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Providing Shelter for the Homeless: Faith-Based Organizations as Instruments of the Public Good



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ABSTRACT

Networked public service delivery requires attention to accountability and implementation in the public interest. Using the case of transitional housing in a western US community, we review the challenges of goal incongruence between network members and the resulting management problems. In addition, this case illustrates the role that local governments may play in promoting the primacy of one network member over others through collaborations, contract arrangements and nonmonetary resources and the resulting political and judicial difficulties. The complexity of networked service delivery is compounded when the individual missions of network members supersede public policy goals. In many communities, FBOs, as critical partners in a social service delivery network, may face great variation in expectations about how their organizational mission/faith relates to policy goals. Effective network coordination demands that each network partner recognizes and adapts, when appropriate, to the differing missions/goals of other network partners. However, when public resources are used to bolster the stability of alternative service providers, especially faith-based providers, governmental partners must maintain adequate oversight, with or without the benefit of specific contract provisions.

Keywords: networks, transitional housing, faith-based organizations

INTRODUCTION

Mosher (1980, 545) called for attention to the “fundamental shifts in the purposes, emphases, and methods of federal operations” noting that “changes in the *content* of what the government undertakes to have done and in the means by which it undertakes to have it done have enormous consequences for the *content* and the *means* of public administration, the principal and indispensable arm of implementation” [emphasis in the original]. Despite the increasing delivery of public goods and services through businesses or nonprofits, termed ‘government by proxy’ (Kettl 1987), ‘shadow government’ (Light 2003; Wolch 1990), network governance (Milward and Provan 2003) or ‘3rd order devolution’ (Wineburg, Coleman, Boddie, and Cnaan 2008), public administrators, as Mosher forecast, must still attend to the efficient and effective implementation of public policy. However, as challenging as direct service



delivery by government might be, successful implementation is compounded in nonhierarchical network arrangements characterized by varying levels of formality and fluidity in the power and influence wielded by network members.

Housing policy offers a useful case focus for considering the challenges of network service provision. Efforts to develop and provide housing rest with the for-profit sector as well as the public and nonprofit sectors. Competitive and potentially lucrative opportunities in the private housing market do not necessarily offer everyone access to shelter. Nonprofit organizations and government have intervened to provide or facilitate affordable and transitional housing in communities throughout the United States. Notably, demand for social safety net policy such as transitional housing becomes especially critical in high growth communities and municipal governments strategically create, coordinate, and defer to the variety of transitional housing providers to meet demand (Cohen 2001). In transitional housing, like other social services, faith-based organizations (FBOs) and other nonprofits offer a tradition of service provision and assume a significant role in the web of services available to community members.

Webs of public services provided by a mix of organizations are generally termed networks. Though network definitions in public administration scholarship vary, Agranoff and McGuire (2001, 676), attributing this definition to Kickert, Klijn, and Koppenjan (1997, 9), suggest that networks include “various actors (individuals, coalitions, bureaus, organizations) none of which possess the power to determine the strategies of other actors.” Agranoff and McGuire further extend the Kickert et al definition by drawing upon Mandell (1988) to note “networks are conceived in terms of a cluster of organizations, a purposeful whole, rather than as many different organizations performing unrelated tasks” (Agranoff and McGuire 2001, 676). Because FBOs and nonprofits generally derive their impetus not from government, but from their observation about community needs and gaps in assistance, considering social service networks must move beyond “situations where government officials intentionally engage networks of providers to enhance the delivery of public goods” (Goldsmith and Eggers 2004, 10). Thus, we consider a broader definition of network in which government may not be the catalyst or focus, but may have a significant place in legitimizing member providers with a substantive effect upon that provider’s ability to develop capacity and to coordinate effectively with other network members.

Milward and Provan’s hollow state metaphor captures “the devolution of power and decentralization of services from central government to subnational government and, by extension, to third parties – nonprofit agencies and private firms – who increasingly manage programs in the name of the state” (2003, 2) and the means by which government cajoles (collaboration) or controls (contracting) proxy efforts. We should recognize that while in some

policy areas government has not been the impetus for social safety net policy – as in the case of long-standing faith-based and secular service delivery – it does play a significant role in stabilizing and regulating the service network in communities. Whether or not a service provider orchestrates their efforts in deliberate consultation with government, the service provider exists in a particular service domain. Membership in this network is both self and collectively defined and includes those who provide services as well as those who influence that provision through regulation, fiscal support or expertise. Those actors who are perceived as being legitimate, active and stable members could be viewed as having primacy in the network at a given point in time. Primacy may shift as members escalate or de-escalate in activity. Some network members may lurk in a policy network, without a significant delivery role. These members may, however, offer public managers options in distributing resources. Because public resources have stability and broad legitimacy, then municipal funding, formal contracts, and informal agreements to provide technical assistance or other forms of nonmonetary resource may offer primacy to a lurking provider and establish that provider as a preferred option to citizens in need of help.

