



The Roundtable

On Religion and Social Welfare Policy

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Panel Two: The View from the States

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Panel Two: The View from the States

RICHARD NATHAN: Let me just make an introductory comment. The point was made in the previous panel that there might be policy in Washington but there's money in the country. And one of the things that The Pew Charitable Trusts has funded us to do -- and we are doing, as Feather will describe -- is we've set up a network of state scanners to look at state and local experience in this new policy arena. You are going to meet one, two, three, four of our state scanners in our field network. And the chair of this panel is a member of our advisory committee, and many committee members are serving double duty and are in the program today, and that is Feather Houstoun. And she will also not only talk about the state scan part of our project, which she knows well because she's been working with David Wright to look at what we're learning so far. But she will also introduce some of her own thoughts and comments about her own state of Pennsylvania.

So now let me -- now that we're getting more people in the room and it's time to turn the baton over to my very good friend Feather Houstoun. Let me tell you just a little bit about her. Feather Houstoun is an extraordinary public servant who has worked at the federal level, at the state level, for public authorities. She's one of a kind. If we could clone Feather, we'd have an even stronger capability and federalism. She is currently the Secretary of Public Welfare for the Commonwealth of Pennsylvania. She also served at the federal level at the U.S. Department of Housing and Urban Development as an assistant secretary here in Washington.

And during her last two years with HUD, Feather was the senior policy officer in charge of budget and program analysis. She also headed down our way -- and we've asked Richard Roper, speaking of our way, because I spent and we spent 10 years together in New Jersey. Richard is going to do double duty. He's on the panel this afternoon to present a paper. He is also our state scanner for New Jersey and it just seemed to us that since they had five, we should at least have four.

And so Feather knows Richard from her experience in New Jersey as treasurer of the state, an appointed official in New Jersey under Governor Tom Kean. I'm one of the people that knows how to pronounce that, right, Richard? And she also, in our part of the country, was in charge of financial operations for SEPTA. Everybody knows what that is, the Southern Pennsylvania Transportation Authority, which is a very big job and a very big agency.

She also was executive director of New Jersey's Housing and Mortgage Finance Agency. So she has made things happen and not only survives, but each time she goes to the next thing it's always with "she's going to do great because she did it before." We demand it of Feather and we get it. She holds a Masters degree from the University of Texas, which is of course her entry qualification for participating in this program, if you're from Texas in some part of your life.

Feather, to you.

FEATHER HOUSTON: Thanks, Dick. Last time someone suggested I should clone myself, I was pregnant and I (laughs) -- I'm sure that's not the case now. I left Washington some years ago believing that there was a very simple bright line separating church and state. Welcome to the blurry real world.

My first week in this position I was startled to learn that I had a departmental chaplain, who assured me that he was praying for me and that he advised me that I had 130 full and part-time chaplains representing about 30 different faiths, serving the faith needs of all the people who were in our care in our department. And everywhere I saw faith-based organizations as providers of service, the day care and adoption of a child, child welfare, homeless, group homes, alternatives to abortion, nursing homes, employment and training, everything. And, of course, the real issue is that the definition really begs more discussion than any of us can have.

I think I've come to the conclusion there's a difference between a faith-based organization and a faith organization, even though we seem to be using them interchangeably. The Roundtable counts such organizations as Volunteers of America and Goodwill and Habitat as faith-based organizations. When I asked our guys, they shook their heads and said, gee, I don't know. Most faith committed organizations in our employment and training sphere, or our nuns up in Erie who insist that they are -- who are clearly driven by a deep faith, and yet run a very secular program. So the question of what all of this means is pretty complex.

My first interview with an elected official on welfare reform I got the question: "How are you going to involve faith-based organizations?" I said, "Senator, you will know that faith is very important in helping people change their lives. We plan to use them. They need to be careful of the First Amendment concerns." And he said, "Feather, if you haven't been sued you're not going far enough." Now we have been sued, and I'll mention that in a moment. But we also have been moving forward.

Like many state and local governments, we've approached this issue of non-discrimination against faith-based organizations at face value. And by that I mean we've approached it tangentially. Our concern is not using faith-based organizations. Our concern is the outcome for a client. And if we get to a faith-based organization because they offer a special approach, a comfort level to a client that can succeed more effectively than some other organization, we want to use them.

We understood from the very beginning that faith was very important in changing some people's lives, not all, and we reached out to faith-based organizations and to the faith community in general when we started welfare reform, and have continued to do so. And we've had a faith-based liaison in our office for over five years. In fact, our current liaison is here at the conference. We recognized that many faith-based organizations and community-based organizations were small, not familiar with the way we do things. So we streamlined a lot of our application processes for employment and training, which was

the big growth area under welfare reform. We've also in some cases permitted the use of an intermediary to be an umbrella for even smaller organizations.

We felt the need for guidance on what kind of community service could be done in faith settings, and so we developed some guidelines that drew a distinction between doing community service for clients in a faith setting, and doing community service that is really simply supporting the religious organization. We saw that many faith organizations had deep roots in the community, but they really weren't equipped to compete on highly structured performance driven employment and training contracts. And so what we ended up doing, and has been the hallmark of our last couple of years, has been a special effort to advise faith-based and community organizations in a program that's designed specifically to be neighborhood based, door-to-door outreach to clients who are risking sanction because of non-compliance with welfare requirements, and to get them to move into programs for self-sufficiency or into substance abuse or into different kinds of programs that address their barriers.

