for FBOs With This Kind of Agency	Percent for FBOs Without This Kind of Agency	Difference	Statistical Significance
Contracting Experiences				
Agency sought out the FBO for its current contract	69.2%	82.5%	-13.3%	
Government contractor prior to 1996	41.2%	18.6%	22.6%	**
At least somewhat difficult to apply	36.0%	35.0%	1.0%	
Very positive contracting experience	50.0%	48.8%	1.2%	
Would seek government funding again	86.5%	92.7%	-6.1%	
At least somewhat burdensome reporting requirements	75.0%	48.8%	26.2%	***
At least some deal of government intrusion	42.0%	19.5%	22.5%	**
Familiar with Charitable Choice rules	38.5%	57.5%	-19.0%	*
Charitable Choice rules included explicitly in contract	18.4%	18.9%	-0.6%	
Religious Identity				
Religious congregation	15.1%	62.8%	-47.7%	***
FBO's mission statement is explicitly religious	53.8%	60.5%	-6.6%	
Faith affiliation is irrelevant for FBO's program	22.9%	21.1%	1.9%	
Faith commitments are explicit in the program	20.8%	50.0%	-29.2%	***
Spiritual transformation is important for program outcomes	57.7%	83.3%	-25.6%	***
Very important the FBOs be able to display religious symbols	45.1%	50.0%	-4.9%	
Very important that agency not fund inherently religious activities	51.0%	43.9%	7.1%	
Segregate government funds from other funds	54.7%	62.8%	-8.1%	
Hold inherently religious activities at other times or locations	62.3%	48.8%	13.4%	
Do not bill for hours spent on inherently religious activities	62.3%	41.9%	20.4%	**
Religious Staffing				
Very important for FBOs to be able to hire on the basis of faith	28.8%	34.1%	-5.3%	
Hiring decisions include consideration of faith commitments	24.0%	38.1%	-14.1%	
Most or all of paid program staff share the faith of the FBO	40.4%	77.5%	-37.1%	***
Most or all of program volunteers share the faith of the FBO	50.0%	75.6%	-25.6%	**
Very important that FBO control its board membership	66.7%	81.6%	-14.9%	
Members of board share faith commitments of FBO	60.4%	76.9%	-16.5%	*
Respect for Religious Freedom of Clients				
Train staff about in/appropriate ways to share their faith	34.0%	7.0%	27.0%	***
FBO staff are available to discuss spiritual matters with clients	63.5%	90.5%	-27.0%	***
Staff seek personal involvement with clients regarding faith	14.6%	42.1%	-27.5%	***
Clients are invited to religious activities outside of program	15.4%	35.7%	-20.3%	**
FBO offers clients optional, voluntary religious programming	38.5%	64.3%	-25.8%	**
Program includes religious element but clients can opt-out	28.6%	38.1%	-9.5%	
Faith elements are integrated into program content	14.6%	10.5%	4.1%	
Faith components of program are mandatory for clients	0.0%	0.0%	0.0%	
Very important that participation in religious activities be voluntary	82.7%	67.5%	15.2%	
Very important for clients to have alternative provider	52.8%	47.6%	5.2%	
Notify clients of right to choose alternative provider	79.2%	55.8%	23.4%	**
Sample Size	53 (55%)	43 (45%)		

* = 0.10 level of statistical significance

** = 0.05 level

*** = 0.01 level

APPENDIX TABLE C.4

RESPONSES FOR FBOs WORKING WITH AGENCIES THAT RELY ON MEANS OTHER THAN THE
CONTRACT ITSELF TO COMMUNICATE MOST CHARITABLE CHOICE PROVISIONS
REGULARLY TO FAITH-BASED PROVIDERS

