

# *Fides: Faith and Money in the Bush Administration*

By Rick Cohen

**Editors' Note:** Religious organizations have always been a part of the voluntary sector. Religious congregations are natural communities of mutual aid and, beyond that, have acted as providers of mission-oriented charity and organizers of social justice work. Although there have always been worries about the potential for embedded proselytization in such situations, religious organizations have a unique capacity to mobilize resources through calling people to a lived morality. Their work reflects the soul of our sector.

The following article by Rick Cohen does not address the role of religious organizations in the nonprofit sector, but rather illuminates the deceptions and dangers that sometimes occur when politics and nonprofits mix for political ends. The result is potentially a threat to the integrity of our sector, and to an honest debate about social policies on which the work of nonprofits depends. This article is the first in what we hope will be an ongoing series of investigative articles around the nonprofit sector. We look forward to your feedback. Write to us at [feedback@nonprofitquarterly.org](mailto:feedback@nonprofitquarterly.org).

Hurricane Katrina . . .  
moved religious and  
political leaders alike.

CATASTROPHIC EVENTS LEAD SOME PEOPLE to turn to religion for explanations, solace, and solutions. The August 29th landfall of Hurricane Katrina, a cataclysm resulting in the deaths of over 1,400 people along the Gulf Coast and causing more than \$75 billion in damages, the costliest hurricane in American history and the deadliest since 1928,<sup>1</sup> moved religious and political leaders alike to plumb the catastrophe for spiritual lessons.

Politicians weren't shy about reaching conclusions about the theological underpinnings of the natural disaster. New Orleans Mayor Ray Nagin decided that God was upset with America because of its invasion of Iraq under false pretenses and because of "black America . . . not

taking care of ourselves."<sup>2</sup> According to Louisiana Congressman Richard Baker, God pays attention to U.S. domestic policy, concluding that God "cleaned up" New Orleans' public housing stock, succeeding where the city, state, and federal governments had failed.<sup>3</sup> The chair of the New Orleans city council picked up on that theme and suggested that God had been trying to cleanse the city as he had previously done a few years back with Sodom and Gomorrah.<sup>4</sup>

Among religious leaders, Pat Robertson of the Christian Broadcasting Network said God took out His or Her wrath on New Orleans because of abortion.<sup>5</sup> Former Nixon Administration official, now Christian commentator, Charles Colson said it was God trying to remind us about the challenge of dealing with terrorism.<sup>6</sup> Nationally known Fred Phelps of Topeka's Westboro Baptist Church is among many who apparently know that God punished New

---

**RICK COHEN** writes about politics and philanthropy from Washington DC.









One could conclude that a by-product of Hurricane Katrina was a shot in the arm for a program that many religious leaders and many of the political leaders all verbally support, the Bush Administration's Faith-Based Initiative.

Orleans for the city's welcoming attitude toward gays and lesbians at the annual Southern Decadence Party gay pride celebration.<sup>7</sup> Evangelist Franklin Graham, Billy's scion, concluded that God punished New Orleans for its "black spiritual cloud," including Satan worship, orgies, drugs, alcohol, and also, of course, "sexual perversion".<sup>8</sup> On the Trinity Broadcasting Network, Hal Lindsey concluded that Katrina was God's pronouncement that we were headed into the final days as prophesied in the Bible.<sup>9</sup>

But maybe they all got it wrong. One could conclude that a by-product of Hurricane Katrina was a shot in the arm for a program that many religious leaders and many of the political leaders all verbally support, the Bush Administration's Faith-Based Initiative.

Organizations affiliated with Robertson and Graham have been direct and lucrative beneficiaries of the Faith-Based Initiative, but some of the momentum of the program had stalled in the wake of criticisms from the Initiative's own staff and lackluster leadership from the Bush Administration itself. For many observers, the Bush Administration's early "can do" approach emphasizing managerial competence in the delivery of federal programs faltered badly in many areas, culminating in the continuing abysmal performance of Bush's appointees at the Federal Emergency Management Administration (FEMA). The faith-based initiative seemed to head down the same path, failing to achieve President Bush's own ambitions for the effort. Perhaps the natural disasters of Hurricanes Katrina, Rita, and Wilma may have added a pulse to a key Administration program that showed all the energy of a patient on life support.

The Administration's faith-based initiative has generated energetic public debate on lots of issues since its inception in 2001: whether the program would cross the line between church and state; whether federal money would end up in the hands of organizations that discriminated in their decisions on whom to hire and whom to serve; whether religious providers would take advantage of their federal contracts to engage in religious proselytizing; whether faith-based pro-

grams do or don't deliver certain programs more effectively than their secular counterparts.

But what actually happened in the course of implementing the President's faith-based program itself? What resulted in terms of shifts in funding? And did the faith-based initiative ever really deliver on its promise to its advocates in the religious community, in Congress, and in the Oval Office?

The answer may be that it fell way short, leaving even the apostles of expanded faith-based funding with feelings of disappointment and abandonment. But the federal government's lackluster response to Katrina may be the boost the faith-based community has been looking for to reanimate the Administration's initiative and in the process move supportive legislation on Capitol Hill.

### Right Motivations

Much has been written about the origins of the Administration's faith-based initiative, particularly the debates concerning the separation of church and state and the potential that faith-based service providers might use federal contracts, that is, public funds, to inadvertently or intentionally promote their religious beliefs to program clients. Suffice to say that, regardless of the disputable successes of the program as implemented, President Bush came to the White House as a believer in the power of religion in his life and in the capacity of faith-based organizations to help people in need. His experience as governor of Texas, influenced strongly by Marvin Olasky, a professor at the University of Texas at Austin, cemented his conviction that the faith-based sector had much to offer federal program delivery but had been inadequately mobilized and used.

However, the situation was not as dismal as the Bush electoral campaign implied. Much had been done in the years prior to Bush's accession to pave the way for increased roles for faith-based providers. Under President Clinton, welfare reform included a provision in the 1996 statute permitting "charitable choice" in the delivery of related social services,<sup>10</sup> meaning



The key to the Administration's faith-based strategy might not have been opening up federal programs to faith-based organizations per se, but making it easier to get money into the programs of the smaller, more fundamentally religious, frequently evangelical religious organizations.

that faith-based organizations would not have to strip themselves of religious symbols and mission statements or create separate secular 501(c)(3) organizations in order to qualify. More to the point, many of the nation's largest multi-service faith-based organizations had been among the top recipients of government grants and contracts for the delivery of multiple services. Catholic Charities, Jewish Family Services, Lutheran Social Services, and the Salvation Army have long been successful applicants for federal grants and contracts well into the hundreds of millions of dollars annually. One report suggests that three-fourths of Catholic Charities' revenues were from federal contracts prior to the inception of the Bush program,<sup>11</sup> and even the eventual director of the Faith-Based office, John DiIulio, counted the take of these large providers in the tens of billions long before the prospect of a Bush victory over Gore.<sup>12</sup>

Some federal programs such as HUD's long-standing senior citizen housing construction program (Section 202) have routinely dispersed roughly half their funds to faith-based providers such as Volunteers of America, and other HUD subsidies have gone to faith-missioned groups like Habitat for Humanity without problem. In the housing and community development field, the notion that faith-based organizations were somehow disadvantaged would be difficult to believe. For years, some of the nation's top-performing and most respected Community Development Corporations, successfully tapping into state and federal subsidies for their projects, included Newark's New Communities Corporation (established by Monsignor William Linder at St. Rose of Lima church in Newark's Central Ward), Abyssinian Development Corporation (Rev. Calvin Butts's creation at Abyssinian Baptist Church in Harlem), the Nehemiah Project of East Brooklyn Churches which spawned Nehemiah replications around the nation, and numerous others.<sup>13</sup>

The key to the Administration's faith-based strategy might not have been opening up federal programs to faith-based organizations per se, but making it easier to get money into the pro-

grams of the smaller, more fundamentally religious, frequently evangelical religious organizations that unlike Catholic Charities or Lutheran Social Services were thought to have limited or no access to federal grants due to obstacles facing faith-based grant and contract applicants. Despite their religious origins, many of the larger service providers had established well-run, generally secularized service delivery models, and they could teach federal agencies a thing or two—and frequently did—about the interpretation of OMB circulars and agency regulations. But how could the federal government attract the pervasively religious providers, the kinds of groups that would affiliate with the likes of Rev. Phelps' Westboro church and Rev. Graham's Samaritan's Purse relief organization, the kinds of groups not likely to easily shed their proselytizing or their core convictions that faith itself constituted a component of service and recovery for people and families in need?

To justify its plans, early in the Bush Administration, the White House released a report detailing the purported problems of faith-based service providers in accessing and delivering federally funded services. The report, "Unlevel Playing Field: Barriers to Participation by Faith-Based and Community Organizations in Federal Social Service Programs" summarized the findings of five federal departments (HHS, HUD, Education, Labor, and Justice) on participation by faith-based groups. The report reached the following conclusions based on the data collection of the five departments' faith-based centers (established by the President's Executive Order 13198):<sup>14</sup>

- Small faith-based and secular groups receive little federal support compared to the size and scope of the services they provide;
- Federal social service programs exhibit widespread bias against faith- and community-based organizations;
- Regulations create unnecessary burdens on these groups;
- Federal administrators have "almost entirely ignored" the existing federal "charitable choice" provisions in federal statutes;



Of the 145  
comments to  
HUD, only 23  
organizations  
reported obstacles  
based on religion  
in their attempts  
to access HUD  
programs, basically  
when, as one  
respondent noted,  
“ministry and  
Bible study (were)  
integral elements”  
of their treatment  
programs.