We knew that we needed to maintain client choice, so we assumed -- we've assured that there's always a secular choice in every county, and we've required faith-based organizations, if they're using faith material in their curriculum, to offer alternatives to clients. And we wanted to be completely non-discriminatory, and that means we hire and we fire faith-based organizations just like we do everybody else. Our new lawsuit has a reason: because we insisted that faith-based organizations running day care centers follow the same rules as other non-profits.

I think what's new -- because what's obvious from everything everyone has said is that we've all been using faith-based organizations in all of our social services for a very long time -- is that organizations -- the organizations that are coming to the fore now are often -- if you can bear the distinction I made, they are faith organizations, not faith-based, organizations that are principally concerned with matters of faith, and they are much more open and willing and then sometimes eager to receive government funding for human services that they're providing already, or wish to provide, especially now that they can do it without divesting themselves of their faith identity.

And I think the other point is that there is now both legal and policy comfort in integrating a faith message in the government service being offered. That is, people are less wary of something that may help a person change his or her life, or lead in a direction that's more healthful, with a faith message.

In essence, for us we've seen that -- we believe that the faith-based future -- and by that I mean for small community based organizations, not for our big, very robust organizations, highly qualified organizations -- is really where organizational strength and ideological comfort meet, tends to be in neighborhood and community based advocacy and engagement, rather than in some of our more highly structured programs.

Now, Pennsylvania is just one of 50. So what does a national researcher -- a researcher with a national charge do? How do you get a fix on something so fuzzy in

definition, so derogated in nature, so locally contextual in perception? The Rockefeller Institute has deployed a very tested field network approach to this problem, and this morning we're going to have four of the state researchers talk to us about what they have found so far.

The 50 state field network approach is especially well suited when you're talking about a national program that's in change, and that involves a lot of local discretion and multiple institutions. It has a number of features that I think I just want to hit on very briefly, because it may explain the approach that is described here. First of all, it's focusing on institutions. It's not looking, for example, as an illustration, at the individual outcomes for clients in an employment-training program or homeless program. It's looking at how the institution itself, the entity itself, is providing the services. It's utilizing very, very senior researchers at the local level so that they're not simply restricted to a closed-in questionnaire. They have a series of issues, a protocol of issues that they want to address. But we rely very heavily on the four people in front of you, as example, to tease out the answers to the questions.

But at the same time there's a uniform research design so that when the Roundtable and the Institute is finished, they can present a synthesized national view of what's going on around the country. Now, this process has just begun but we're now going to hear from four of these senior people. And I'm just going to introduce them quickly and then let them go, I think in some order that they can decide. I think maybe in the order in which I introduce them.

Bob Crew is professor of political science at Florida State University. He's first to my left. And he brings a diverse career to this project, especially through his American social policy and American state and national politics and social policy. He has served in state government and on the staff of a governor and a senator from Minnesota. He's run a short line railroad and has a lot of experience to observe what's happening in Florida.

Dr. Dale Krane is actually a former graduate student of Bob Crew's, and they actually served on an intramural sports team together, so that almost makes us look like a line-up like this morning. His expertise is policy implementation and evaluation and state and local government administration. He's examined many programs and policies as they're played out at the state and local level, the 1965 Veteran Rights Act as an example, as well the Small Cities Community Development Block Grant program.

Laura Wilson-Gentry is an associate professor of government at the Schaefer Center for Public Policy at the University of Baltimore. She's the co-author of *The Sources of Violence In America and Their Consequences for Law Enforcement*, and has been examining a number of features of welfare reform implementation.

And then finally Richard Roper, my dear friend, is the principal of the Roper Group and a senior fellow at the Rockefeller Institute. He has a long history as a

practitioner in state and local government, including 12 years as head of the Center for New Jersey Affairs at the Woodrow Wilson School at Princeton.

And so with that, I'd like to turn it over to Bob.

ROBERT CREW: Thank you. Good morning. I'm happy to be here to talk about the faith-based initiative in Florida. Florida has a constitutional restriction against providing public money to religious organizations, that my constitutional law colleagues tell me is a lot more restrictive than the federal law -- federal constitution.

Secondly, if you look at the state, if you're looking for the formal trappings of a faith-based initiative, you won't find them. The state has not incorporated the charitable choice laws from the Personal Responsibility Act into its own statutes. It has not created a statewide liaison or contact for faith-based organizations. The major agency -- social services agency in the state, the Department of Children and Families, which Jim Towey was the director of for four years -- doesn't have such a liaison. And so you would think that there's not much going on.

If you look, however, at the provision of social services in the state, there is very heavy -- very heavy reliance on faith-based organizations. And they do a very wide range of things. They find employment for people, they counsel domestic violence, they run emergency shelter programs, they operate charter schools, and they provide transportation services. A very wide range of organizations does this from the large ones, Catholic Charities, Lutheran Social Services, down to individual congregations.

