

Charitable Choice: A Primer for Faith-Based Organizations

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What is Charitable Choice?

The Charitable Choice provision of Congress's welfare reform legislation actively encouraged states to include faith-based organizations in these public/private partnerships. It required that, whenever states contract with agencies in the private sector to offer support services for welfare recipients, faith-based organizations must be eligible to compete for these contracts.

To guard against fears that faith-based organizations might lose their religious identities when they provide publicly-funded services for recipients, Charitable Choice offers a series of protective measures. For example, Charitable Choice allows faith-based organizations to:

- Display religious symbols and other religious objects in the facilities where services are being offered.
- Use approaches that emphasize character and values.
- Use religious criteria in employing staff.
- Maintain separate contract-related financial records in order to restrict the scope of potential audits.

Charitable Choice protects the rights of recipients by assuring that:

- Recipients cannot be denied services for religious reasons.
- Recipients cannot be required to participate in worship and/or religious education activities as a part of the services being offered.
- Faith-based organizations cannot attempt to proselytize recipients.
- On request by recipients, public welfare agencies must provide alternative non-religious service programs that are easily accessed.

Charitable Choice also offers state and county welfare agencies the opportunity to establish voucher programs, which allow welfare-to-work clients to carry certificates of reimbursement to providers of their own choice. For example, public agencies may provide vouchers to recipients to subsidize their use of child care centers. If a recipient chooses a faith-based organization for his/her voucher-supported child care services, that organization may engage the recipient and child in proselytization, worship, and sectarian education.

Congress's 1996 Personal Responsibility and Work Opportunity Reconciliation Act dismantled a social safety net that had been in place since President Franklin Roosevelt's New Deal. It replaced this safety net with an welfare-to-work program that requires welfare recipients to find jobs, that sets time limits for their job searches, and that ultimately withdraws welfare assistance from individuals whose long-term searches for employment prove to be futile.

The nation's new welfare-to-work system was designed to surround recipients with support services that facilitate their transition into the work force. In order to provide for an adequate mix of social services to help welfare recipients overcome the barriers they face in moving toward self-sufficiency, the law envisaged new forms of public/private partnerships, funded cooperatively by public and private sources.

What's New in Charitable Choice?

Faith-based organizations have accepted federal funds for their human service programs at least since the later part of the nineteenth century. This activity expanded rapidly during and after President Lyndon Johnson's War on Poverty, when public funds were made available to faith-based nonprofits, in some cases, for senior services, affordable housing, homeless shelters, addiction intervention, job training, food programs, and at-risk youth services.

Each of these federally-funded programs has operated under church-state rules that were established either by legislation or by the sponsoring agencies. The rules have differed from program to program. Some have been extremely flexible. Some have been extremely restrictive.

Drawing from the storehouse of precedents that had been in place during the past three decades, Charitable Choice rules were chosen to promote the participation of faith-based organizations in "public/private partnerships" that serve recipients. These rules are now being applied to TANF block grants, to welfare-to-work (W-t-W) programs administered by the Department of Labor, to Community Services Block Grants, and to drug treatment programs funded by the Substance Abuse and Mental Health Services Administration.

For more information about Charitable Choice and Bush's Office of Faith-Based and Community Initiatives, visit us on the web at www.usc.edu/crcc/welfare. CRCC maintains this internet resource in partnership with the California Council of Churches with funding from The James Irvine Foundation. The Center for Religion and Civic Culture at the University of Southern California studies the civic role of religion in Southern California. CRCC works to build connections between the community and the academy. We serve as a resource for congregations, faith-based organizations, and the media.

What kinds of faith-based organizations may compete for human service contracts?

When religious, political, and social service leaders use the term "faith-based organization" in their discussions about Charitable Choice, they often fail to make critical distinctions among the various kinds of faith-based organizations that are eligible to compete for welfare-to-work contracts. The failure to make these distinctions regularly creates confusion. Faith-based organizations include:

- Congregations
- Denominations and denominational organizations (e.g., Salvation Army, Los Angeles Archdiocese)
- Regional social service organizations that are associated with faith-traditions (e.g., Catholic Charities, Lutheran Social Services, Episcopal Community Services, Jewish Vocational Service, Jewish Family Service)
- Faith-based coalitions (e.g., Mobilization for the Human Family, Interfaith Community Services)
- Faith-based community/economic development 501(c)(3) corporations (e.g., FAME Renaissance, Ward Economic Development Corporation).
- Faith-based human service agencies that are incorporated as 501(c)(3)s.

During 1998-2000, by far the largest amount of "Charitable Choice dollars" in California went to regional social service organizations, faith-based coalitions, and faith-based human service agencies.