- Notwithstanding all of these hurdles, some faith-based and community-based groups receive and administer federal funds;

- Few federal programs have undergone evaluations that would guarantee that they yield “positive results in the lives of people who need help;”

- The Government Performance and Results Act (GPRA) enacted in 1993 to encourage performance-based management of federal programs has had “little discernible impact.”

The report provided a remarkable analysis and set of conclusions reached with virtually no data. Somehow, the review of the prospects of faith-based groups in the federal social service arena veered into conclusions on the inadequate performance of federal programs overall, the burdensome obligations of the federal “red tape” bugaboo, and even an ad hominem attack on the outcomes-focused GPRA.

Much of the report read not as a critique of federal treatment of faith-based organizations, but federal treatment of small social service organizations unable to compete with the economies of scale of the large service providers. Implicitly, the White House had acknowledged that the large, successful, and religious service providers such as Catholic Charities, the Salvation Army, Habitat for Humanity, and legions more had worked the federal system well for many decades and had no particular barriers to overcome. But the smaller, community-focused, frequently local church-based or evangelical groups with minimal connection to federal grants and contracts, these were the groups facing insuperable competitive barriers.

But even these smaller faith-based groups might have found it difficult to warm up to the report’s findings. Only one of the five agencies—the Department of Housing and Urban Development (HUD)—actually issued a notice for public comments about the obstacles faith- and community-based groups faced, extending the deadline for comments once because of the purported “high degree of interest” and response to the first notice. The reality is that HUD got 130

comments in response to the first notice, and 15 additional to the second.<sup>15</sup>

Of the 145 comments to HUD, only 23 organizations reported obstacles based on religion in their attempts to access HUD programs, basically when, as one respondent noted, “ministry and Bible study (were) integral elements” of their treatment programs. But the President’s faith-based initiative would not have overcome that obstacle, because in the program, federal funding provided to pervasively religious service providers could not be used for religious programming or content. On the other side, 35 organizations said that there were no significant obstacles, that the program requirements were generally appropriate, or that they opposed the Administration’s faith-based initiative.

What was the majority opinion? *The biggest complaint of the 81 respondents not citing religious discrimination or giving blanket approval was this: inadequate levels of federal funding.* This was hardly the cause that the Administration was likely to take up, but it was clearly the flaw, whatever one’s opinion, in the Administration’s faith-based effort. Despite wanting to bring in more religious nonprofits into the federal social service delivery arena, the Administration was unlikely to provide substantial funding to make that happen given a significant and persistent federal budget deficit situation—unless the White House was willing to retract its massive tax cuts.

There is, however, an unlevelled playing field that is easily documented: the gap between the nation’s needs for human services and public investment and the inadequate levels of available federal funding. The Unlevel Playing Field unintentionally demonstrated one basic mismatch—the gap between paltry empirical data and the White House’s overreaching conclusions,<sup>16</sup> a gap that would later come back to haunt the White House in the comments of apostates from the Faith-Based office.

Nonetheless, the Administration immediately created the White House Office of Faith-Based and Community Initiatives, appointing an academic, John DiIulio, to run the program.





Through executive orders, President Bush eventually established faith-based centers in 10 federal departments or agencies, ranging from Health and Human Services to the Small Business Administration. For funding, the implicit conclusion of the *Unlevel Playing Field* report was borne out. There was little new money made available, initially a \$30 million Compassion Capital grant fund at the Department of Health and Human Services, augmented with somewhat larger amounts in subsequent fiscal years, but hardly an infusion of capital to respond to the need of faith-based and secular providers alike for more federal grant dollars to address social needs. Agencies were faced with the more difficult proposition of either shifting resources away from current, proven providers toward faith-based organizations or getting secular providers to shift their emphases to incorporate more of the faith-based paradigm in their programs.

### Heretics

A program that might have been more bully pulpit than funding reservoir is difficult to manage and sell, and so it appeared to DiIulio. After seven months on the job, he was gone, having run afoul of the White House and critics on the left and right. Some thought he was pitching the program too much toward black church leaders, and his departure was described by Boston's Gene Rivers in tough terms: "The message in Professor DiIulio's departure is that the black and the poor in the inner cities can go to hell. It sends a signal that the faith-based office will just be a financial watering hole for the right-wing white evangelists."<sup>17</sup> On the other side, Olasky welcomed DiIulio's departure, noting that DiIulio's students would appreciate having the professor back in the classroom, and the Hudson Institute's Michael Horowitz underscored DiIulio's resignation by calling him "the most strategically disastrous appointee to a senior government position in the 20-plus years I've been in Washington . . . [who] has taken what could have been a triumphant issue and marched it smack into quicksand."<sup>18</sup>

DiIulio had wandered off the Bush Administration's reservation by commenting critically about the impact of tax cuts and making other Democratic-sounding statements, revealing that the registered Democrat heading the faith-based program might have been a one-time Democrat for a reason. It is easy to earn Bush strategist Karl Rove's displeasure when you get quoted in a *New York Times* editorial describing yourself as "the skunk at the picnic" for diverging with the White House's plan to repeal the estate tax (DiIulio said it should be modified, but not eliminated).<sup>19</sup> His days were quickly numbered. After leaving, DiIulio described his distaste for Rove's political influence, calling the Bush Administration the "reign of the Mayberry Machiavellis,"<sup>20</sup> but he rapidly retreated from his own comments, pronounced his "love" for President Bush, and generally stayed out of the fray.

The blockbuster for the Administration's program was not DiIulio's departure, but David Kuo's public denunciation of the program. The deputy director of the office and reportedly the author of the "charitable choice" legislation under then Senator, later Attorney General John Ashcroft, Kuo clearly blindsided the Administration with a widely circulated op-ed<sup>21</sup> followed by Congressional testimony indicating that the Administration had lost its way. While acknowledging that the White House Office of Faith-Based and Community Initiatives had introduced a bunch of faith-based groups to the process of learning about government grants and contracts and had embedded faith-based offices in most federal agencies, Kuo unleashed a devastating critique, primarily that the President's promise of billions in new charitable and government spending for his compassionate concerns had been answered with a paltry support. He called for bolstered Congressional oversight of the Office of Faith-Based and Community Initiatives, suggesting very clearly that the accuracy and reliability of reports of funding going to faith-based groups might be less than stellar. And he suggested that the Republican support for faith-based issues had become too focused on same-sex marriage and other social issues to the

Kuo unleashed a devastating critique, primarily that the President's promise of billions in new charitable and government spending for his compassionate concerns had been answered with a paltry support.



The Administration  
cut taxes for the  
wealthy and for  
corporations and  
provided subsidies  
for pharmaceutical  
companies, big  
agri-business,  
and much more,  
but failed its  
constituency of  
faith-based groups.

detriment of the faith-based initiative's original commitment to addressing poverty.<sup>22</sup>

Kuo's critique unleashed a torrent of pent up frustration from Bush supporters and religious leaders. New Community Church founder Rev. Jim Dickerson in Washington, DC, denounced the faith-based program as "just a smokescreen to recruit blacks and minorities into the Republican Party by bribing them with money and access to power—even while covering up cuts in vital social programs and giving big tax cuts to the wealthy."<sup>23</sup>

What the Bush Administration failed to deliver on its bottom line was the dough for the faith-based groups lined up at the trough. The Administration cut taxes for the wealthy and for corporations and provided subsidies for pharmaceutical companies, big agri-business, and much more, but failed its constituency of faith-based groups. In essence, in the Kuo critique, the Bush Administration tried to buy the loyalty of faith-based service providers on the cheap, offering a lot of rhetoric, leaning heavily on the social issues that motivate the religious right, but showing little commitment to putting new dollars into programs that would benefit faith-based groups, potentially "turn[ing] thousands of charities into federal clients."<sup>24</sup>

Kuo eventually turned on the White House for even fudging the numbers behind the Faith-Based Initiative. In early 2005, the White House released a tally of names of purportedly faith-based organizations that had received 8.1 percent of the available funding from five federal agencies (HHS, HUD, Justice, Labor, and Education) in Fiscal Year 2003,<sup>25</sup> a proportion that rose to 9.8 percent in Fiscal Year 2004.<sup>26</sup> In the White House report literally dozens of the grantees listed were public agencies or otherwise questionable as faith-based groups.

White House staff seemingly listed many organizations simply because of their names (e.g., "Christian" in the YW and YM agencies) as sufficient evidence that these were faith-based grants. Even among the somewhat verifiable faith-based organizations themselves, the AP reporters concluded that many of the organiza-

tions on the list had received federal money for decades, including for example, 93 percent of faith-based groups listed by HUD. This wasn't evidence of the faith-based program's success. To the contrary, it showed that the White House's faith-based leaders could cook the program performance books as well as any other agency trying to justify its place in the federal budget. Consistent with Kuo's eviscerating comments before various Congressional committees, the Administration's faith-based initiative was stronger on rhetoric than delivery.