FAITH-BASED ORGANIZATIONS AND PUBLIC SERVICES

Attention to FBO service delivery requires a historical perspective. In providing a useful overview of the devolution of social service programs from a federal, government-centric role during the past several decades, Wineburg and his colleagues (2008) note that two federal actions are pivotal: Charitable Choice and the White House Office of Faith-Based and Community Initiatives. ‘Charitable Choice’ provisions in the 1996 welfare reform law, Temporary Assistance for Needy Families (TANF), facilitated government contracts with FBOs via block grants (Chaves 1999; Kramer et al. 2005). These provisions allowed FBOs to compete for federal contracts by exempting faith-based organizations that seek federal funding from restrictions in hiring based on religious belief or practice. Further, these provisions forbid states receiving federal block grant money from requiring that “a religious organization ‘alter its form of internal governance’ or ‘remove religious art, icons, scripture, or other symbols’ as a condition for contracting to deliver services...” (Chaves 1999, 836).

To extend the FBO role beyond ‘Charitable Choice,’ President Bush created the Office of Faith-Based and Community Initiatives in 2002 to “identify barriers to participation of faith-based organizations...in government contracting” (Kramer et al. 2005, 2). The Office of Faith-Based and Community Initiatives intended to “identify and eliminate barriers that impede the full participation of FBOs in the federal grants process” (White House FBCI 2005). Following the federal lead, several states, including

California, Florida, Michigan, Oklahoma and Texas have revised statutes and regulations “to make it easier for congregations and religious charities to receive government grants to provide social services . . . [and] . . . more than a hundred cities have appointed formal liaisons to their local faith communities” (Buntin 2004, 34).

The post-2008 election has not signaled a deviation from this commitment at the federal level. In February, 2009, President Obama amended the executive order that established the Bush Whitehouse FBO initiative to extend this effort under the Office of Faith-based and Neighborhood Partnerships. The Obama Whitehouse added content to the executive order emphasizing the importance of “preserving our fundamental constitutional commitments guaranteeing the equal protection of the laws and the free exercise of religion and forbidding the establishment of religion” (Amendments 2009). While Smith and Sosin (2001) caution us to consider that FBOs differ significantly in terms of the integration of faith with service delivery, administrators must consider whether and when the granting of governmental monies to a religious organization might comprise a violation of the separation of church and state.

The United States Supreme Court has evaluated this question in a variety of cases. DeVita and Wilson (2001) note that while some perceive (and prefer) the separation of Church and State to be absolute, there is a long history of partnership between religious organizations and governments in the United States including federal, state and local support of religiously-affiliated hospitals, schools and colleges. Recent Supreme Court cases appear to have loosened the previous judicially-defined separation of church and state by allowing “financial support for secular services on parochial school property (*Agostini v. Felton* 1997) and [to] supply educational materials and computers for secular-oriented programs in parochial schools (*Mitchell v. Helms* 2000)” (*DeVita and Wilson* 2001, 2). Further, in *Hein v. Freedom from Religion Foundation, Inc.*, a split court expects that differential tests will be applied to congressional action establishing religion versus executive branch efforts that represent ‘executive discretion.’ While general taxpayer standing is sufficient to challenge congressionally directed expenditures that might favor religion, the majority opinion on the Court determined that simple taxpayer status is not sufficient to challenge matters within the discretionary purview of the executive branch.