FBO Characteristic or Perspective	Percent for FBOs With This Kind of Agency	Percent for FBOs Without This Kind of Agency	Difference	Statistical Significance
Contracting Experiences				
Agency sought out the FBO for its current contract	82.5%	65.1%	17.4%	**
Government contractor prior to 1996	18.6%	47.6%	-29.0%	***
At least somewhat difficult to apply	35.0%	42.3%	-7.3%	
Very positive contracting experience	48.8%	47.6%	1.2%	
Would seek government funding again	92.7%	90.5%	2.2%	
At least somewhat burdensome reporting requirements	48.8%	76.8%	-28.0%	***
At least some deal of government intrusion	19.5%	39.6%	-20.1%	***
Familiar with Charitable Choice rules	57.5%	48.8%	8.7%	
Charitable Choice rules included explicitly in contract	18.9%	20.8%	-1.9%	
Religious Identity				
Religious congregation	62.8%	12.4%	50.4%	***
FBO's mission statement is explicitly religious	60.5%	52.1%	8.4%	
Faith affiliation is irrelevant for FBO's program	21.1%	20.1%	0.9%	
Faith commitments are explicit in the program	50.0%	28.9%	21.1%	**
Spiritual transformation is important for program outcomes	83.3%	66.3%	17.1%	**
Very important the FBOs be able to display religious symbols	50.0%	48.5%	1.5%	
Very important that agency not fund inherently religious activities	43.9%	54.7%	-10.8%	
Segregate government funds from other funds	62.8%	52.4%	10.4%	
Hold inherently religious activities at other times or locations	48.8%	51.8%	-2.9%	
Do not bill for hours spent on inherently religious activities	41.9%	63.5%	-21.7%	**
Religious Staffing				
Very important for FBOs to be able to hire on the basis of faith	34.1%	38.7%	-4.5%	
Hiring decisions include consideration of faith commitments	38.1%	29.7%	8.4%	
Most or all of paid program staff share the faith of the FBO	77.5%	49.1%	28.4%	***
Most or all of program volunteers share the faith of the FBO	75.6%	51.2%	24.4%	***
Very important that FBO control its board membership	81.6%	66.9%	14.7%	**
Members of board share faith commitments of FBO	76.9%	57.5%	19.4%	**
Respect for Religious Freedom of Clients				
Train staff about in/appropriate ways to share their faith	7.0%	22.9%	-16.0%	***
FBO staff are available to discuss spiritual matters with clients	90.5%	67.7%	22.8%	***
Staff seek personal involvement with clients regarding faith	42.1%	22.1%	20.0%	**
Clients are invited to religious activities outside of program	35.7%	22.5%	13.2%	
FBO offers clients optional, voluntary religious programming	64.3%	45.8%	18.5%	**
Program includes religious element but clients can opt-out	38.1%	30.6%	7.5%	
Faith elements are integrated into program content	10.5%	16.8%	-6.3%	
Faith components of program are mandatory for clients	0.0%	0.7%	-0.7%	
Very important that participation in religious activities be voluntary	67.5%	80.7%	-13.2%	
Very important for clients to have alternative provider	47.6%	51.8%	-4.2%	
Notify clients of right to choose alternative provider	55.8%	76.5%	-20.7%	**
Sample Size	43 (20%)	170 (80%)		

* = 0.10 level of statistical significance

** = 0.05 level

*** = 0.01 level

APPENDIX TABLE C.5

RESPONSES FOR FBOs WORKING WITH AGENCIES THAT USUALLY OR ALWAYS
INFORM FBOs OF A GRIEVANCE PROCESS TO SAFEGUARD FBO RIGHTS