### Churches in Lieu of State

The failures of the federal, state, and local government responses to Hurricane Katrina, particularly in New Orleans, stand in stark relief to the overwhelming positive press given to faith-based nonprofits:

If it hadn't been for the churches, I think people here would have started to die of thirst.

— from someone in Waveland, Mississippi.<sup>27</sup>

Long after the Red Cross pulls out and FEMA pulls out, the churches are still going to be there.

—The promotional comment of Rev. Rick Warren, the populist faith-based author of *The Purpose-Driven Life*.<sup>28</sup>

I have marveled at the miracles that have been done—where different faith traditions have reached out with compassion to help those in desperate need.

—from the director of the Bush Administration's faith-based office during one of his online "Ask the White House" Internet chats.<sup>29</sup> (He also added in another speech, "Hurricane Katrina showed us faith-based organizations doing superb work and being way ahead of government."<sup>30</sup>

Obviously, Katrina will focus attention on the role of the faith-based community, because they have so magnificently stepped up to the plate.

—according to Rabbi David Saperstein, a Washington-based leader of Reform Judaism.<sup>31</sup>



As we saw in the evacuation, the caring and guidance expressed through religious institutions and faith-based organizations put a face, and a tenderness, on help extended that no government can.

—by an editorial page editor of the  
*Atlanta Journal Constitution*.<sup>32</sup>

Lauding the faith-based providers became nearly a catechism of public's analysis of the Katrina response. The Red Cross attracted a lion's share of criticism of its performance, in part because it was seen as absorbing as much as three-quarters of charitable donations in the catastrophe. The Salvation Army, however, which took second place in the donations race, seems to have scarcely earned a sideways glance. The culmination of the faith-based success was the distribution of \$20 million of the first \$90 million from the Bush-Clinton Katrina fund to a ministers' fund "to address the needs of their communities and congregations,"<sup>33</sup> virtually a capsule articulation of the faith-based program theory. The Bush-Clinton team made it clear that promoting faith-based providers would be a centerpiece of its efforts going forward. As the two former presidents put it, the "\$20 million grant will support a ministerial partnership with local and regional faith-based organizations, which were instrumental in the immediate aftermath of Hurricane Katrina but now require our help to continue providing critical services to their communities."<sup>34</sup>

Faith-based leaders quickly saw opportunities for connecting the positive image of their response to the Gulf Coast disaster with a revival of the President's faith-based compassion. Faith-based program director Jim Towey acknowledged that he was in frequent contact with church leaders in the aftermath of the federal government's FEMA debacle, hearing no shortage of criticisms of whether the Bush Administration would follow through with support. Boston's Rev. Eugene Rivers, whose anti-violence work has been frequently touted as a success story of faith-based service, laid out the challenge in a way that both the White House and its Congressional supporters might hear:

The strategic question is whether or not the White House senior staff are smart enough to seize this historic and strategic opportunity. If they fail to practice the compassionate conservatism that they have preached, history may not be kind to them.<sup>35</sup>

Gene Rivers was hardly the only faith-based leader calling for a revival of the federal government's commitment. At the national and local levels, religious leaders joined the appeal for a faith-based program revival. From a United Methodist Church leader in Alabama, "We have seen a paradigm shift. Before in America, since the 1930s or 40s, we've thought the government was going to do it. Now we realize the church is going to have to do it."<sup>36</sup> As popular religion author Rev. Warren concluded, "If the president wants to really put his money where his mouth is on the faith-based initiative, now is the time," and best-selling author Rev. T.D. Jakes, sometimes called the "black Billy Graham," pronounced at a presidential prayer meeting for Hurricane Katrina victims that more federal money should go directly to religious organizations.<sup>37</sup>

President Bush quickly got the message, convening the likes of representatives of the Salvation Army, the Southern Baptist Convention, the African Methodist Episcopal Church, and Catholic Charities and faith-based providers, and an odd secular nonprofit, to repair the post-Katrina image of blended insouciance and incompetence. The President's message coming out of the September 6th White House meeting was unambiguous: "Support Katrina Victims Through Faith-Based Groups."<sup>38</sup>

### Death by a Thousand Cuts

When David Kuo lambasted White House and Capitol Hill Republicans for their faith-based apostasy, he specifically exempted Pennsylvania's Rick Santorum, observing that Santorum's "compassion is genuine."<sup>39</sup> Capitol Hill's reigning champion of the faith-based initiative, especially after Oklahoma's J.C. Watts left the lower chamber, Senator Rick Santorum must wonder what went awry. Originally just a very conserva-

Faith-based leaders  
quickly saw  
opportunities for  
connecting the  
positive image of  
their response to the  
Gulf Coast disaster  
with a revival of the  
President's faith-  
based compassion.





The President's  
message coming out  
of the September 6th  
White House  
meeting was  
unambiguous:  
"Support Katrina  
Victims Through  
Faith-Based Groups."

tive Senate member of Republican revolution of 1994, holding the third highest position in the Republican Senate leadership, Santorum fashioned himself as the champion of the nonprofit sector in general and the faith-based community in particular. But as he faces the end of his second term, he lags behind his Democratic opponent by sizable double-digit percentages in his campaign for reelection.

At the Senate Finance Committee, Santorum is the anti-regulatory counterpoint to his Iowa colleague and committee chair, Republican Senator Chuck Grassley, vocally opposing legislation that would toughen up the rules that nonprofits have to live up to. Playing to sycophantic nonprofit leaders, Santorum became the spokesperson for the notion that all you had to do was enforce the law, writing letters to his colleagues on behalf of an alliance of anti-regulation nonprofits and foundations. But the Committee went ahead with legislation containing some modest regulatory boosts, albeit hardly robust and without money for the IRS or attorneys-general to do their oversight and enforcement jobs.<sup>40</sup>

On the faith-based front, Santorum's personal beliefs propelled him into serving as the Administration's primary faith-based sponsor, but until now, he hadn't had much success in translating his agenda into legislation. Each year, he has pitched his favorable charitable giving incentive, the non-itemizer charitable tax deduction, meant to generate new charitable giving for religious organizations as much as for nonprofits. However, the explicitly faith-oriented parts had generally been stripped from bills in order to attract Democratic (and some Republican) support, and the non-itemizer deduction has stalled between the two chambers of Congress despite zealous advocacy from mainstream nonprofit leaders.

Watching the exodus of Bush appointees from the faith-based program followed by their critical editorials in mainstream, nonprofit, and religious publications, Pennsylvania's junior senator could not have been heartened with the Administration's program and its legislative

companion track. To his credit, he even got his defeated opponent, Harris Wofford, whom Santorum called a "liar" in the campaign, to chair a working group of religious and secular leaders to issue recommendations to make the faith-based program work.<sup>41</sup>

But the faith-based initiative largely scraped along until recently, when the top performers in responding to Hurricane Katrina, at least in the view of much of the mainstream press, were the faith-based nonprofits. As the American Red Cross took it on the chin for yet another series of disaster-response mishaps less than a half decade after its widely criticized performance in the wake of the September 11th terrorist attacks, the Salvation Army, Volunteers of America, the service arms of various religious groups, and local church efforts have received generally laudatory coverage, and Santorum and others seem to have gleaned the opportunity to reinvigorate their faith-based movement.

No political slouch, Santorum stapled faith-based back into the agenda of the Senate Finance Committee and convened a hearing, bravely enough, at the same time as the Judiciary Committee was questioning Chief Justice nominee John Roberts. Santorum's hearing, titled, "Charities on the Frontline: How the Nonprofit Sector Meets the Needs of America's Communities," had originally been meant to address nonprofits in general, with a pitch for Santorum's non-itemizer proposal built in, but Santorum orchestrated a shift of the tenor and the population of the panel took a distinctly faith-based Katrina turn. Santorum walked his three faith-based witnesses—Luke Hingson of the Brother's Brother Foundation, in Pittsburgh, Major George Hood from the Salvation Army, and Dr. Bob Reccord, from the Southern Baptist Convention—through the tales of their work in the Gulf Coast, how much the charitable giving incentives that Santorum had pitched in the CARE Act would have helped, and their concerns about efforts to burden nonprofits with more regulatory reforms and administrative paperwork.

*Continued on page 65*



With that chorus, within a month the Senate Finance Committee passed legislation with some nondescript charity accountability provisions plus Santorum's long sought non-itemizer charitable tax deduction proposal. This time around, the Committee found a way of making the non-itemizer appear "revenue neutral," meaning that that it would not constitute a serious hit on federal revenues. The bill (S.2020) combines the non-itemizer with the proposal for a floor on charitable giving, a tiny one of \$210 for individual taxpayers and \$420 for families, applicable to all taxpayers, itemizers and non-itemizers.<sup>42</sup> The result is that the federal savings from eliminating that small proportion of charitable deductions, easily overcome by taxpayers with a modicum of form-filling intelligence, compensates for the revenue lost by giving non-itemizers a charitable deduction.

The bill went through the Senate with nary a glitch, certainly no critical commentary addressing the non-itemizer, not even from the Democrats who in the past had expressed some occasional misgivings. The legislation now awaits action in the House of Representatives, where the companion bill of various Katrina-related and other tax reforms lacks any language on nonprofit accountability and charitable giving incentives. Waiting for House action followed by a conference committee that would enact the non-itemizer into law, Santorum's campaign staff have a major nonprofit and faith-based victory roadshow promoting the Senator as the champion of faith and charity.