The Court has continued to place restrictions on the use of governmental money by religious organizations. Scholars note Justice O’Connor’s concurring opinion in *Mitchell*, “government aid violates the Establishment Clause if the government can be fairly held responsible for religious indoctrination that is supported by public aid” (Lupu and Tuttle 2006). This includes the provision that governmental aid “must not be used for specifically religious activities, which includes programs with religious content” (Lupu

and Tuttle 2006). These activities are generally permitted, however, if argued to be either voluntary or separated in time/location from publicly funded programs. Unfortunately, in their review of the Charitable Choice provisions in the block grant programs, Kramer and her colleagues (2005, 5) note that “faith content, separation [of religious activities from secular], and the degree to which participation in religious activities is voluntary are not routinely monitored.” Because organizational financial and client-based data are the only information routinely collected as part of the contract monitoring process, governments would learn about “faith expression or problems it posed only by happenstance” (Kramer et al. 2005, 5). The challenge of balancing the religious mission of the organization with federal rules regarding separation of church and state is evident in the following lament from a minister: “Watch out. We can’t do it all and they will want us to. Or they will tell us we can do what we want ‘but just not call it prayer.’ But that’s what we do - pray” (Withorn 2001, 113).

NETWORKS AND FBOs: GOALS, CAPACITY AND COORDINATION

Questions about performance and accountability using government proxies to deliver public services are illustrated with Light’s (2003) argument that government by proxy may ultimately undermine the public interest in four ways – through illusory presumptions about merit, the unified nature of public service, capacity and accountability. The reality that people serving the public interest may never consider themselves to be a part of government or directly responsive to elected officials demonstrates the disparate identity of proxies. Of the four, most significant to Light may be the presumptions that proxied systems are accountable.

Advocates of alternative service systems argue that well-defined contract arrangements ensure accountability (Brown, Potoski and Van Slyke 2006; Kettl 2002; Milward and Provan 2003). However, not all network relationships are dependent upon contracts and the nature of the contracting parties does matter. Warner and Hefetz (2008, p. 158) surmise that “principal agent problems are less likely with nonprofit and intermunicipal contracts because these organizations have community missions similar to that of government.” How can governments ensure that networks involving FBOs as service providers are effective and accountable? Not all network relationships are characterized by formal contracts in which performance guidelines are articulated. Unfortunately, ‘faith’ in the compatibility of missions in proxied systems as a mechanism to ensure accountability may be insufficient. As Light notes (2003, 167) “one does not have to go too far down the accountability chain to find mixed motives, diffused responsibilities, and general confusion about who is accountable to whom.” Echoing Frederickson (1997), Light

observes that “just because a private firm or nonprofit agency delivers a given service . . . does not mean it is excused from worries about the broader public good” (2003, 168).

Determining whether the public good is served by FBOs embedded within networks may be methodologically complex when government evaluates charitable choice and FBO implementation (Bielefeld 2006; Grettenberger, Bartkowski, and Smith 2006). Networks are characterized by multiple organizations that may be embedded in different levels or jurisdictions of government; represent varied combinations of nonprofit or private organizations and professional and volunteer staff. Within any given network, organizations may differ in the laws and regulation that apply to them, the fiscal years within which they operate, funding sources, administrative infrastructure/capacities, and the nature of their missions. Networks require entirely different management skills and often depend upon relationships that are informal, cooperative, or at least tolerant, of the efforts of other network actors (Gazley 2008).

Huxham (2003, 405) considers all manner of collaborative effort and suggests a major barrier to success is *goal incongruence*. Network partners may differently view goals and may either assume shared purpose with other partners or subsume their own organizational mission as an adaptation to acquire resources. An entity’s goals may differ from, or even conflict with the goals of other members of the network. Corporate members of a network are likely to have a clear goal of maximizing their profit from the activity. Governmental partners may have goals that are difficult to define or measure (Goldsmith and Eggers 2004, 40). Nonprofit organizations may also have diffuse goals, and oftentimes have failed to participate in meaningful strategic planning to identify their priorities (Wolch 1990; Fredericksen and London 2000). Faith-based organizations may have as their primary goal a religious directive such as conversion of clients and view social services provision as a means to pursue that goal (Grettenberger 2004). However, for a network to deliver a service successfully, all members will have to reach agreement on the policy goals of that particular network.

Aside from the potential to subvert the public interest by using public funds to support constitutionally excluded activities, goal incongruence offers practical challenges. Goldsmith and Eggers (2004) suggest that goal incongruence, whether overt or subsumed, leads to two main management concerns: capacity problems and coordination problems.