FBO Characteristic or Perspective	Percent for FBOs With This Kind of Agency	Percent for FBOs Without This Kind of Agency	Difference	Statistical Significance
Contracting Experiences				
Agency sought out the FBO for its current contract	75.0%	62.5%	12.5%	*
Government contractor prior to 1996	30.8%	54.1%	-23.2%	***
At least somewhat difficult to apply	40.8%	41.1%	-0.3%	
Very positive contracting experience	47.7%	45.9%	1.7%	
Would seek government funding again	86.8%	94.8%	-8.1%	**
At least somewhat burdensome reporting requirements	63.8%	78.6%	-14.8%	**
At least some deal of government intrusion	32.7%	37.5%	-4.8%	
Familiar with Charitable Choice rules	48.6%	53.6%	-5.0%	
Charitable Choice rules included explicitly in contract	18.8%	22.4%	-3.6%	
Religious Identity				
Religious congregation	34.9%	10.2%	24.7%	***
FBO's mission statement is explicitly religious	49.5%	56.7%	-7.2%	
Faith affiliation is irrelevant for FBO's program	22.7%	19.0%	3.6%	
Faith commitments are explicit in the program	29.9%	36.9%	-7.0%	
Spiritual transformation is important for program outcomes	69.2%	71.6%	-2.4%	
Very important the FBOs be able to display religious symbols	45.7%	51.0%	-5.3%	
Very important that agency not fund inherently religious activities	47.6%	57.0%	-9.4%	
Segregate government funds from other funds	55.0%	54.1%	1.0%	
Hold inherently religious activities at other times or locations	53.2%	48.0%	5.3%	
Do not bill for hours spent on inherently religious activities	56.0%	63.3%	-7.3%	
Religious Staffing				
Very important for FBOs to be able to hire on the basis of faith	31.4%	46.9%	-15.5%	**
Hiring decisions include consideration of faith commitments	29.5%	33.3%	-3.8%	
Most or all of paid program staff share the faith of the FBO	55.6%	55.3%	0.2%	
Most or all of program volunteers share the faith of the FBO	60.4%	52.1%	8.3%	
Very important that FBO control its board membership	70.3%	69.1%	1.2%	
Members of board share faith commitments of FBO	63.6%	60.0%	3.6%	
Respect for Religious Freedom of Clients				
Train staff about in/appropriate ways to share their faith	19.3%	19.4%	-0.1%	
FBO staff are available to discuss spiritual matters with clients	71.4%	74.5%	-3.1%	
Staff seek personal involvement with clients regarding faith	23.7%	28.6%	-4.9%	
Clients are invited to religious activities outside of program	24.3%	26.5%	-2.2%	
FBO offers clients optional, voluntary religious programming	49.1%	51.0%	-2.0%	
Program includes religious element but clients can opt-out	31.7%	32.3%	-0.5%	
Faith elements are integrated into program content	10.3%	20.2%	-9.9%	*
Faith components of program are mandatory for clients	0.0%	1.2%	-1.2%	
Very important that participation in religious activities be voluntary	75.0%	80.2%	-5.2%	
Very important for clients to have alternative provider	51.4%	50.5%	0.9%	
Notify clients of right to choose alternative provider	67.9%	75.5%	-7.6%	
Sample Size	109 (53%)	98 (47%)		

* = 0.10 level of statistical significance

** = 0.05 level

*** = 0.01 level

APPENDIX TABLE C.6

RESPONSES FOR FBOs WORKING WITH AGENCIES THAT USUALLY OR ALWAYS
CONTACT CLIENTS TO SAFEGUARD THEIR RELIGIOUS FREEDOM RIGHTS