So if you look at the Department of Children and Families, approximately this year 125 grants amounting to about \$24 million are spent on -- through faith-based organizations. So we have a little sort of disparity here. On the formal trappings it doesn't look like much is going on. But the state is currently, and has been for 25 years or more, relying on faith-based organizations to help provide social services in a variety of areas.

The problem for us as researchers is to track that. First of all, there's no common definition for -- among the agencies of government in Florida about -- what constitutes a faith-based organization. So the YMCA might count for one agency, it might not for somebody else. So as a researcher, while we can tell that there's a fairly substantial level of activity going on, it's very hard to track them. People seem comfortable with this. Nobody has ever sued anybody over anything on this. No individual has sued -- no faith-based organization has sued the state for not permitting this. No organization has sued to force the state to do anything or to stop the state from doing anything. It seems it's just a natural part of the provision of social services in the state, which leads me to speculate about what the controversy is. It seems relatively non-controversial in Florida.

So if there are two prongs to the faith-based initiative, one to ensure that faith-based organizations are indeed provided an opportunity to have access to federal funds to do these things, that part seems to me to have been satisfied in Florida. The second part

of it is to try to determine whether faith-based organizations are any better than any other organization in accomplishing these goals, and that's going to be a very difficult task for several reasons. One, we don't have a common definition yet. Secondly, many of the faith-based organizations that provide social services do so under umbrella organizations, and it's really difficult, even for the Department of Children and Families, to track their activity below that umbrella organization.

And so getting to the second question about the effectiveness of faith-based versus other kinds of organizations in Florida is going to be a little difficult. In my own mind I'm satisfied that the first prong of the faith-based initiative, which is to ensure that these organizations have equal access, seems to me to be satisfied in Florida, although not in a legal way and not in a formal way.

DALE KRANE: Nebraska has one of the religious organizations most famous for social service delivery. Those of us who are my generation and older probably remember that Spencer Tracy won an Academy Award for the portrayal of the founder of this organization. Sister Linda and Tom Harvey are not allowed to answer this question, but the question is: what is the name of this organization and the name of the film? Boys Town. Yes, it is called now Girls and Boys Town. That's in recognition of the fact that since 1979, Boys Town has actually also admitted girls to its services. Things take a little time to change in Nebraska.

The reason I want to bring this up is because, first of all, it makes the point that Jim Towey made: there is a long history of relationship in many states between FBOs, between faith-based organizations, and government. In fact, what's interesting about Boys Town from this perspective is that within less than a month of opening the doors, Father Flanagan was receiving boys from the courts. The local courts were actually sending boys to Boys Town in 1917. This is December, 1917. Four years later there were already 1,300 youngsters served by Boys Town, and many of those youngsters were not just there because they showed up at the door or because Father Flanagan encouraged them to come there, but they were there because the local institutions of the public sector, the courts among others, delivered them to Father Flanagan. So that I think makes the point that Jim Towey was making.

Lutheran Social Services in Nebraska has been operating orphanages, as is common in many other states, for more than 100 years. This goes back to the late 1800s. Again, that makes that point. Today, Lutheran Family Services is involved in at least 20 different projects under contract to the state of Nebraska. So there is this long kind of history.

Let me also repeat what Bob said about Florida. Nebraska has not incorporated any of the federal charitable choice language and as far as the individuals I spoke to in the governor's office, in the attorney general's office, in the legislature and so on, not likely to; absolutely not likely to. In fact, what's interesting if you speak to the people who are in the health and human services system, as well as the folks who are in administrative services that oversee all the agencies, faith-based organizations are treated

no differently than any other organization in terms of competition for social service contracts in the state of Nebraska. They are neither discriminated against nor favored. This sounds to me like the goal of the White House Faith-based and Community Initiatives Office. That sounds exactly like what they're trying to achieve across the country.

What is essential in Nebraska for a faith-based organization is that they meet the specific contract requirements about the services to be delivered, and that they abide by the bid requirements and bid procedures. So if they follow the bid procedures, if they follow the bid requirements, they get to play the game. If you see going after grants as a kind of grantsmanship game, they're allowed to play the game. They just have to play by the same rules that everyone else is playing.

What I think is rather fascinating about this is as I asked around to the various offices, I kept getting this kind of a two-pronged response. One is: "We don't know a lot about the charitable choice legislation. We're not very aware of this and, furthermore, we're not sure why we would even want to be concerned about this." That is, to put the Nebraska response into three words, the relationship between faith-based organizations and the state government, because the state government is the primary provider of health and human services in the state, in three words: "it's not an issue." In fact, they were asking me why I was asking them about this question, and I think that's a very interesting kind of response. That tells you a lot. In one way, to use a term, it's not on the radar screen. Or, to put it another way, in the state of Nebraska -- and I suspect this is true in other states in the Midwest -- there has been such a long history of this relationship of interaction between government and faith-based organizations with public monies, particularly in social services, that it is not an issue. There is little obvious opposition to this idea. And in fact it is just seen as the normal way of doing business.

Currently in Nebraska, of the approximately 940 social service contracts, somewhere between 6 and 7 percent are readily identifiable as faith-based organizations providing or delivering those social services. And so I think that's just a statement of what we probably can see in a lot of other places.