Capacity, and attendant problems, includes areas such as contract oversight, staffing, financial systems and the logistical and professional demands of service delivery. As governments have increasingly turned to the nonprofit sector generally, and FBOs specifically, to provide public services, concerns have been raised about the capacity of these organizations to deliver services

effectively and in the public interest. Kramer et al noted that “advocates and critics alike expressed concern about the ability of many FBOs to meet the requirements of government contracting” (2005, 5). Organizational financial structures and reporting, staffing structures, governing boards and employment practices may all flag capacity deficiencies (Fredericksen and London 2000; Keating and Frumkin 2003). Potentially, FBOs have the advantage of institutional structure with their associated religious organization and may be viewed by government as having greater capacity than small, independent, secular nonprofits. Unfortunately, this perception may not be accurate within a particular network (Kissane 2007).

Like many nonprofits, FBOs rely heavily upon volunteer staff members. One study reported, “only 6% of the nation’s roughly 350,000 congregations have a staff person who spends at least half his time on social services” (Buntin 2004, 36). DeVita and Wilson (2001, 3-4) summarize the difficulties facing FBOs who seek grant and contract funding by noting, “in many instances, these organizations do not have the capacity to identify funding opportunities, write proposals, manage multiple funding streams, report their activities to funders, and deliver their social service programs.” The difficulties of complying with complicated contract management systems were noted in Withorn’s interviews with social welfare workers in the nonprofit sector. “One long-time activist put it this way in 2000: ‘We want ‘our people’ who live in the community to provide services. But all the contracts make money management hard...they pull your contracts if you lack professional staff. And then if something bad happens because people weren’t trained properly, or paid enough, everyone suffers” (Withorn 2001, 110).

The capacity to develop and monitor the relationships within a network is not only an issue for nonprofit organizations. Governments also need to adapt their internal structures and operating procedures in order to be effective members of a network. Project management, performance measurement and oversight, and indirect financial management are among the new skill sets required in network governance (Goldsmith and Eggers 2004; Kettl 2002, 500-501). Organizations develop practices and policies to ensure accountability to their own mission and values. The challenge of operating within a network is that organizations are forced to adopt a new set of practices and policies and integrate the new operational patterns with personnel and training functions. These new practices and policies, oriented entirely toward maintaining successful relationships with the other members of the network, take time to develop and may be inconsistent with existing mission and practice.

Coordination involves challenges related to communication as well as the management of relationships among the various network members. Kettl (2006) notes that collaboration among a variety of partners requires a different

approach than traditional hierarchical models of implementation. Maintaining successful relationships with other network members requires skills in negotiation and mediation skills (Kettl 2002; McGuire 2006; Thomson and Perry 2006). Goldsmith and Eggers (2004) lament communication meltdowns in referencing problems derived from personality conflicts or technology gaps that might corrode effective communication.

Constituent communication patterns and preferences add to the coordination challenges faced by organization personnel. Each member of the network is responsible to its own constituency. Plausibly, each constituency may assume their perspective and interpretation is obvious and shared, or may even resist or disapprove of the network altogether. A government agency represents constituencies as diverse as the clients it serves, the voters that support it through their tax monies, the elected officials who monitor its budget and its partners in service provision (as a partial list). FBOs can add religious constituencies (e.g., congregations, synods, etc.). Nonprofit organizations have as constituencies their clients, their donors, their governing boards and their service delivery partners (as a partial list). A for-profit corporation has constituencies including its shareholders, its customers, and its service delivery partners. Each of these constituencies has differing motivations and a different expectation about the content and means by which the public interest is served.

FBO membership in local service networks is a significant consideration for communities regardless of size, geography or constituent demands. As conduits of overtly normative social prescriptions, FBOs may anchor (in the most positive extreme) or pervert (from the most negative perspective) the success of government-by-proxy delivery systems. This becomes most significant when the public 'seal of approval' is vested with an organization through formal and informal arrangements and they assume primacy in a service network. The following case of a transitional housing policy network in a high growth western community offers an illustration of a policy network in which multiple actors with varied relationships to local government coordinate and compete to deliver services and influence policy. Government played a role in supporting and impeding efforts of different network members. Members used varied strategies to influence government and each other. Network members were both benefitted and constrained by formal contracts. In some cases, government pursued and elevated a relationship based on assumptions of capacity despite problems that accrued in clashes between public interest and organizational mission. Following the overview of the case, we illustrate specific implications of goal incongruence and the attendant management problems and reflect upon what might happen when government elevates one network member at the expense of others.