### No Joy Anywhere

Most people forget that the effort to open the floodgates of federal grants to hitherto excluded faith-based charities was only part of the Bush Administration's agenda. The new federal programs to be administered by religious organizations would be matched and abetted by an increase in charitable giving, corporate largesse, and foundation grantmaking to churches and other religious institutions. A federal government hurtling toward a federal revenue abyss abetted by massive tax cuts that could result in zero discretionary federal dollars in less than a

decade doesn't have a great long term future to offer faith-based service providers.

President Bush made it clear in a meeting with African-American clergy in July of 2005 when he called on corporate foundations to get rid of the barriers that they still used to limit donations to faith-based groups, contrasted with the newly open approach that federal agencies were employing. This was hardly new, as corporations have been sensing the faith-based agenda since Bush took office, witness the litany of laudatory comments from the U.S. Chamber of Commerce promoting corporate partnerships with faith-based groups. Notwithstanding some corporate flacks sensing the way the wind blows, Administration officials mentioned General Motors, Exxon Mobil, and IBM as faith-averse corporate donors.<sup>43</sup> The President made this a primary item in the faith-based agenda from the start, witness this statement from his commencement address at Notre Dame in May of 2001:

Faith-based organizations receive only a tiny percentage of overall corporate giving. Currently, six of the 10 largest corporate givers in America explicitly rule out or restrict donations to faith-based groups, regardless of their effectiveness. The federal government will not discriminate against faith-based organizations, and neither should corporate America.<sup>44</sup>

But corporate philanthropy, despite much of it hidden behind a corporate reluctance to fully disclose, constitutes only around one-tenth of annual charitable giving. The big bucks are from individual givers, donating small and large amounts to a potpourri of charities, but predominantly, among individual givers, to religious charities and, as permitted under law, tax deductible donations to religious institutions themselves. And that is where Santorum has gone, promoting legislation that would permit taxpayers who do not itemize to claim charitable deductions nonetheless.

Various studies from the Congressional Research Service and the Center for Budget and

President Bush  
made it clear in  
a meeting with  
African-American  
clergy in July of  
2005 when he  
called on corporate  
foundations to get  
rid of the barriers  
that they still used  
to limit donations to  
faith-based groups,  
contrasted with the  
newly open  
approach that  
federal agencies  
were employing.





Various studies from the Congressional Research Service and the Center for Budget and Policy Priorities have shown the non-itemizer to be a loser for federal revenues.

Policy Priorities have shown the non-itemizer to be a loser for federal revenues. Since most non-itemizers are quite charitably generous already, without the deduction but with charitable giving factored into the standard deduction, the non-itemizer deduction would generally give deductions for giving that would have occurred anyway, spurring probably relatively little in the form of new gifts. While it looks good, the value of the non-itemizer deduction (not a credit against taxes owed, but a deduction from taxable income for determining taxes owed) amounts to a pretty paltry incentive. The CRS and CBPP studies do not take into account what the tax people in IRS already know, that administration and oversight over the non-itemizer would be problematical at best.

Nonetheless, there is plenty of evidence that a large sum of charitable giving goes to religious institutions, and that doesn't include the religious service providers such as the Salvation Army, the Volunteers of America, and others that are treated like churches by the IRS, but the research on charitable giving counts them as human service rather than religion in terms of donors' intent. In contrast to foundation and corporate grantmakers, individual donors have a high propensity to donate to religious causes and institutions, and that is particularly significant among lower income households likely to comprise non-itemizers.

For example, among households with incomes below \$40,000, 30 percent give all of their charitable giving to religion and another 33 percent give 50 to 99 percent of their giving to religious. For households with incomes between \$40,000 and \$100,000, the proportion giving "all" to religion drops to 17 percent, and above \$100,000, only 9 percent dedicate all their charity to religion.<sup>45</sup> Another study of charitable givers suggested that 47 percent of all households gave to religious charities, with an average gift of \$1,744, compared to 57 percent who gave to non-religious charities, but at a lower average total giving of \$878.<sup>46</sup> According to Independent Sector's Faith and Philanthropy report, households that gave to both religious and secular organizations give

more per household to religion (\$1,391) than households that gave only to religion (\$1,154),<sup>47</sup> a winning equation for religious charities whether the giver is faith-based focused or not. Comparing the giving of religious versus secular households, one researcher found religious givers to be almost four times as generous.<sup>48</sup>

Various other studies suggest that upwards of 60 percent, perhaps 70 percent of U.S. households give to or volunteer for religious organizations, and some 60 percent of all individual gifts are for religion, and again, that may well exclude giving or volunteering for organizations like the Salvation Army that are, for IRS purposes, classified as non-reporting religious institutions but considered in many people's minds human service providers. *Giving USA* puts the proportion of total charity going to religion (again, not including religious service providers) at 33 percent, but if foundation giving and corporate grants are factored out, the share of individual giving for religion rises significantly. Doing away with the *Giving USA* estimates, the *Chronicle of Philanthropy's* review of IRS records of itemizing taxpayers with incomes above \$50,000 suggested that more than three-fourths of itemized donations go to "houses of worship or other religious causes."<sup>49</sup> All told, increasing the charitable incentives for giving, assuming that the interests of charitable donors remain the same, simply funnels more money into religion and religious causes.

Despite the Administration's and Santorum's contentions, little of the charitable money given directly to religion goes to service provision. The University of Arizona's Mark Chavez's research says that only 3 percent of religious congregations' total budgets are devoted to social service programs.<sup>50</sup> Stanford's Rob Reich suggests that the figure may be 5 percent,<sup>51</sup> but again not a robust proportion of the tax exempt billions given by donors to religion. With giving to religion much higher among lower-income donors than higher-income taxpayers,<sup>52</sup> the new incentives for charitable giving and the specific incentive planned for non-itemizers clearly end up subsidizing church operations and sacramental



Despite the Administration's and Santorum's contentions, little of the charitable money given directly to religion goes to service provision.

functions rather than social services and anti-poverty work. And that might be for a reason.

Despite the widespread talk about faith and values promoted by the Bush Administration and others, charitable giving for faith may not be increasing in proportion. The Christian research organization, the Empty Tomb, has issued regular reports suggesting that religious giving even among church goers and church members has been dropping, including declines in church members' giving to religion as a percentage of their incomes and a significant decline in giving that serves church missions beyond local operations.<sup>53</sup> Like other nonprofits, church expenses are also rising faster than the generosity of even religiously motivated donors. New charitable giving incentives can be marketed to religious donors to revive the tithe that believers are supposed to give, but few reach.

The impending charitable giving incentives promoted by Santorum are not limited to simply responding to dips in religious funding, but the shift away from government to charity. Santorum authored the "Senate Republican Poverty Alleviation Agenda," whose first item was not new federal spending to address the causes of poverty, but to pass the CARE Act's charitable giving incentives, so that "charitable organizations . . . through individual and corporate incentives [can] better assist those in need such as the hungry, the homeless, the addicted, the sick, at risk children, and the elderly."<sup>54</sup> The Empty Tomb researchers make the point with the combination of government cuts and increased giving to religion, suggesting that in the late 1990s, had church members donated 10 percent [the tithe] rather than 2.5 percent of their incomes, the additional giving would have covered the entire government program cuts and then some, and still left three times as much for "international word and deed ministry . . . all while maintaining current church activity."<sup>55</sup>

In the end, this may be the result of the President's faith-based agenda abetted by Senator Santorum's legislative advocacy on Capitol Hill, encapsulated by an editorial writer in South Carolina:

My hope: Bush can push through a sizable tax cut and a way non-itemizers can deduct charitable contributions from their taxes. I bet the faith-based groups would get about the same amount of money from that approach as would come from federal grants. And then, most importantly, they could talk about amazing grace without agonizing over federal regulations.<sup>56</sup>

### Political Connections of Big Beneficiaries

But some faith-based groups, a bit out of the mainstream, have agonized about federal regulations just enough to capture lion's shares of the Administration's faith-based federal largesse. As the Administration was addressing challenges about just how religious the program was or wasn't going to be, the surprise recipient in the first round was Pat Robertson's Operation Blessing International, which scored \$500,000 from the almost \$25 million awarded by HHS to intermediary organizations to help faith-based and community organizations gear up for accessing and administering federal program dollars. The intermediaries are supposed to regrant funds to other nonprofits and provide technical assistance and training. It is an interesting move for Robertson's organization, since Robertson professed some concern about the President's faith-based proposals which might make Hare Krishnas, Moonies, and Scientologists also eligible to deliver federal programs. At the same time, Robertson was also concerned that opposing the faith-based initiative might uncomfortably place him in agreement with the Anti-Defamation League.<sup>57</sup>

Of course, Robertson's fears did come true to an extent, as Rev. Moon front people from the Professors World Peace Academy, run by a former president of the Unification Church, became trainers in the Administration's "healthy marriage" programs in HHS. Moon operatives through the University of Bridgeport, owned by Moon's Peace Academy, were recruited by the Chosen Vessels Christian Church in Oakland, California, itself a recipient of over \$300,000 in Compassion Capital dollars