FBO Characteristic or Perspective	Percent for FBOs With This Kind of Agency	Percent for FBOs Without This Kind of Agency	Difference	Statistical Significance
Contracting Experiences				
Agency sought out the FBO for its current contract	54.5%	71.1%	-16.6%	*
Government contractor prior to 1996	37.5%	42.5%	-5.0%	
At least somewhat difficult to apply	50.0%	39.2%	10.8%	
Very positive contracting experience	59.4%	45.8%	13.6%	
Would seek government funding again	93.9%	90.3%	3.6%	
At least somewhat burdensome reporting requirements	72.7%	71.0%	1.7%	
At least some deal of government intrusion	40.6%	34.7%	5.9%	
Familiar with Charitable Choice rules	43.8%	51.7%	-8.0%	
Charitable Choice rules included explicitly in contract	23.3%	19.9%	3.5%	
Religious Identity				
Religious congregation	6.1%	25.6%	-19.5%	***
FBO's mission statement is explicitly religious	56.3%	53.4%	2.9%	
Faith affiliation is irrelevant for FBO's program	10.0%	22.3%	-12.3%	*
Faith commitments are explicit in the program	26.7%	34.4%	-7.7%	
Spiritual transformation is important for program outcomes	69.7%	69.7%	0.0%	
Very important the FBOs be able to display religious symbols	61.3%	46.6%	14.7%	
Very important that agency not fund inherently religious activities	53.1%	52.4%	0.8%	
Segregate government funds from other funds	51.5%	55.0%	-3.5%	
Hold inherently religious activities at other times or locations	60.6%	49.4%	11.2%	
Do not bill for hours spent on inherently religious activities	57.6%	59.4%	-1.9%	
Religious Staffing				
Very important for FBOs to be able to hire on the basis of faith	27.3%	39.8%	-12.5%	
Hiring decisions include consideration of faith commitments	27.3%	32.2%	-4.9%	
Most or all of paid program staff share the faith of the FBO	48.5%	56.0%	-7.5%	
Most or all of program volunteers share the faith of the FBO	50.0%	57.2%	-7.2%	
Very important that FBO control its board membership	71.9%	69.2%	2.7%	
Members of board share faith commitments of FBO	53.3%	62.7%	-9.4%	
Respect for Religious Freedom of Clients				
Train staff about in/appropriate ways to share their faith	30.3%	17.8%	12.5%	
FBO staff are available to discuss spiritual matters with clients	59.4%	74.6%	-15.2%	
Staff seek personal involvement with clients regarding faith	26.7%	26.1%	0.6%	
Clients are invited to religious activities outside of program	21.2%	25.8%	-4.6%	
FBO offers clients optional, voluntary religious programming	33.3%	52.5%	-19.2%	**
Program includes religious element but clients can opt-out	35.5%	31.6%	3.9%	
Faith elements are integrated into program content	20.0%	14.6%	5.4%	
Faith components of program are mandatory for clients	0.0%	0.6%	-0.6%	
Very important that participation in religious activities be voluntary	84.8%	76.9%	8.0%	
Very important for clients to have alternative provider	60.6%	49.2%	11.5%	
Notify clients of right to choose alternative provider	90.9%	68.9%	22.0%	***
Sample Size	33 (15%)	180 (85%)		

* = 0.10 level of statistical significance

** = 0.05 level

*** = 0.01 level

APPENDIX TABLE C.7

RESPONSES FOR FBOs WORKING WITH AGENCIES REPORTING THAT CONGREGATIONS
WITHOUT 501(C)3 STATUS ARE AT A DISADVANTAGE

FBO Characteristic or Perspective	Percent for FBOs With This Kind of Agency	Percent for FBOs Without This Kind of Agency	Difference	Statistical Significance
Contracting Experiences				
Agency sought out the FBO for its current contract	68.4%	68.5%	-0.2%	
Government contractor prior to 1996	47.6%	36.1%	11.5%	*
At least somewhat difficult to apply	39.2%	42.5%	-3.3%	
Very positive contracting experience	48.5%	47.2%	1.3%	
Would seek government funding again	96.0%	86.1%	9.9%	**
At least somewhat burdensome reporting requirements	68.3%	74.1%	-5.8%	
At least some deal of government intrusion	36.0%	35.2%	0.8%	
Familiar with Charitable Choice rules	48.0%	52.8%	-4.8%	
Charitable Choice rules included explicitly in contract	15.9%	24.5%	-8.6%	
Religious Identity				
Religious congregation	31.1%	14.5%	16.5%	***
FBO's mission statement is explicitly religious	63.7%	44.4%	19.3%	***
Faith affiliation is irrelevant for FBO's program	18.7%	21.9%	-3.2%	
Faith commitments are explicit in the program	46.2%	20.8%	25.3%	***
Spiritual transformation is important for program outcomes	72.3%	67.3%	5.0%	
Very important the FBOs be able to display religious symbols	52.4%	45.2%	7.2%	
Very important that agency not fund inherently religious activities	53.6%	51.4%	2.2%	
Segregate government funds from other funds	56.3%	52.7%	3.6%	
Hold inherently religious activities at other times or locations	46.6%	55.5%	-8.9%	
Do not bill for hours spent on inherently religious activities	52.4%	65.5%	-13.0%	*
Religious Staffing				
Very important for FBOs to be able to hire on the basis of faith	41.6%	34.3%	7.3%	
Hiring decisions include consideration of faith commitments	35.6%	27.4%	8.3%	
Most or all of paid program staff share the faith of the FBO	60.6%	49.0%	11.6%	
Most or all of program volunteers share the faith of the FBO	59.8%	52.5%	7.3%	
Very important that FBO control its board membership	73.7%	65.7%	8.0%	
Members of board share faith commitments of FBO	68.0%	54.9%	13.1%	*
Respect for Religious Freedom of Clients				
Train staff about in/appropriate ways to share their faith	20.4%	19.1%	1.3%	
FBO staff are available to discuss spiritual matters with clients	81.4%	63.6%	17.8%	***
Staff seek personal involvement with clients regarding faith	35.2%	17.7%	17.5%	***
Clients are invited to religious activities outside of program	33.3%	17.4%	15.9%	***
FBO offers clients optional, voluntary religious programming	58.8%	40.7%	18.1%	***
Program includes religious element but clients can opt-out	39.6%	25.5%	14.1%	**
Faith elements are integrated into program content	17.6%	13.5%	4.0%	
Faith components of program are mandatory for clients	0.0%	1.0%	-1.0%	
Very important that participation in religious activities be voluntary	76.8%	79.4%	-2.7%	
Very important for clients to have alternative provider	45.5%	56.0%	-10.4%	
Notify clients of right to choose alternative provider	68.9%	75.5%	-6.5%	
Sample Size	103 (46%)	110 (54%)		