THE TRANSITIONAL HOUSING NETWORK

Figure 1 illustrates the varied membership of the transitional housing network in Boise, Idaho. The majority of these entities have financed, influenced or provided homeless services in the metropolitan area (with varying levels of activity) for decades. In 1994, a formal collaboration between city government and a new nonprofit was established to harness and coordinate varied transitional housing services offered through a patchwork of agencies, secular nonprofits, and faith-based organizations to serve a growing homeless population. Boise partnered with Community House, Inc. (CHI) to develop a model property for a homeless shelter. The \$2.7 million shelter was federally funded for the specific purpose of affordable housing, in the form of grants to the City and a loan to CHI wherein the City purchased the property and CHI handled operations. The 1994 Memorandum of Understanding between Boise and CHI specified that the City would provide support to CHI in meeting the needs of the homeless population; CHI would lease the facility, but that the city would handle maintenance (Lupu and Tuttle 2006; Wylde 2005). This agreement further specified that if the City had concerns about the operation of the facility they were to notify the CHI Board of Directors in writing and give the Board 90 days to respond (Wylde 2005). Until 2004, the resulting facility, funded with a combination of City support, federal/state pass-through monies, and private donations, provided transitional housing for homeless and low-income men, women, and families with dormitories for 66 men, 13 women, and 12 families. The low income housing unit contained 39 single resident apartments and 10 family units (Hem 2004a, 1).

Beginning around 2000, financial management problems at CHI became apparent to the city as “funding decreases led to shelter staff cutbacks, which then led to negligence in handling of cash, issuing receipts, filing tax returns and other basic financial practices” (Hem 2004a, 1). By 2004, an independent audit conducted for the City (the first since 2001) found “missing records, old checks that were never claimed, payroll donations to United Way that were never given to the charity, tax forms that weren’t filed and poor cash controls” (Hem 2005). CHI also began to register compliance problems related to HUD regulations. Boise, as the entity receiving the federal grant money, was responsible for ensuring compliance. When the city found several instances of the shelter failing to comply with regulations, CHI leaders insisted that some of the violations were caused by the city’s failure to maintain the building as agreed to in an original lease and that multiple agreements developed between the City and CHI since 1994 evidenced various distributions of responsibility on maintenance and operation between the parties.¹

The relationship between CHI and the City deteriorated further due to various financial and management concerns ranging from ineffective grant/fund raising to noncompliance with Fair Housing regulations. In response, the CHI Board tightened operations and removed personnel. Boise withheld

HUD grant monies (comprising 25% of CHI funding) in 2003/2004 further stressing the organization (Hem 2004c, 1).

In February 2004, Boise began formal action to revoke contractual obligations with CHI to run the homeless shelter and in March, 2004, the Salvation Army, another network member, entered into an agreement with Boise to operate the facility for 3-6 months. Within a month, the Salvation Army withdrew citing insufficient fiscal and human resources to address the problems they identified at the facility (Hem, 2004c, p. 1). By June 2004, CHI was officially removed and control of the facility returned to the City (Hem 2004b, 1). Boise attempted to sell the building in July, 2005, but abandoned this effort when the only bid they received was from CHI (Hem 2005, 1). Meanwhile, as early as May 2003, Boise had begun negotiations with another potential provider in the network, the Boise Rescue Mission -- nearly a year before notifying the CHI board of the City's intent to seek another entity to operate the facility (Wylde 2005). The Rescue Mission's enthusiasm to take over the facility is evidenced by a June 2003 email by its Executive Director to the city:

Our Board has asked me to contact you to discover what the next step would be to move on the Community House property. We have developed a plan for managing the building...and are decided. We want to make every effort to acquire the property (Wylde 2005).

The City temporarily abandoned the effort to sell the shelter and looked for an organization to manage the facility. Pursuant to the backroom negotiation completed ahead of the request for proposals, the Boise Rescue Mission was awarded the contract to run the transitional housing facility in September of 2005. Most recently, Boise sold the facility to Boise Rescue Mission Ministries in early 2007 for \$2 million (Kreller 2007). Market estimates suggest that this amount was substantially less than what the City could have received for this prime downtown real estate. In addition, the City continues to assist the Rescue Mission with favorable terms on sewer-connection fees and related infrastructure support.