LAURA WILSON-GENTRY: When charitable choice came up for Maryland, one of the things that was reported in the Baltimore Sun was, well, what's the big deal? It's already happening here. We don't need any particular laws to assist this. Well, yes and no. What's fascinating about Maryland is Maryland is a highly decentralized welfare system and a great deal of discretion is given to the 24 local Departments of Social Services. As a matter of fact, they don't even have to seek state approval for contracting unless it's over \$25,000. Then they have to go up to the state government to get approval.

The relationship between Maryland's Department of Human Resources and the 24 local departments is often described as tempestuous, to put it mildly. That's from a state legislative fiscal services report. So what you see in terms of the use of faith-based organizations really comes from the relationship with the local Department of Social

Services, with the faith-based organizations within their community. For example, Baltimore City has a relatively heavy use of faith-based organizations, whereas other counties may not.

In Maryland there is no charitable choice provisions and in talking to some of the legal representatives for our Board of Public Works, which is our highest oversight authority, there doesn't appear to be any push to put a charitable choice provision into their regulations. Yet, the Departments of Social Services choose those vendors, they negotiate the contracts and then, subject to the dollar amount, they may move that to either DHR and if it's a very large amount of money it will go to the Board of Public Works.

In essence, faith-based organizations are treated the same as any other non-profit for contracting purposes. No special requirements or regulations have been written for them. There are no special outreach services in the state. They are, however, encouraged to pursue contracts through a non-profit entity, and especially encouraged to see if they fit minority business enterprise requirements in the state. The state of Maryland has a relatively high MBE participation requirement and so there is also the attempt to create some synergy.

I analyzed -- did a preliminary analysis of the Family Investment Administration contracts for the state of Maryland. And the Family Investment Administration is the lead welfare reform agency -- administration within DHR. From 1996 through 1999 most of the contracts for FBOs were given for childcare services. Contracts for employment and job training for FBOs were located in Baltimore City. Board of Public Works evidence also exists for FBO participation in substance abuse, treatment, shelter service provision, pantry services.

Now, there's a couple of interesting policy initiatives that Maryland brought onboard during 1996 through 1998. In the state welfare reform bill in 1996 non-profits, including FBOs, were especially encouraged to participate in what were called demonstration and pilot projects. In 1997 the state of Maryland enacted a version of the family cap policy. But we didn't want to be punitive, so what we did is we created the concept of the third party payee. So if you had a child 10 months or after you went on welfare, you would not get cash -- a cash payment for that child. Instead, the money would go to a third party vendor who would buy what was needed for the child.

In another policy subsequent to that, very similar provisions were also enacted for substance abuse. Again, we were going to use the third party vendor to pay for these. It was hoped by the people at DHR that non-profits and faith-based organizations would come up and be willing to be the third party payee. In 1999 the Joint Committee on Welfare Reform began addressing some of the concerns with using non-profit faith-based organizations, and what they found was less than anticipated participation for a number of reasons. Audit requirements. There was no administrative funding given to the third party payee so that they could really manage the programs well and be able to keep the

books to meet the state audit requirements. There were also insurance and liability issues, again with the third party payee.

The Washington Post in 1998 reported that generally the non-profit and the faith-based sector were objecting to participation in this initiative. And I was just interviewing one assistant director of a local Department of Social Services who felt that the family cap provision was an extremely controversial provision. Most faith-based organizations chose not to participate. In fall of 2002 the Maryland Department of Human Resources sounded retreat on this issue and permitted the local Departments of Social Service to waive what was called the child specific benefit. And so now they are attempting to offer the local departments the ability to waive that provision.

The third party payee provision for substance abuse is still in place in the state of Maryland. That particular provision seems to have more participation by the non-profit faith-based sector than the family cap provision. But, again, these are all still fairly preliminary results.

RICHARD ROPER: New Jersey is the last state we're going to talk about, very briefly. Let me begin by saying that the state has no constitutional prohibition with respect to the use of faith-based organizations in social service delivery. Nor does it have, however, a statutory basis for doing so. In the Whitman administration -- I think you might know that name. She is currently the administrator of the Environmental Protection Agency. She did authorize through executive order the establishment of a faith-based office in one of the state agencies, in not the Department of Human Services, but the Department of Community Affairs, the agency responsible for providing assistance to municipalities, to local governments, and to assist in the promotion of housing development across the state.

The agency -- the faith-based agency there was given responsibility for fostering an interest on the part of faith-based organizations to apply to the state for grants in order to provide a range of services. Those services included childcare, the provision of shelters, especially shelters for abused women and families, training and employment counseling and some substance abuse treatment. When the new governor, Jim McGreevy assumed office, a Democrat, the office was continued at the Department of Community Affairs. But of recent, a decision was made to transfer it to the secretary of state's office.

The reason for that is not quite clear, but there are those who suspect a lack of support for the office may have something to do with that. I think the jury is out on that. The person in charge of the secretary's office is a very aggressive community oriented African American woman, who played an instrumental role in helping Sharpe James, the mayor of Newark, get reelected. So my sense is that if she is responsible for advancing this concept, the likelihood is that it will indeed receive the kind of support the faith-based community would like to see it receive. I think it's fair to say that the office is in transition and we will know within the next several months whether it will be strengthened or weakened.