Operation Blessing  
had done well  
under the Bush  
Administration.  
Its \$500,000 grant  
in year one has  
blossomed into  
\$14.4 million in  
federal grants and  
contracts, including  
\$1.5 million in  
Compassion Capital  
expenditures.

for marriage training services. The program included not only trainers graduated from the Unification Theological Seminary, but volunteers from local Unification Church affiliates in California, and the awarding of “certified marriage education professional” documents issued by the University of Bridgeport. Other Unification Church operatives in the faith-based program included not only local charities such as New Jersey’s Free Teens USA program (a Compassion Capital-funded after-school abstinence-only program run by a leader of one of Rev. Moon’s political organizations), but the staffer at the Corporation for National and Community Service who was in charge of handing out that agency’s faith-based grants.<sup>58</sup>

Operation Blessing had done well under the Bush Administration. Its \$500,000 grant in year one has blossomed into \$14.4 million in federal grants and contracts, including \$1.5 million in Compassion Capital expenditures.<sup>59</sup> In all fairness, Operation Blessing’s work on hunger issues does reach people in need and should not necessarily be condemned because of Robertson’s odd faith-based pronouncements concerning God sending a heart attack to afflict Israel’s Ariel Sharon because of his plans to remove West Bank settlers, God sending a hurricane to Florida to punish Disney World because of its purportedly “Gay Day” celebrations, and God’s latent threat of disaster aimed at voters in Dover, Delaware after they kicked “intelligent design” advocates off the local school board.<sup>60</sup> In the wake of Katrina, Operation Blessing sits near the top of the list of FEMA-recommended charities for potential donors,<sup>61</sup> a list reprinted by the *New York Times*, CNN, and the Associated Press.<sup>62</sup> Robertson’s political interests have intersected with OBI’s seemingly charitable operations over the years, including the use of Operation Blessing airplanes, ostensibly for airlifting refugees from Rwanda to Zaire, to ferry diamond-mining equipment for a business venture run by Zaire’s dictator Mobutu Sese Seko.<sup>63</sup> Other aspects of OBI’s financial transactions include paying \$885,000 in the fiscal year that ended in March 2004 to Robertson’s Chris-

tian Broadcasting Network,<sup>64</sup> known for hosting Robertson’s political commentaries on topics such as the potential assassination of Venezuela’s Hugo Chavez and sometimes his own partisan interests and aspirations.

A couple of the early Compassion Capital grantees were faith-based community development corporations, notably Philadelphia’s Nueva Esperanza. Nueva Esperanza is a CDC with an impressive track record of single-family housing development, largely in North Philadelphia, plus other programs such as a charter school. The CDC scored a \$2.5 million grant in the first round in 2002 from HHS plus another \$2.76 million as the first installment of \$11 million over three years in 2004 from the Department of Labor. Not surprisingly, Cortes has been an active proponent of the President’s faith-based initiative—and of the President himself, playing a leading role in organizing the National Hispanic Prayer Breakfast featuring President Bush in 2002, 2003, and 2004.

Another award winner, SVDP Management, was actually “Father Joe’s Villages,” a conglomeration of facilities offering housing and services to homeless persons and families, HIV positive persons, at risk youth, and other vulnerable populations. Father Joe—actually Monsignor Joe Carroll of San Diego—has long put his charitable interests in the service of political interests. Many Republican political candidates have received his endorsements, including recent San Diego aspiring mayor Steve Francis whose Internet campaign ads flashed alternating pictures of him and the Monsignor. Father Joe sometimes provides nonprofit volunteer and donation opportunities for politicians in legal trouble, including speaking out in favor of convicted pols or offering them community service opportunities at his St. Vincent’s shelter. In Father Joe’s own words about one political friend facing a corruption indictment, “Will I stop taking his calls? No. Will I stop taking his money? No.” Who has he helped with his charity recently? None other than disgraced California Congressman Randall “Duke” Cunningham, who resigned after being caught with boatloads of bribes from



military contractors, but who pledged to hand over a tiny portion of his swag to Father Joe's homeless shelters.<sup>65</sup>

Much public debate has been devoted to whether the faith-based initiative was little more than an effort on the part of the White House to attempt to buy African-American votes through the African-American faith community. Several huge Compassion Capital grants went to African-American organizations, which one would assume would happen due to the strength of the church in black communities and the significant levels of poverty to be addressed. Among the purportedly black religious recipients were the following:

Bishop Harold Calvin Ray's National Center for Faith Based Initiative in West Palm Beach appears to have received six-figure Compassion Capital grants in 2002 and 2004 and perhaps in 2005-2006. The organization's mission is to create a "national collaboration of faith based entities with a singular purpose of eliminating historic poverty and dependency inducing systems, through the development of self actuating and self-sustaining community based economies" based on a formula derived from the Bible's Book of Acts, Chapter 4.<sup>66</sup> This appears to be one organization that strictly enforces a self-reliance, self-improvement regime, with strictures in its subgrant application format such as "failure to sign the original in blue ink will be considered a fatal flaw."<sup>67</sup>

Ray runs more than the National Center, having founded the Kingdom Dominion Church Fellowship with Decatur, GA's Bishop Eddie Long among the original incorporators of the organization designed to "help black churches prosper."<sup>68</sup> Long recently earned the attention of Senator Grassley's Senate Finance Committee after a series of articles in the Atlanta press detailed how Bishop Eddie Long Ministries provided him millions in salary in addition to a \$350,000 Bentley and a \$1.4 million, 6-bedroom house on a 20 acre site.<sup>69</sup> Ray hasn't received the critical press ink of his friend Long, but both share national recognition for their homophobia, Ray calling homosexuality "an abomination

under God."<sup>70</sup> An advocate of legislation that would permit church leaders to engage in partisan electoral activities from the pulpit, Ray won the title "President Bush's strongest ally in the faith-based effort" from the *Wall Street Journal*.

In truth, few African-American religious organizations received comparable six-figure Compassion Capital grants,<sup>71</sup> though several well known black organizations were among the groups to receive the largest "intermediary" and "demonstration" grants, including Associated Black Charities of Baltimore, Robert Woodson's National Center for Neighborhood Enterprise, and others. The black church groups that participated tended to be found more in the dozens of smaller capacity-building grants, in the \$50,000 range, and the even smaller subgrants issued by the intermediaries. Who could blame these organizations for taking advantage of a resource that they might need and use to fulfill elements of their nonprofit missions?

Nonetheless, some relatively unusual "secular" entities discovered funding opportunities in the Compassion Capital grants. Assigned the function as the resource center for HHS's faith-based grant is "Dare Mighty Things," founded by Dave Van Patten. DMT staff and consultants boast a bevy of major faith-based assignments, including Youth for Christ/USA, Promise Keepers, the Christian Management Association's Executive Leadership Program, the Prison Fellowship, and the DeVos Family Foundation. Among the intermediaries, the previously mentioned Institute for Contemporary Studies in Oakland, CA, received a 2004 intermediary grant, clearly with significant impact on its revenue picture, previously dependent on grants from four foundations, all strongly conservative—John M. Olin Foundation, Lynde and Harry Bradley Foundation, and two of the Scaife network, the Sarah Mellon Scaife Foundation and the Carthage Foundation.<sup>72</sup>

Among the 2005 grantees there is also intermediary Iowa Family Policy Center, with an "about us" Web page emphasizing its contention that "marriage is a permanent, lifelong commitment between a man and a woman" and its oppo-

Much public debate has been devoted to whether the faith-based initiative was little more than an effort on the part of the White House to attempt to buy African-American votes through the African-American faith community.





The frequent charge,  
borne out with some  
of the grants to black  
church leaders and  
white evangelists  
has been that the  
faith-based program  
has had strong  
political overtones  
for connecting the  
Bush Administration  
to desired voting  
blocs or cementing  
relationships with  
political supporters.

sition to “distortions of sexuality or special rights to those practicing distorted sexual behavior.”<sup>73</sup> Its 2004 Form 990 lists 15 board members, but there are actually 26. Eleven of the fifteen are actually husband and wife teams, governing an organization that is structured to physically reflect its belief in husband-and-wife unions.

Perhaps it is no surprise that one of the big winners in the class of 2005 is the OneStar Foundation, a creation of Texas Governor Rick Perry facing multiple reelection challenges from the likes of the mother of President Bush’s press secretary (Bush has endorsed Perry nonetheless) and satirist Kinky Friedman. There is a strong element of politics in the entire faith-based initiatives, with plenty of Compassion Capital recipients providing front-page Web site coverage to the visage of President Bush or his message in the latest State of the Union speech. The frequent charge, borne out with some of the grants to black church leaders and white evangelists has been that the faith-based program has had strong political overtones for connecting the Bush Administration to desired voting blocs or cementing relationships with political supporters.