* = 0.10 level of statistical significance

** = 0.05 level

*** = 0.01 level

APPENDIX TABLE C.8

RESPONSES FOR FBOs WORKING WITH AGENCIES REPORTING THAT FBOs COMMITTED TO
RELIGIOUS CONVERSIONS ARE AT A DISADVANTAGE, EVEN WITH CLIENT CHOICE

FBO Characteristic or Perspective	Percent for FBOs With This Kind of Agency	Percent for FBOs Without This Kind of Agency	Difference	Statistical Significance
Contracting Experiences				
Agency sought out the FBO for its current contract	64.4%	66.7%	-2.3%	
Government contractor prior to 1996	41.6%	59.7%	-18.1%	**
At least somewhat difficult to apply	40.4%	39.0%	1.4%	
Very positive contracting experience	47.5%	51.6%	-4.1%	
Would seek government funding again	89.1%	95.2%	-6.1%	
At least somewhat burdensome reporting requirements	78.4%	69.4%	9.1%	
At least some deal of government intrusion	38.8%	35.5%	3.3%	
Familiar with Charitable Choice rules	46.1%	50.8%	-4.7%	
Charitable Choice rules included explicitly in contract	20.2%	24.1%	-3.9%	
Religious Identity				
Religious congregation	12.6%	8.1%	4.6%	
FBO's mission statement is explicitly religious	49.5%	62.3%	-12.8%	
Faith affiliation is irrelevant for FBO's program	21.5%	17.3%	4.2%	
Faith commitments are explicit in the program	26.9%	38.5%	-11.6%	
Spiritual transformation is important for program outcomes	68.0%	67.2%	0.8%	
Very important the FBOs be able to display religious symbols	49.5%	52.5%	-3.0%	
Very important that agency not fund inherently religious activities	50.5%	63.8%	-13.3%	
Segregate government funds from other funds	55.3%	46.8%	8.6%	
Hold inherently religious activities at other times or locations	54.4%	45.2%	9.2%	
Do not bill for hours spent on inherently religious activities	61.2%	67.7%	-6.6%	
Religious Staffing				
Very important for FBOs to be able to hire on the basis of faith	37.3%	45.9%	-8.6%	
Hiring decisions include consideration of faith commitments	24.5%	38.7%	-14.2%	*
Most or all of paid program staff share the faith of the FBO	45.7%	55.0%	-9.3%	
Most or all of program volunteers share the faith of the FBO	48.5%	55.0%	-6.5%	
Very important that FBO control its board membership	68.0%	65.6%	2.4%	
Members of board share faith commitments of FBO	55.8%	61.7%	-5.9%	
Respect for Religious Freedom of Clients				
Train staff about in/appropriate ways to share their faith	26.2%	17.7%	8.5%	
FBO staff are available to discuss spiritual matters with clients	65.3%	75.4%	-10.1%	
Staff seek personal involvement with clients regarding faith	23.7%	25.0%	-1.3%	
Clients are invited to religious activities outside of program	18.6%	30.6%	-12.0%	*
FBO offers clients optional, voluntary religious programming	39.2%	57.4%	-18.2%	**
Program includes religious element but clients can opt-out	29.9%	34.5%	-4.6%	
Faith elements are integrated into program content	19.4%	15.4%	4.0%	
Faith components of program are mandatory for clients	1.1%	0.0%	1.1%	
Very important that participation in religious activities be voluntary	80.2%	83.3%	-3.1%	
Very important for clients to have alternative provider	55.3%	48.3%	7.0%	
Notify clients of right to choose alternative provider	76.7%	74.2%	2.5%	
Sample Size	103 (62%)	62 (38%)		