In New Jersey the tradition of using community based organizations to provide a range of social services is a long tradition. The use of faith-based organizations is also a longstanding tradition. However, the faith-based organizations that have traditionally been involved have tended to be the large national affiliated organizations like Catholic Charities, Goodwill and the like. Of recent, the faith-based initiative as viewed by practitioners in New Jersey is viewed as an opportunity for the smaller congregations, the locally based congregations, to get a piece of the governmental action, if you will. There is a sense on the part of African American and Latino congregations across the state that this is the first time they have been -- have seen an opportunity to take advantage of contracting services that might be available through state government.

As a consequence of that, there is an active interest on the part of a number of faith-based organizations to in fact enter into contractual relationships with the state. At the same time there is a high level of anxiety as these organizations begin to reach out to state governments about the possible intrusion of state government -- and it's principally state government, not county or local government. Intrusion by state government in the way those organizations provide services. There is a degree of anxiety as to whether the state will now begin to tell faith-based organizations how they should deliver services and which services they are best suited to provide. I'll stop at that.

FEATHER HOUSTON: I have two questions, but I want to encourage people to write your questions on cards and sort of wave them around and I guess David or someone will catch them. Here's the first question. For those of you who are saying it's been a long tradition of faith-based services and that this isn't new, have these been contracts with congregations or interfaith affiliated organizations? And then the second part of this question is are they free to only hire their own faith with public money?

RICHARD ROPER: Well, since I brought that issue up during my brief chat. The tradition in New Jersey, as I stated earlier, has been to use large nationally affiliated organizations and local congregations have not been big players. They have only recently gotten into the game and they're eager to do so. They have not been constrained, however, as they've gotten into the game to get into detailed conversations with state government about the procedures to be used. They are treated as any other community based organization that's serving as a vendor to state government.

FEATHER HOUSTON: Anyone else want -- Bob?

ROBERT CREW: That's pretty much the pattern in Florida also. There have been some congregations that have been involved for a period of time, five to 10 years. But they're clearly more recent players than the big organizations.

LAURA WILSON-GENTRY: I would say that's the same in Maryland as well.

DALE KRANE: I guess I would say there's a kind of two-tiered activity in Nebraska. One is the national organizations are probably the dominant organizations. But because communities, particularly in the Great Plains are so small that there are a lot

of very specific local small organizations that are also able to obtain contracts, because they're the only players in some of these very isolated communities that are far apart from every other community. And it's pretty difficult for some of the larger organizations to really have a presence in some of these places.

FEATHER HOUSTON: In Pennsylvania we do have a number of local organizations that are deeply faith-based, that are actually operating programs and they've been relatively successful at that. So I think it is that three-tier description. I think there are levels to that. If charitable choice introduces other changes to the terms under which states work with faith-based organizations, why has this been so controversial?

ROBERT CREW: Well, it hasn't been controversial in Florida. In fact, in the last two legislative sessions laws have been introduced to put the charitable choice provisions in state laws and they didn't pass. Not because -- what I can figure, because anybody opposed it or was much supportive of it, except the author, but because people didn't care. It just died on the calendar. So it's not a controversy in Florida.

RICHARD ROPER: It hasn't been a controversy in New Jersey either. I think there has been an acceptance, and not a grudging acceptance, of faith-based involvement in the delivery of services. I think in the main the faith-based organizations that have shown the greatest interest in becoming involved with government are those based in the urban areas of the state, where there is substantial -- there are substantial minority populations. And many of those congregations are already engaged in delivering services and they all see the opportunity to draw down some public funds to help them do the ministries they have been doing. Like I said, there are anxieties about doing that in some quarters. But in the main, that's the picture.

LAURA WILSON-GENTRY: In Maryland I talked to one of the counsels for our Board of Public Works and asked her if we were going to go ahead and draft a statement, because this is the body that would be writing the regulations for faith-based. And she said probably not. She said things seem to be working pretty well, let's leave well enough alone. And so she was not anticipating that they would go ahead and write any regulations for faith-based organizations.

DALE KRANE: Well, in Nebraska there's a kind of curious schizophrenia about this issue. On the one hand there are those who take the position that faith-based organizations can help keep state and local government small and very limited. On the other hand, there are some, including in the state legislature, who have argued that any kind of expenditure that is adding new groups to the list is an expansion of government so we should be opposed to them. And so it tends to be on an ideological basis. There is in fact a constitutional amendment up for vote in November that would grant to charitable organizations tax exempt financing using municipal bonds. And that's the character of the debate, at least in the newspapers. It's like buried in the third page of the local news section, so it is not something that's very aware on which there's a lot of political

opposition. But the debate tends to be around this matter of is this something we should be spending money on?

FEATHER HOUSTOUN: Anyone else want to -- I think I -- this is very small print here. But many of the larger national FBOs do not include much religious content in their services. When you say there is an equal playing field, does that include deeply faith-based programs that include substantial religious content in their services? Is there an equal playing field for a group that makes it clear that they will use religious tracts, for example, in their literacy program?