Examples frequently cited are the \$1 million that went to Rev. Herb Lusk’s Greater Exodus Baptist Church in Philadelphia (Lusk is a leading Bush proponent in the African-American community who most recently made his church available for a rally in support of Supreme Court candidate Samuel Alito),<sup>74</sup> the funding that went to Harold Ray’s NFBCI programs,<sup>75</sup> Luis Cortes’s Bush endorsements after Nueva Esperanza’s Compassion Capital grants, Los Angeles Bishop Sedgewick Daniels (whose church received \$1.5 million in Bush Administration support, after which he endorsed President Bush as the candidate who “shares our views,” despite previous allegiance to Clinton/Gore),<sup>76</sup> and many more. NAACP chairman Julian Bond has dubbed these newly minted black Republican ministers the “faith-based grant party,” though others like Rev. Gene Rivers say that such comments belittle the intelligence of black ministers, presuming that their support can be bought for a few dollars here and there.<sup>77</sup>

It would be the height of ignorance and probably arrogance to suggest that the dozens of Compassion Capital grant recipients, not to mention others that have been given access to federal moneys, are not delivering useful services. What many of the nonprofits that have dipped into the Compassion Capital funds as well as other increasingly faith-oriented federal programs have done is what any nonprofits would do: take advantage of new dollars to deliver needed services hopefully to needy constituencies. But for all too many of the grant recipients, their statements of compassion are couched in offensive commentary about people with different beliefs, venomous hatred toward gays and lesbians in particular, and promotion of values that look not secular, but sectarian. And for some, the faith-based statements are linked to covert and overt statements of support for the Republican political agenda and, specifically, the election and reelection campaigns of George W. Bush.

In both instances, there is no compassion in hatred of people who are different, there is no long term value when nonprofits sell their integrity and souls for short term grants. Notwithstanding likely valiant efforts of some faith-based players to provide useful services, the Bush Administration’s faith-based program doesn’t deliver on its own terms and perhaps only adds to the cynicism and distrust that people of faith hold toward government.

### Fools Rush In

A lackluster and perhaps somewhat corrupted Bush Administration faith-based initiative distinguished by the flight of key designers and operatives like DiIulio and Kuo may well be rejuvenated as a result of the faith-based sector’s unblemished performance responding to Hurricane Katrina and a resurrection of Rick Santorum’s marriage of faith-based and charitable giving legislation. Noteworthy, but hardly a pivotal moment in American politics, is it?

There may be more here than meets the eye, and it’s on the Democratic side of the aisle. When faith-based advocate Luis Cortes of Esperanza



USA showed up at the Democratic National Committee to chat with Chairman Howard Dean about “matters of mutual interest” during a “great meeting,”<sup>78</sup> it might have been Cortes’s keen eye to the Bush Administration’s debacle in the Gulf Coast, Iraq, and elsewhere that prompted the Philadelphia faith-based leader to work on building potential Democratic support. Once an organization is tied to a steady stream of six-figure and seven-figure discretionary federal grants from one administration, not counting additional contributions such as Cortes’s take from Senate Majority Leader Bill Frist’s World of Hope fundraiser,<sup>79</sup> the specter of regime change can make a nonprofit executive director more than a little antsy. Cortes may have faith, but money counts. A supporter of Ralph Nader’s campaign in 2000, Cortes endorsed George W. Bush in 2004, saying “I voted my self-interest” and adding, “This is what I tell politicians: You want an endorsement? Give us a check, and you can take a picture of us accepting it.”<sup>80</sup>

The motivations of the Democrats might be equally worth exploring. The Dems working on faith-based constituents is hardly new. Vice President Gore’s campaign against Bush in 2000 featured its own faith-based initiative with elements resonating with some of the Bush initiative’s features. Cortes’s political skills may be matched by the DNC’s, which characterized the meeting with Dean “to discuss the shared values and priorities between the Democratic Party and the Hispanic and faith based communities,” according to a DNC press release.<sup>81</sup> Cortes’s organization’s strategy of helping AIDS victims, pursuant to the money it received from Frist’s fundraiser, was meant to help AIDS victims feel content with their creator on their deathbeds, hardly a mainstream Democratic response to AIDS.

More revealing might have been the Democratic response to President Bush’s State of the Union speech, delivered by new Virginia governor Tim Kaine, a self-described former missionary, who was heavily promoted by the Democratic Party as the archetype of the kind of political candidate comfortable with discussing and embracing faith and religion on the campaign trail,<sup>82</sup> and

included in that in Kaine’s case is his support for an amendment that would outlaw both same-sex marriage and civil unions in Virginia.<sup>83</sup>

The epiphany for Democrats might be a new willingness to not only talk faith and values, but to campaign for it. While not endorsing the Republican Party’s occasional tilts toward theocracy, political tacticians William Galston (a Clintonian) and Elaine Kamarck (a Gore advisor) issued a tract in 2005 suggesting that it isn’t sufficient for Democrats to simply embrace morality in an effort to broaden their appeal to voters and overcome perceptions of elitism, but credibility among “less educated voters” would derive from “present[ing] themselves as sincere believers for whom religion matters in their lives and to mistrust candidates who appear secular in their orientation.” Their “third way” prescription called for Democrats to modify their social issue positions, for example, opposing “court-ordered gay marriage while favoring decent legal treatment for gay couples” as an example of “common sense” positions to attract more religiously inclined voters while not totally alienating the Democratic base.<sup>84</sup> Tim Kaine’s campaign looks like it was mapped from the “third way” textbook.

Moving into Fiscal Year 2007, the President’s fervor for faith-based programs has been revived. As proposed, the Compassion Capital Fund located in the Department of Health and Human Services, the centerpiece of the faith-based initiative, gets \$100 million once again, unlikely to be cut by either party. At Commerce, the faith-based initiative is targeting corporate America for support for faith-based programs and initiatives. At Housing and Urban Development (HUD), the budget touts a 28 percent increase of grants to faith-based groups between 2002 and 2004, highlighting in fact the role of faith-based organizations in restoring a neighborhood park, creating community improvements, and reducing crime, with promises of more in the future. Between HUD, the Labor Department, and the Justice Department, the budget offers nearly \$60 million for largely faith-based prisoner re-entry mentoring, and Health and Human Services gets another

There may be more here than meets the eye, and it’s on the Democratic side of the aisle.





Their “third way”  
prescription called  
for Democrats to  
modify their social  
issue positions, for  
example, opposing  
“court-ordered gay  
marriage while  
favoring decent  
legal treatment for  
gay couples” as an  
example of “common  
sense” positions to  
attract more  
religiously inclined  
voters while not  
totally alienating  
the Democratic base.

\$40 million for faith-based and community organizations to mentor the children of prisoners. Besides the prisoner reentry, Justice is promising continuing work on creating “faith-based residential units” in federal prisons, training for clergy to deal with domestic violence, and subgrants for faith-based organizations to work with crime victims. At the Department of State, the budget includes \$200 million over two fiscal years to build the capacity of faith-based and other community to support AIDS prevention and care services. The biggest item, however, is the over \$200 million in the HHS faith-based budget for abstinence-only education.

Faith-based director Towey puts the faith-based number in the Fiscal 2007 budget at \$323 million,<sup>85</sup> though the faith-based apocrypha in the budget, overt and covert, look much higher. Maybe David Kuo might complain that these proposals do not outweigh the reductions or terminations of 141 programs amounting to over \$14 billion in cuts on top of the \$6.5 billion cut out of 89 programs in Fiscal Year 2006,<sup>86</sup> revealing the Administration’s continuing pattern of short-changing the poor. Or perhaps Kuo would point out that the faith-based program still looks like more social issue rhetoric than substantive resources infused into the budgets of faith-based nonprofits.

Notwithstanding the performance of FEMA before and after Hurricane Katrina, the Bush Administration is making a big thing out of its emphasis on supporting programs that work and cutting programs that don’t. Attached to its federal budget estimates are program performance reviews of individual programs and even a new Web site (ExpectMore.gov) launched in conjunction with the February 6th submission of the Fiscal Year 2007 budget to Congress.<sup>87</sup> At the Office of Management and Budget Web site on performance reviews<sup>88</sup> or at ExpectMore, your expectations will be dashed if you search for information on the performance of the faith-based grants to Pat Robertson’s, Franklin Graham’s, or Luis Cortes’s nonprofits or any of the others that have received support as a result of the President’s 2001 initiative.

Leaving aside ideology, whether one thinks faith-based organizations do or don’t deliver services better than secular nonprofits, whether faith-based contractors should or shouldn’t be permitted to hire staff from their own belief systems, even whether or not these organizations should be permitted to retain, display, and promote the symbols of their faith in the performance of their work, it’s clear that as a program, the faith-based initiative has shifted some resources to faith-based groups, a few probably all right, some clearly questionable in terms of what they do and how. David Kuo may be correct in one part of his critique, and the Democrats may be picking up on the wrong lesson, but the program is more for political consumption than addressing and solving social problems. Playing the faith card to win votes may work in the short term, particularly with nonprofits committed to playing ball with whatever administration is willing to “show me the money”, but the card game does nothing to overcome the increasing cynicism of Americans that real faith is hard to find in the corridors of Congress and the offices of the White House.