Boise Rescue Mission Ministries, a Christian nonprofit organization, holds a longstanding presence in the Boise transitional housing network, previously operating two privately subsidized, single gender shelters, the Boise Rescue Mission for men and City Light Home for women. The Boise Rescue Mission Ministries also operates two other properties in Nampa, Idaho (*Community House, Inc. v City of Boise* 2007).

Boise Rescue Mission Ministries includes religious activities as a core part of their homeless shelter operation. Their goal is to “‘help people at the physical and spiritual points of need’ by providing, among other assistance, ‘Christian teaching’” (*Community House, Inc. v City of Boise* 2007). Among the religious activities held in the shelter is a sixty-minute Christian chapel service.

Another longstanding Mission policy is to segregate “men and women into different facilities, and to segregate homeless singles from homeless families” (*Community House, Inc. v City of Boise* 2007). So, upon beginning operations in September 2007, the Mission immediately designated the facility (renamed ‘River of Life’) as male-only and relocated women and children. The relocated female and low-income residents were notified of the new policy in August of 2005, one month before the formal transfer of the facility to the Boise Rescue Mission Ministries. The City covered the relocation expenses for the displaced residents (Brusse 2006).

Refusing to fade into the network, CHI filed a lawsuit in U.S. District Court alleging 1) the City’s contract with the Boise Rescue Mission violates the Fair Housing Act prohibitions on gender discrimination, and 2) Boise Rescue Mission’s religious services, held in the shelter with attendance by shelter residence required, violates the Establishment Clause of the First Amendment of the U.S. Constitution (*Community House, Inc. v City of Boise* 2007). In December 2005, the U.S. District Court for the District of Idaho ordered the Boise Rescue Mission to stop requiring shelter residents to attend worship services. Declining to require that women and children be allowed to return to the facility, the District Court did find that the former residents of Community House could not be relocated near the residences of registered sex offenders (*Community House, Inc. v City of Boise* 2007; Hughes 2006). Not content with a partial victory, CHI appealed to the U.S. Ninth Circuit Court of Appeals. In November 2006, a panel of the Appeals Court affirmed the District Court’s position noting that the City and the Boise Rescue Mission must explain why gender discrimination “is necessary and justified” (Hughes 2006). Further, the Appeals Court, reiterating the lower court’s order not to require attendance at religious services, also noted that even voluntary religious services in a government-funded building violated the Establishment Clause (Hughes 2006). Boise’s subsequent petition for rehearing by the full 9th Circuit Court of Appeals was denied (*Community House, Inc. v City of Boise* 2007).

In addition to the lawsuit, 15 separate discrimination complaints against the Boise Rescue Mission have been filed with the U.S. Department of Housing and Urban Development by the Intermountain Fair Housing Council (Brusse 2006). All of the complaints allege religious discrimination, several allege sex discrimination based on the male-female separation policy of the Rescue Mission, others concern allegedly invasive searches of female residents and perceptions that they had to participate in chapel to receive services (Brusse 2006). While HUD dismissed most complaints by the end of 2007, the Idaho Fair Housing Council filed another suit in federal court on May 9, 2008 alleging that two individuals were forced to participate in religious acts. Interestingly, the fair housing specialist for the Intermountain Fair Housing Council is the former director of CHI, the nonprofit organization that ran the homeless shelter before the Boise Rescue Mission.

LESSONS FROM A TRANSITIONAL HOUSING NETWORK

In the following discussion, we consider goal incongruence and the resulting management concerns in particular relation to a network incorporating FBOs.

Goal Incongruence

The central challenge inherent in this case relates to the disparate goals of the organizations involved. Boise, a general-purpose unit of government, faces homelessness as only one of many pressing issues. CHI, like many nonprofit organizations, was formed for single-purpose action to address homelessness and was ill-prepared for the compliance requirements associated with public funding. Boise Rescue Mission Ministries is a Christian organization whose primary goal is creating spiritual change in its clients through the provision of social services. While governments hold the separation of church and state as a value, the goal of the Boise Rescue Mission is not to *separate* their service provision from the spiritual mission, but rather to *integrate* service and mission.