RICHARD ROPER: You know, I have not looked closely at that issue, largely because it hasn't been an issue in New Jersey. So I really don't know whether the playing field is level with respect to faith-based organizations on that issue or not. I suspect if that were an issue of some concern in the state, one of the -- New Jersey is a pretty liberal state in the main, economically and socially liberal. So I would imagine that one advocacy organization or another would have brought it to our attention. It has not surfaced.

ROBERT CREW: In Florida it seems to me that there has been sort of an informal consensus about what constitutes faith-based organizations, even though there's not a formal definition. And none of those, for the most part, have been ones that have a lot of faith services, that kind of thing. So it's probably too early to answer that question in Florida if others come forward. Florida, unlike New Jersey, is not a liberal state and --

FEATHER HOUSTOUN: Let me ask -- let me follow this up, because I think this is related. We heard from the states that FBOs are already treated without discrimination. Might current national debates about charitable choice lead to more strongly stated definitions and requirements?

ROBERT CREW: -- I don't know quite what will happen with that.

DALE KRANE: I think that's exactly what's going to happen in states where this has not been an issue. This is going to provoke this as an issue.

RICHARD ROPER: Ditto.

FEATHER HOUSTOUN: I am -- I was just reflecting on with the advisory board last night that we have carved out an agreement among the faith-based daycare providers, that they could hire within their faith because they regarded the daycare as part of their -- part of it was the mission to the children, witness to the children. And as the issue revived it became evident that while we were very comfortable doing that, it raised many, many corollary concerns with other groups over other -- for other reasons. And I think it plays out quietly but not in a broad context and it does raise a lot of concerns.

Here are two related questions. Do your the states require the FBOs to create a separate non-profit status branch 501(c)(3), since there's been some discussions about

how bothersome this requirement might be? And then the second is very related, what good accountability and auditing procedures are in place to monitor the use of state funds by FBOs and other non-profits? They really go together, if there's a 501(c)(3), of course, it creates an entity against which it's much easier to meet the contracting requirements and the financial reporting requirements. But in Pennsylvania we don't necessarily require that. Anyone have a response?

ROBERT CREW: Florida does not require that and they monitor the performance in the same way that is used with other organizations. They develop contract requirements; they try to pursue those to the extent that they can with all organizations. As I said earlier, there's a little bit of problem with tracking it too far because a lot of social services in Florida provide through these umbrella organizations and then to get down beneath that to the actual provider becomes a little problematic in some cases.

DALE KRANE: That's exactly the same situation in Nebraska. It's not clear, at least in state law, that a faith-based organization has to become non-profit, though most of them that are operating with any kind of size are in fact non-profits because of the tax benefits of being a non-profit organization. There are at least four tiers of sources of regulations, administrative wickets, if you will, to use a term, which all organizations that are contracting with the state have to pass through. There are the state statutes, there are gubernatorial executive orders. There are the rules and regulations that are applied by the Department of Administrative Services that apply to every state agency. Then there are the individual rules and regulations of the individual state agencies, which then bear on those particular contracts and everybody has to abide by those. I can tell you just from being within the university world it's an enormous set of rules and regulations and it's fortunate that we have good people helping us keep track, otherwise I'd be in trouble a lot of times.

LAURA WILSON-GENTRY: In Maryland they're encouraged but not required to become non-profit entities. As far as audits, everyone who gets state monies are on an audit cycle with our legislative auditors. I believe it's once every seven years they're audited. After that, DHR will audit on request or upon an observation of need.

RICHARD ROPER: New Jersey does not require 501(c)(3) designation in order to receive state funds. There are the two reporting requirements that all organizations are required to -- to which they are required to adhere.

FEATHER HOUSTON: A couple of related questions that may require a lawyer in the house, but I'll try. It starts with Mr. Crew but I think it broadens. Exactly how does the Florida constitutional prohibitions providing religious organizations affect funding to other faith-based organizations? And then a separate question more broadly: even if a state does not adopt charitable choice, do states have to follow these new federal guidelines because they are federal funds?

ROBERT CREW: With constitutional restrictions in Florida there seems to be an agreement that these faith-based organizations don't fit that, and so they're permitted to receive funds just like any other organizations.

FEATHER HOUSTOUN: What about the broader question of charitable choice? None of you are lawyers. Maybe we'll let that pass. Charitable choice -- it seems that religious organizations have been discriminated against. Have you seen any evidence in your states? And I think the answer is generally no. Are any of the states recognizing the fundamental difference between congregations and FBOs and current operations or policymaking for the future? And I think I am assuming, who asked this question, that conventional -- a faith-based organization such as Catholic Charities or Lutheran Homes, things like that, as contrasted with truly church based organizations.

RICHARD ROPER: There is, nor has there been of recent, any distinction made between those two types of organizations. The state of New Jersey welcomes applications from all types of faith-based organizations, be they congregations or larger organizations.

DALE KRANE: I don't see any examples of local congregations on the list of contracts in the state of Nebraska. But what you do see in addition to the more independent faith-based organizations, the larger ones such as Catholic Charities or Lutheran Services, you see, for example, some of the private universities that are religiously affiliated involved in contracts. And I think that's an interesting entity that we haven't yet touched upon here, and that is the relationship of the services to educational institutions, in particular higher education, which does engage in a lot of community outreach.