* = 0.10 level of statistical significance

** = 0.05 level

*** = 0.01 level

APPENDIX TABLE C.9

RESPONSES FOR FBOs WORKING WITH AGENCIES REPORTING THAT FBOs HIRING
OR RETAINING STAFF ON THE BASIS OF FAITH ARE AT A DISADVANTAGE

FBO Characteristic or Perspective	Percent for FBOs With This Kind of Agency	Percent for FBOs Without This Kind of Agency	Difference	Statistical Significance
Contracting Experiences				
Agency sought out the FBO for its current contract	67.6%	68.7%	-1.1%	
Government contractor prior to 1996	45.0%	39.0%	6.0%	
At least somewhat difficult to apply	41.3%	39.2%	2.2%	
Very positive contracting experience	48.6%	48.0%	0.6%	
Would seek government funding again	94.4%	88.0%	6.4%	
At least somewhat burdensome reporting requirements	67.9%	74.3%	-6.3%	
At least some deal of government intrusion	34.0%	36.1%	-2.1%	
Familiar with Charitable Choice rules	54.7%	45.0%	9.7%	
Charitable Choice rules included explicitly in contract	16.7%	22.3%	-5.7%	
Religious Identity				
Religious congregation	31.2%	11.8%	19.4%	***
FBO's mission statement is explicitly religious	59.3%	48.0%	11.3%	
Faith affiliation is irrelevant for FBO's program	19.1%	22.0%	-2.8%	
Faith commitments are explicit in the program	45.7%	20.9%	24.9%	***
Spiritual transformation is important for program outcomes	73.8%	65.7%	8.2%	
Very important the FBOs be able to display religious symbols	51.4%	46.9%	4.5%	
Very important that agency not fund inherently religious activities	51.0%	53.1%	-2.1%	
Segregate government funds from other funds	56.9%	51.0%	5.9%	
Hold inherently religious activities at other times or locations	46.8%	54.9%	-8.1%	
Do not bill for hours spent on inherently religious activities	56.9%	61.8%	-4.9%	
Religious Staffing				
Very important for FBOs to be able to hire on the basis of faith	43.9%	32.0%	11.9%	*
Hiring decisions include consideration of faith commitments	38.3%	23.5%	14.8%	**
Most or all of paid program staff share the faith of the FBO	64.8%	42.4%	22.4%	***
Most or all of program volunteers share the faith of the FBO	62.0%	48.4%	13.6%	*
Very important that FBO control its board membership	73.3%	66.0%	7.4%	
Members of board share faith commitments of FBO	67.6%	54.3%	13.3%	*
Respect for Religious Freedom of Clients				
Train staff about in/appropriate ways to share their faith	18.3%	21.6%	-3.2%	
FBO staff are available to discuss spiritual matters with clients	82.4%	61.6%	20.8%	***
Staff seek personal involvement with clients regarding faith	35.1%	17.6%	17.5%	***
Clients are invited to religious activities outside of program	35.2%	14.9%	20.3%	***
FBO offers clients optional, voluntary religious programming	60.2%	38.0%	22.2%	***
Program includes religious element but clients can opt-out	38.8%	25.8%	13.1%	**
Faith elements are integrated into program content	16.0%	15.4%	0.6%	
Faith components of program are mandatory for clients	0.0%	1.1%	-1.1%	
Very important that participation in religious activities be voluntary	74.3%	82.8%	-8.5%	
Very important for clients to have alternative provider	45.8%	56.4%	-10.6%	
Notify clients of right to choose alternative provider	69.7%	74.5%	-4.8%	
Sample Size	109 (52%)	102 (48%)		

* = 0.10 level of statistical significance

** = 0.05 level

*** = 0.01 level