**Editors’ Note:** *We gratefully acknowledge the support for this article provided by the Fund for Investigative Journalism (<http://fij.org>).*

## Endnotes

1. Richard D. Knabb, Jamie R. Rhome, and Daniel P. Brown, Tropical Cyclone Report: Hurricane Katrina 23-30 August 2005 (National Hurricane Center, December 20, 2005) [www.nhc.noaa.gov/pdf/TCR-AL122005\\_Katrina.pdf](http://www.nhc.noaa.gov/pdf/TCR-AL122005_Katrina.pdf)
2. [www.nola.com/news/t-p/frontpage/index.ssf?/news/t-p/stories/011706\\_nagin\\_transcript.html](http://www.nola.com/news/t-p/frontpage/index.ssf?/news/t-p/stories/011706_nagin_transcript.html)
3. Charles Babington, “Some GOP Legislators Hit Jarring Notes in Addressing Katrina”, *Washington Post* (September 10, 2005) [www.washingtonpost.com/wp-dyn/content/article/2005/09/09/AR2005090901930.html](http://www.washingtonpost.com/wp-dyn/content/article/2005/09/09/AR2005090901930.html)
4. [www.nola.com/newslogs/breakingtp/index.ssf?/mtlogs/nola\\_Times-Picayune/archives/2005\\_08.html](http://www.nola.com/newslogs/breakingtp/index.ssf?/mtlogs/nola_Times-Picayune/archives/2005_08.html)
5. Thomas Spencer, “Senator Says Storms Are Punishment from God”, *Birmingham News* (September 28, 2005)



6. See <http://mediamatters.org/items/200509130004>; Phelps also holds protests at the funerals of U.S. soldiers killed in Iraq, asserting that deaths due to roadside IEDs (Improvised Explosive Devices) are God's wrath against American homosexuality.

7. See <http://gaylife.about.com/b/a/198659.htm>

8. See [www.msnbc.msn.com/id/9600878/](http://www.msnbc.msn.com/id/9600878/)

9. See <http://mediamatters.org/items/200509130004>

10. Section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996

11. Michael Tanner, *Corrupting Charity: Why Government Should Not Fund Faith-Based Charities* (Washington: Cato Institute, March 22, 2001)

12. A 1999 report of the Joint Economic Committee indicated that Catholic Charities USA itself received \$600 million annually in federal contracts; cf. [www.house.gov/judiciary\\_democrats/hr7dissentingviews.pdf](http://www.house.gov/judiciary_democrats/hr7dissentingviews.pdf)

13. Cf. Avis C. Vidal, *Faith-Based Organizations in Community Development* (Washington: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, August 2001)

14. See [www.whitehouse.gov/news/releases/2001/08/unlevelfield1.html](http://www.whitehouse.gov/news/releases/2001/08/unlevelfield1.html)

15. [www.aclu.org/FilesPDFs/hudsurveyreport.pdf](http://www.aclu.org/FilesPDFs/hudsurveyreport.pdf)

16. The data problem was more than simply spinning the survey responses. For example, HUD reported that no faith-based organizations had been recipients of its Self-Help Homeownership Opportunity grants when in actuality Habitat for Humanity had received more than half of the \$20 million program in Fiscal Year 2000. HUD also ignored the fact that two-thirds of the sponsors of Section 202 elderly housing projects over the program's 35-year history were religious organizations. Cf. Anne Farris, Richard P. Nathan, and David J. Wright, *The Expanding Administrative Presidency: George W. Bush and the Faith-Based Initiative* (Roundtable on Religion and Social Welfare Policy, August 2004), page 7.

17. Dana Milbank, "DiIulio Resigns From Top 'Faith-Based' Post", *Washington Post* (August 17, 2001) [www.washingtonpost.com/ac2/wp-dyn?pagename=article&node=&contentId=A26838-2001Aug17](http://www.washingtonpost.com/ac2/wp-dyn?pagename=article&node=&contentId=A26838-2001Aug17)

18. Ibid.

19. "Defending the Estate Tax", *New York Times* (February 16, 2001)

20. See [www.csmonitor.com/2002/1217/p08s03-comv.html](http://www.csmonitor.com/2002/1217/p08s03-comv.html), also [www.washingtonpost.com/wp-dyn/articles/A24561-2005Feb14.html](http://www.washingtonpost.com/wp-dyn/articles/A24561-2005Feb14.html)

21. David Kuo, "Shooting from the Heart" ([www.beliefnet.com/story/160/story\\_16092\\_1.html](http://www.beliefnet.com/story/160/story_16092_1.html))

22. Michael Sokolove, "The Believer", *New York Times* (May 22, 2005)

23. Neal Peirce, "Pioneering Minister Blows Whistle on Bush's Faith-Based Initiative", *Stateline.org* ([www.stateline.org/live/ViewPage.action?siteNodeId=136&languageId=1&contentId=18514](http://www.stateline.org/live/ViewPage.action?siteNodeId=136&languageId=1&contentId=18514))

24. Jonathan Chait, "Patronage, Bush-Style", *The New Republic* (May 16, 2005)

25. Laura Meckler, "U.S. Gave \$1B in Faith-Based Funds", *Associated Press* (January 3, 2005)

26. Grants to Faith-Based Organizations Fiscal Year 2004: Based on a Review of 151 Competitive Programs and 17 Program Areas at 7 Federal Agencies (White House Office of Faith-Based and Community Initiatives, March 1, 2005); Note: The FY2004 tally added a calculation of faith-based grants from the Agency for International Development (AID), in charge of foreign aid, and the Department of Agriculture. Taken on face value, the agency with the highest proportion of dollars going to faith-based organizations was HUD (24.2 percent in FY03, 23.3 percent in FY04), the agency with the largest one-year increase was Labor (faith-based grantmaking increasing from 2.2 percent to 19.0 percent), and the third ranking agency in terms of faith-based dollar outflows was AID with 14.2 percent.

27. Tom Baxter, "Faith Groups See Dilemma in Storm Duty: Conference Here to Hash Out Issues", *Atlanta Journal-Constitution* (December 8, 2005)

28. Rachel Zoll, "Groups Lobby for Faith-Based Initiative", *The Charlotte Observer* (September 19, 2005) [www.charlotte.com/mld/charlotte/news/nation/12689149.htm](http://www.charlotte.com/mld/charlotte/news/nation/12689149.htm)

29. Lillian Kwon, "Katrina Rebuilding Efforts Move Nation Toward New Beginnings", *Christian Post* (September 19, 2005) [www.christianpost.com/article/society/1849/section/katrina.rebuilding.efforts.move.nation.toward.new.beginnings/1.htm](http://www.christianpost.com/article/society/1849/section/katrina.rebuilding.efforts.move.nation.toward.new.beginnings/1.htm)

30. [www.mediatransparency.org/story.php?storyID=89](http://www.mediatransparency.org/story.php?storyID=89)

31. Matthew E. Berger, "Will Katrina Relief Bring Faith-Based Push," *Jewish Times* (September 15, 2005).

Playing the faith  
card to win votes  
may work in  
the short term,  
particularly  
with nonprofits  
committed to  
playing ball.





32. Jim Wooten, "Critics squirm as Bush rises to the occasion," *Atlanta Journal Constitution* (September 18, 2005)
33. See [www.cnn.com/2005/US/12/07/katrina.fund/](http://www.cnn.com/2005/US/12/07/katrina.fund/)
34. See [www.bushclintonkatrinafund.org/](http://www.bushclintonkatrinafund.org/)
35. See [www.latimes.com/news/nationworld/nation/la-na-blacks20sep20,0,6578120,full.story?coll=la-home-headlines](http://www.latimes.com/news/nationworld/nation/la-na-blacks20sep20,0,6578120,full.story?coll=la-home-headlines)
36. Dan Murtaugh, Virginia Bridges, and Guy Busby, "Disaster Illustrates Churches' New Role," *Mobile Register* (September 18, 2005).
37. Zoll, op. cit.
38. *Christian Post*, September 7, 2005.
39. Sokolave, op. cit.
40. Senator Santorum's own foundation, Operation Good Neighbor, may not have caught the attention of the IRS as a law-breaking nonprofit, but recent press coverage has exposed the foundation's huge overhead costs (over 60 percent of total revenues), much of which goes to pay fundraising and administrative staff who happen to also be former and current Santorum campaign aides ([www.phillyburbs.com/pb-dyn/news/103-02242006-618060.html](http://www.phillyburbs.com/pb-dyn/news/103-02242006-618060.html)), reminiscent of the widespread criticisms of the charities established by House Majority Leader Tom DeLay and Senate Majority Leader Bill Frist.
41. Finding Common Ground: 29 Recommendations of the Working Group on Human Needs and Faith-Based and Community Initiatives (January 2002) [www.sfcg.org/programmes/us/report.pdf](http://www.sfcg.org/programmes/us/report.pdf)
42. See [www.independentsector.org/programs/gr/charityreform.html](http://www.independentsector.org/programs/gr/charityreform.html)
43. See [www.latimes.com/news/nationworld/nation/la-na-bush26july26,0,772969.story](http://www.latimes.com/news/nationworld/nation/la-na-bush26july26,0,772969.story)
44. See <http://usinfo.state.gov/usa/faith/ndame.htm>
45. "Giving and Wealth," *Giving USA Update* (Issue 2, 2004), p. 11.
46. "Racial/Ethnic Minorities and Giving," *Giving USA Quarterly* (Issue 4, 2004), p. 2.
47. See [www.independentsector.org/media/FaithPR.html](http://www.independentsector.org/media/FaithPR.html)
48. Arthur C. Brooks, "Religious Faith and Charitable Giving," *Policy Review* (October 2003) [www.policyreview.org/oct03/brooks.html](http://www.policyreview.org/oct03/brooks.html)
49. See <http://philanthrpy.com/free/articles/v15/i14/14000601.htm>
50. Mark Chaves, "Six Myths About Faith-Based Initiatives," *The Christian Century* (September 19-21, 2001)
51. Rob Reich, "A Failure of Philanthropy: American charity shortchanges the poor, and public policy is partly to blame," *Stanford Social Innovation Review* (Winter 2005)
52. In 2001, donors beneath \$50,000 in income gave roughly 75 percent of their charitable donations to religion; for households with incomes between \$165,000 and \$330,000, the proportion was only 37.8 percent, between \$330,000 and \$823,000, 15.2 percent, and above \$823,000 in income, around 6.1 to 6.2 percent. Cf. Jane G. Gravelle, *Economic Analysis of the Charitable Contribution Deduction for Non-Itemizers* (Washington: Congressional Research Service, March 13, 2001), Table 4.
53. See [www.emptytomb.org/Chap1hlites03.html](http://www.emptytomb.org/Chap1hlites03.html)
54. See [www.calltorenewal.org/resources/senatepov.pdf](http://www.calltorenewal.org/resources/senatepov.pdf)
55. John and Sylvia Ronsvalle, "Giving to Religion: How Generous Are We?," *The Christian Century* (June 3-10, 1998)
56. Beth Padgett, "Can We Pass the Plate to Uncle Sam?," *The Greenville News* (February 4, 2001)
57. Michele Jacklin, "The Real Army of Compassion," *Hartford Courant* (September 11, 2005)
58. Don Lattin, "Moonies knee-deep in faith-based funds; Pushing celibacy, marriage counseling under Bush plan," *San Francisco Chronicle* (October 3, 2004)
59. Bill Sizemore, "Gaining Faith in Federal Money?," *The Virginian-Pilot* (January 16, 2006)
60. At around the same time as the HHS announcement, some of Pat Robertson's other income-generating strategies got press coverage, notably his investment in racehorses. According to the *City Paper* in Washington (in Dave McKenna, "Horseman of the Apocalypse," [www.washingtoncitypaper.com/archives/cheap/2001/cheap1214.html](http://www.washingtoncitypaper.com/archives/cheap/2001/cheap1214.html), December 14, 2001) Robertson dropped roughly the same amount as OBI's Compassion Capital grant to purchase a Kentucky racehorse to add to his Tega Farm thoroughbred stable (he demurely named one of his new horses "Mr. Pat"). Although his horses do race at things called racetracks where people gamble, Robertson doesn't bet and doesn't gamble and opposes some forms of Internet gambling—but with an exemption for horseracing (from the June 2002 *Church & State*, "Robertson Race Horses Scratched After Critics