FEATHER HOUSTOUN: Do you anticipate that the larger FBOs will assist in encouraging their congregations -- and in this case a lot of these don't have local congregations, so let's just think about smaller indigenous faith-based organizations -- to strike out on their own for federal grants? In other words, do you see any of the faith-based organizations, the larger, more competent groups, helping nurture the competence and the capacity of smaller community based faith-based entities?

DALE KRANE: I'm going to take a stab at that. One of the things that you see in the homeless area, of course, is the movement towards creating collaboratives. If you're not part of the collaborative you don't participate in the funding. And to the extent to which there are working relationships, if you need to have that collaborative working together, then the leaders within the collaborative are going to have to bring the smaller organizations along in order to keep a collaborative arrangement. To the extent to which that's the mechanism for coordination, there was much to be made about coordination among the five directors, then these collaborative arrangements, these network arrangements are going to be crucial and holding people in those are going to be critical. And that may be the mechanism that brings people along. That's a guess.

RICHARD ROPER: The state of New Jersey has in fact encouraged larger faith-based organizations and other large community based organizations to consider collaborating with smaller organizations, both community and faith-based organizations, in an attempt to broaden the pool of participants in the delivery of services. Perhaps the largest CDC in New Jersey is an institution called New Community Corporation, based in Newark, New Jersey. Now, that is viewed by some as a faith-based enterprise. It's been in existence for some 30 years, headed by a Catholic priest. It doesn't function -- it functions much like Catholic Charities in that it doesn't leash religious or faith activities to the services it renders, but it makes those activities available if clients wish to use them.

NCC has been one of the more prominent community based organizations to which the state has looked, and in fact the county of Essex and the city of Newark has looked to provide technical assistance and support to other community based organizations, and in particular faith-based organizations. And my understanding is that the new mayor of -- the newly elected, reelected mayor of Newark, Sharpe James, has proposed to any number of successful community based organizations that they should actively consider linking up with the weaker and smaller community based and faith-based organizations, to help them participate more effectively in the delivery of services. So it is something that's happening in New Jersey.

FEATHER HOUSTON: Anyone want to add anything to that, or go on to another question? For Maryland, do you have any comment or reflections on faith-based organization in such areas -- and it says hotspots such as crime reduction and national community service in the AmeriCorps?

LAURA WILSON-GENTRY: I haven't really investigated anything with hotspots at this point in time. I pretty much stayed restrained to more traditional social service delivery systems. AmeriCorps, again, its involvement -- it seems to be more at the local level because I'm aware of several counties that use AmeriCorps volunteers in running mentoring programs for social services, things along that line. However, that seems to be a county by county decision, as opposed to a state level decision.

FEATHER HOUSTON: What compromises have traditional FBOs made in order to receive government monies? Have they been forced to water down their faith approach to services? As I read this question I was thinking about my conversations with nuns in Philadelphia and nuns in Erie, who are deeply driven by a faith mission and yet who provide secular services. And I think they would look at it very differently. The reason they're there is because of their faith mission. The reason they're so enthusiastic and hardworking about it is because of their faith mission. But they don't see the infusion of faith in their program as necessarily -- or even appropriate if they are going to reach all sorts of people. They are open to guiding people to a faith home, if that's what they believe will help that individual. But they really draw a very sharp distinction in a very interesting way from the way we tend to approach this issue. I wonder if someone else would like to -- Dale?

DALE KRANE: But, Feather, isn't one of the pieces of that, though, is that the reason that they're so successful is that they're also so highly trained? I mean, they are professionals. And we know with the larger organizations that are charitable organizations, faith-based organizations delivering social services, they have some awfully good professionals who have -- who understand the professional norms, professional practices. They're using best practices. And that's not taking away from their faith. Those are not exclusive, they are complementary norms that they're trying to abide by and trying to foster within their service provision.

ROBERT CREW: People that I talk to in Florida, both the contract managers and the faith-based organizations, say that they understand that there's a potential problem here and they want to stay away from it as much as possible. And the faith-based organizations don't push that very much. On the other hand, they are there because of their faith, as Feather suggested, and so they -- I'm not sure they've compromised anything. They just see this as a different part of their work.

FEATHER HOUSTON: I'm going to ask this question and answer it, and then I'm going to throw the panel one last question. The question is what are the requirements in each state relating to the provision of substance abuse treatment services? Are there licensing and certification requirements? And the answer is yes. SAHMSA provides them, I think as it was mentioned this morning, as well as generally states have certification and licensing requirements of various kinds for receipt of services and enrolment in those kinds of programs. And, yes, there are problems but they're not specific to faith-based organizations. They are endemic to the nature of licensing.

The last question is a little bit of a composite, which is the notion of the contrast between the first panel this morning and the ho-hum quality of the reports from the four states (laughter) about this issue. And the question is why? What's the fuss? What's the real hidden fault line in this question that distinguishes what you hear when you're in Washington, and what you hear when you're in a state capital. And here are two of the questions that I think relate to that, and then I'll let the panelists respond. Everyone is ducking the question of people changing religiously to kick drugs, unemployment, et cetera. Isn't that the real issue in regard to funding?