Another issue related to the differing goals of government and FBOs in this case concerns the effect of the Rescue Mission's religious practices on shelter clients. Appearing not to have anticipated how the Mission's goal to integrate the spiritual and service provision activities might affect services, the City was forced to defend, unsuccessfully, their decision to shift from one network member to another. As in this case, many government agencies have no effective mechanisms for monitoring whether providers are appropriately separating religious and secular activities (Kramer et al. 2005). The complaints against the Boise Rescue Mission include allegations of requiring clients to worship before receiving services and preferential treatment for those who attend worship services. Further, the worship services are held in the same facility as the shelter. Although the facility was owned and maintained by the City during the initial court challenge, its subsequent sale to Boise Rescue Mission does not negate conflict with the establishment clause (*Community House, Inc. v City of Boise* 2007) as even voluntary services violate the establishment clause. The court's findings in this case seem to be in conflict with both Bush and Obama White House guidelines lauding voluntary religious activities as entirely permissible. Whether the City of Boise neglected to address these issues in their contract development or simply failed to monitor the practices in the shelter afterwards, it is clear that the Rescue Mission's actions have made the City vulnerable to legal action.

Coverage of the Mission's rationale for separating genders in transitional housing, and the City's accommodation of this policy, is beyond the scope of this paper. However, sex discrimination is clearly incompatible with the public interest. This discrimination, however rationalized by the Mission's policy and city compliance, suggests that the goal of the FBO in this case corrodes government goals of equal protection, fairness, and equity.

An important dimension to this case is the primacy afforded the Boise Rescue Mission with the dethroning of CHI. With the initial contract to operate the shelter property – the property conceived in 1994 by local government and network members as the model that led the existing haphazard transitional housing network – and the subsequent subsidized sale of the property along with favorable terms for expensive utility connections, the City of Boise championed Boise Rescue Mission’s place in the network. Withorn notes that when money flows to faith-based organizations there is a danger of “the inevitable lessening of options for the many people who cannot abide overly faith-based environments” (2001, 114). Allegations in the most recent suit against the Boise Rescue Mission note that when an individual, ordered by the courts to participate in a treatment program at the shelter, requested a nonreligious environment, she was told that “because she had not ‘opened her heart’ to Christianity her only option was to go back to jail” (Boone 2008).

Capacity

Managing effectively in a network requires that all parties have sufficient capacity. The management of the contractual relationships is a central tenet to successful network management (Kettl 2006) and several important contract management issues contributed to problems experienced by Boise City in response to its homeless. These issues led to legal challenges. Neither the city nor CHI established conditions necessary to the success of their original homeless shelter contract. First, critical elements¹ of the management contracts, including who would have ultimate responsibility for various parts of the facility’s upkeep, were neither clarified in advance nor consistently maintained in year-to-year memoranda of agreement and contracts. The City’s role as both owner of the facility and overseer of compliance with HUD grant funding regulations led to role conflict and confusion. Second, the City did not maintain adequate financial oversight of CHI administration of the homeless shelter. At least a four year period lapsed between financial audits done by the City (Hem 2004a). Third, the City, not perceiving the need for technical assistance to CHI, offered little guidance in helping the nonprofit conform to complicated federal regulations and requirements (Watson 2004) despite scholars’ contention that government contractors must maintain the resources necessary to monitor contracts (Milward and Provan 2003; Sclar 2000). In this case, it appears that the City did not have adequate resources dedicated to the contract oversight.

The organizational capacity of the nonprofit organizations involved in this case offers additional lessons. CHI suffered from the common nonprofit pitfall of an inadequate financial and accounting system (Keating and Frumkin 2003). Episodic downturns in funding led to staff turnover and a loss of expertise and continuity (Hem 2004a, 1). The Board of Directors, comprised of volunteers with a passion about housing the homeless, was by turns inattentive or overwhelmed by the complexity of the problems and challenges facing

¹ Information is drawn from “Points of Consideration re: Community House” provided by Deanna Watson, former Chair of the Board of Directors for Community House, Inc as an email attachment to the second author in January 2007

CHI and surprised by the heavy fundraising responsibilities (Watson 2004). Despite the well-documented importance of adequate training and support for nonprofit boards (Houle 1997; Heimovics, Herman, and Jurkiewicz Coughlin 1993), the CHI board received little orientation or training. The Salvation Army confronted its own capacity gaps when it backed out of its agreement to manage the shelter after a short time at the helm. Boise Rescue Mission Ministries, though appearing to have greater capacity to manage the shelter facility, had difficulty meshing its Christian ministries focus into government expectations regarding church and state separation.