Charge Hypocrisy,” [www.au.org/churchstate/cs6026.htm](http://www.au.org/churchstate/cs6026.htm)). Since the revelations about opposing gambling but financing horseracing at the same time he was supposedly helping poor people through the faith-based initiative, Robertson cited Apostle Paul’s model to announce his intentions to sell his stable, though not without mentioning that Triple Crown winner Secretariat had been Virginia’s greatest athlete ([www.patrobertson.com/PressReleases/HorseSale.asp](http://www.patrobertson.com/PressReleases/HorseSale.asp)).

61. [www.fema.gov/news/newsrelease.fema?id=18473](http://www.fema.gov/news/newsrelease.fema?id=18473)

62. Max Blumenthal, “Pat Robertson’s Katrina Cash”, *The Nation* ([www.thenation.com/doc/20050919/blumenthal](http://www.thenation.com/doc/20050919/blumenthal))

63. Bill Berkowitz’s “Pat Robertson Counts His Federal Blessings,” [www.tompaine.com/feature.cfm/ID/6535](http://www.tompaine.com/feature.cfm/ID/6535)

64. Juan Gonzalez, “Disaster Used as Political Payoff”, *Daily News* (September 6, 2005)

65. For more on Duke Cunningham’s charity connections, cf. Rick Cohen, “The Duke’s Demise: Philanthropic Maneuvers Don’t Excuse Questionable Defense Contracts”, *Responsive Philanthropy* (Summer 2005), also “Duke Cunningham’s Demise: Part Deux” (December 7, 2005) and “Today’s Menu: Chef Cunningham’s Fishy Misdealings” (February 21, 2006) from the NCRP Blog ([www.ncrp.org](http://www.ncrp.org))

66. See [www.ncfbi.org/organization.html](http://www.ncfbi.org/organization.html)

67. See [www.ncfbi.org/ccfsubawardround32005.pdf](http://www.ncfbi.org/ccfsubawardround32005.pdf)

68. See [www.charismanow.com/a.php?ArticleID=3258](http://www.charismanow.com/a.php?ArticleID=3258)

69. See [www.ajc.com/living/content/living/0805/28natlong.html](http://www.ajc.com/living/content/living/0805/28natlong.html)

70. C.B. Hanif, “Belated comment on AIDS work”, *Palm Beach Post* (November 21, 2004); Coretta Scott King’s funeral was held at Long’s church, but lifelong King friend and ally Julian Bond refused to attend, citing Long’s virulent opposition to gay rights and obliquely Long’s lavish lifestyle and purported misuse of tax-exempt church funds; for his explanation, cf. Leah Nylen, “Bond explains skipping King’s funeral”, *The Cavalier Daily* (February 9, 2006) [www.cavalierdaily.com/CVArticle.asp?ID=25831&pid=1394](http://www.cavalierdaily.com/CVArticle.asp?ID=25831&pid=1394)

71. Boston’s Black Ministerial Alliance, for example, scored \$2 million in 2004 and another \$1.4 million in 2005; Kalamazoo’s Northside Ministerial Alliance received a 6-figure and a 7-figure Compassion Capital grant, etc.

72. See [www.sourcewatch.org/index.php?title=Institute\\_for\\_Contemporary\\_Studies](http://www.sourcewatch.org/index.php?title=Institute_for_Contemporary_Studies)

73. See [www.iowaprofamily.org/about%20IFPC.htm](http://www.iowaprofamily.org/about%20IFPC.htm)

74. Laurie Goodstein, “Minister, a Bush Ally, Gives Church as Site for Alito Rally”, *New York Times* (January 5, 2006)

75. Andrew Putz, “The Democratic Party’s Worst Nightmare”, *Philadelphia Magazine* (October 2005)

76. From the Interfaith Alliance’s C. Weldon Gaddy’s testimony on June 21, 2005 to the Subcommittee on House Government Reform and Oversight, Subcommittee on Criminal Justice, Drug Policy, and Human Resources

77. Kelly Brewington, “Black churches ponder direction as some ally with GOP”, *Baltimore Sun* (March 29, 2005)

78. See [www.democrats.org/a/2005/11/gov\\_dean\\_meets\\_1.php](http://www.democrats.org/a/2005/11/gov_dean_meets_1.php)

79. Cf. “Frist’s World of Hope Awaits 2008”, NCRP Blog (December 19, 2005)

80. “Show Me the Money! Pastor Says He’ll Trade Support for Cash”, *People & Events* (July 1, 2005)

81. See [www.democrats.org/a/2005/11/dnc\\_chairman\\_de\\_3.php](http://www.democrats.org/a/2005/11/dnc_chairman_de_3.php)

82. Christina Nuckols, “Kaine’s Faith Message Is Attracting Interest at the National Level”, *Virginia Pilot* (November 20, 2005), <http://home.hamptonroads.com/stories/story.cfm?story=95699&ran=167890>

83. Elizabeth Weill-Greenberg, “Va. House Approves Gay Marriage Ban Amendment”, *Washington Blade* (January 13, 2006) [www.washingtonblade.com/thelatest/thelatest.cfm?blog\\_id=4540](http://www.washingtonblade.com/thelatest/thelatest.cfm?blog_id=4540)

84. William A. Galston and Elaine C. Kamarck, *The Politics of Polarization* (Washington DC: Third Way, October 2005), [www.third-way.com/data/product/file/16/politics\\_of\\_polarization.pdf](http://www.third-way.com/data/product/file/16/politics_of_polarization.pdf)

85. See [www.whitehouse.gov/news/releases/2006/02/20060206-8.html](http://www.whitehouse.gov/news/releases/2006/02/20060206-8.html)

86. See [www.whitehouse.gov/omb/budget/fy2007/message.html](http://www.whitehouse.gov/omb/budget/fy2007/message.html)

87. See [www.whitehouse.gov/omb/expectmore/index.html](http://www.whitehouse.gov/omb/expectmore/index.html)

88. On the Program Assessment Rating Tool (PART), cf. [www.whitehouse.gov/omb/part/index.html](http://www.whitehouse.gov/omb/part/index.html)

## Let’s Talk!

Let’s move this topic forward! Any ideas or arguments you’d like to share with the authors and editors? Send us an e-mail, referring to this article at: [feedback@nonprofitquarterly.org](mailto:feedback@nonprofitquarterly.org).

Copyright 2006. All rights reserved by Third Sector New England, Boston, MA. (Volume 13, Issue 1). The *Nonprofit Quarterly* features innovative thinking and management practices in the nonprofit sector. For reprint permission or subscription information please go to [www.nonprofitquarterly.org/subscriptions](http://www.nonprofitquarterly.org/subscriptions).