And the second question is: have executive directors or other officials expressed concern that faith-based initiatives are a veiled attempt by governments to abdicate public responsibility for human services? So why is it a big deal in Washington and not a very big deal out in the real world, guys?

ROBERT CREW: That's the question Americans ask all the time about all kinds of issues. (Laughter.) I assume it has something to do with political motives. I mean, that could be some part of it. All I can say is it's not much of an issue in Florida.

LAURA WILSON-GENTRY: In Maryland, as I said, when federal charitable choice was really being discussed heavily, the Baltimore Sun came out and said we're

already doing it. We already have met many of the requirements because the local governments and local Departments of Social Services are choosing their own vendors.

DALE KRANE: We know that Washington has a special partisan climate, and that climate often does not necessarily get replicated at the state capital level, even in competitive states, because ultimately the people are right there that have the issues and have the problems and so these long term arrangements get worked out. And I think that is what makes the difference. This is something that the national government has not been involved in, whereas the states and local ordinance have been involved a long time. And so the national government is going through the process of developing something new. So to use an old model, they're in the storming stage of this new organizational arrangement.

FEATHER HOUSTOUN: Well, before Richard answers, let me tighten the question up a little bit.

RICHARD ROPER: Okay.

FEATHER HOUSTOUN: What would make it controversial at the state level? In other words, what would the push be within faith-based organizations? What would be the push that would make it controversial in New Jersey and Nebraska and Maryland and Florida?

RICHARD ROPER: Well, I think the one thing that would make it controversial in New Jersey would be a requirement by allowing faith-based organizations to insist that clients being served conform to some set of actions that the client and other observers might regard as spiritual or religiously imbued in some way that's inappropriate. I think that's the --

FEATHER HOUSTOUN: What about a set aside for faith-based organizations to provide a certain subset of social services? How would that go over?

RICHARD ROPER: I don't think that would be a problem in New Jersey. I really don't.

DALE KRANE: We have a set aside of scholarship funds at the higher education level in Nebraska that is targeted to private, and that includes religious based universities. So that speaks to -- well, maybe not a set aside. I think, as Richard has suggested, efforts to sort of impose restrictions on individual behavior, because that's a very important norm out in the Great Plains that you -- people are self-reliant, you don't tell them what to do. We've barely been able to get them to wear seatbelts, for example. (Laughter.) So telling them to do something more close to home is going to be really tough.

The other thing I would say is that if somehow the rules seem to favor one type of religious organization or one size of religious organization, that I think would provoke some real opposition.

RICHARD ROPER: I agree with that too.

LAURA WILSON-GENTRY: I agree too. I think in Maryland, again, the restriction on the religious behavior. But Maryland also subsidizes, to use a similar analogy, textbooks for all of our parochial schools out of the state budget. So, again, I think there's a comfort level and a relationship between the two sectors.

ROBERT CREW: Well, I think the same thing Richard did, if there was some requirement to do this. The other thing that might spark off some concern is if a -- what should we call it -- a controversial religion made application for funds, this might spark something. In Florida the school choice phenomenon has developed pretty rapidly. It's the only state with a statewide voucher program and it has an extensive charter school program, and the charter schools have been run by congregations. But it's been your regular old congregations, you know, like Baptists and stuff. And I've often wondered what would happen if some more exotic -- you know, like the Episcopalians or someone like that (laughter) -- which would be exotic in Florida. (Laughter.) Some organization like that applied for money, this might spark some action.

FEATHER HOUSTOUN: Richard?

RICHARD ROPER: At the risk of incurring the wrath of David Wright, given the ho-hum nature of this panel, perhaps the wrong states were chosen. (Laughter.) I think that there may be other things occurring out there, but from what we have said here today there isn't a lot of controversy surrounding this issue at the grassroots level.

FEATHER HOUSTOUN: I would just -- again, I would just mention this: that the only situation in Pennsylvania that has arisen has been the claim of First Amendment right to not be licensed to the same standard in daycare, and that's highly controversial. We essentially reached a stalemate in the General Assembly but very few changes of votes could make it go either way. And it would be very significant because I would be in a position of deciding who a bona fide religion was for purposes of a law standard. And that has been very controversial.

Dale?

DALE KRANE: Let me make one observation about state electoral politics that bears on this. It is not uncommon in many states that candidates running for statewide office for the legislature draw their support from various religious organizations, various men's groups, various church organizations. And once we begin to understand that, then we can see why this is not a fierce issue, because there is already that connection at the point that candidates are selected and supported and are successful in winning public office. And that's a very common fact around the country. You have -- in some states it's crucial that you know which of these religious organizations is the dominant provider of electoral support statewide, because they may in fact be one of the few organizations that has a statewide presence.

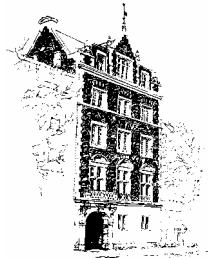
FEATHER HOUSTOUN: Okay, thank you very much. I think we'll break now.
Thank you, panel.

(Applause.)

(END OF PANEL.)



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