Coordination

Managing relationships among partners in a service delivery network requires different skills than those needed in the clear, hierarchical organization that is best suited to traditional accountability models (Goldsmith and Eggers 2004). Each member of the network must devote time and effort to maintaining the horizontal relationships with every other member of the network. Their differing organizational cultures and staff/volunteer backgrounds complicated coordination between the City and the non-profits charged with running the homeless shelter. CHI was founded and partially run by advocates for the homeless who had little experience or desire to navigate complex public reporting requirements. The deterioration in the relationship between the City Council and the CHI Board of Directors is highlighted in the Chair's comments to the Boise Council (Watson, 2004):

If we have lost credibility, if we are viewed simply as a bunch of radicals who ran Community House into the ground, then certainly your conclusion will be that the sooner we are gone the better. But what if we are a group of reasonable people who was engaged in doing what needed to be done? What if we did the best we could, that anybody could with the resources, the partnerships and the time that we had?

Many studies have found that trust is a critical component of collaborative relationships such as those found in service delivery networks (Thomson and Perry 2006). In the absence of trust, relationships will sour. This appears to be the situation in this case. Based upon published news reports, it seems clear that once the working relationship between Boise and CHI began to erode, the City appears to have worked to subvert the collaboration with CHI. Boise began negotiations with Boise Rescue Mission more than a year before officially notifying CHI of its concerns over the homeless shelter's operation. These actions were taken in spite of clauses in the original contract that required the City to notify CHI of their concerns and allow a reply from the Board. The premature, secret negotiations of the contract with Boise Rescue Mission casts doubts on the credibility of the network collaboration or the contract review process undertaken by the City to designate Boise Rescue Mission for shelter operations. Finally, the City's decision to withhold HUD

grant monies that had previously comprised 25% of CHI revenues corroded that entity's financial capacity. In this case, it appears that Boise sabotaged the CHI contract. Though scholars suggest that trust is critical in a successful network (Goldsmith and Eggers 2004; Milward and Provan 2003), in this case, trust had clearly broken down as the communication and coordination of the partners in the network failed. Further, active network entities who fell outside a specific contractual arrangement still played an important role in the success of the entire service delivery network. Although the Salvation Army and the Boise Rescue Mission were not formal partners in the homeless service delivery network contractually, they were important players in how those services were conceived and eventually delivered –they had influence. Networks are larger than only those partners who have contractual or financial linkages and latent players with the potential to assume primacy do matter in providing options – whether or not those entities are congruent with the public interest. Despite CHI being relegated to a lesser, latent role in the network by the City's actions, they clearly continue to influence the network with their legal challenges to FBO service provision.

CONCLUSION

The case of Boise's experience with transitional housing serves as a troubling example of the difficulties inherent in a service delivery network. Boise's experience is not unique. Expanded use of FBOs highlights several implementation challenges to networks that transcend the already significant complexity of these nonhierarchical arrangements. Scholars are clearly attending to network management and well-considered recommendations are growing in this literature (Goldsmith and Eggers 2004; Kettl 2002; Milward and Provan 2003; O'Toole and Meier 2004). Effective management of the network requires that each of the members understands and adapts to the differing missions and goals of each of the other member organizations. This includes nonprofit recognition of the more rigorous compliance expectations that must be held when receiving public funds as in the case of CHI. However, moving to FBOs doesn't 'lessen' the need for public oversight. In many cases, it may require substantive action for FBOs to address fiscal or equity compliance or change religious activities to meet separation of church and state standards. In the end, all members of a service delivery network must create new kinds of capacity and emphasize coordination to be effective partners. While the capacity for a nonprofit to administer and a government agency to oversee is important, communication and negotiation skills must be sufficient to coordinate network member responses to difficult social problems. In this case, capacity was used as a rationale to shift network primacy from CHI, a secular nonprofit facing administrative challenges to the Salvation Army and then to the Boise Rescue Mission, two FBOs latent in the transitional housing network. While the Salvation Army declined

primacy after considering the reality of needed capacity, the Boise Rescue Mission assumed primacy with confidence in its capacity to deliver coupled with public subsidy of operations. However, as we see from this case, the technical capacity to deliver services might be compromised because of goal incongruence. Does government turn to any organization that has the administrative capacity in a network without regard to whether goal incongruence might jeopardize the public interest?

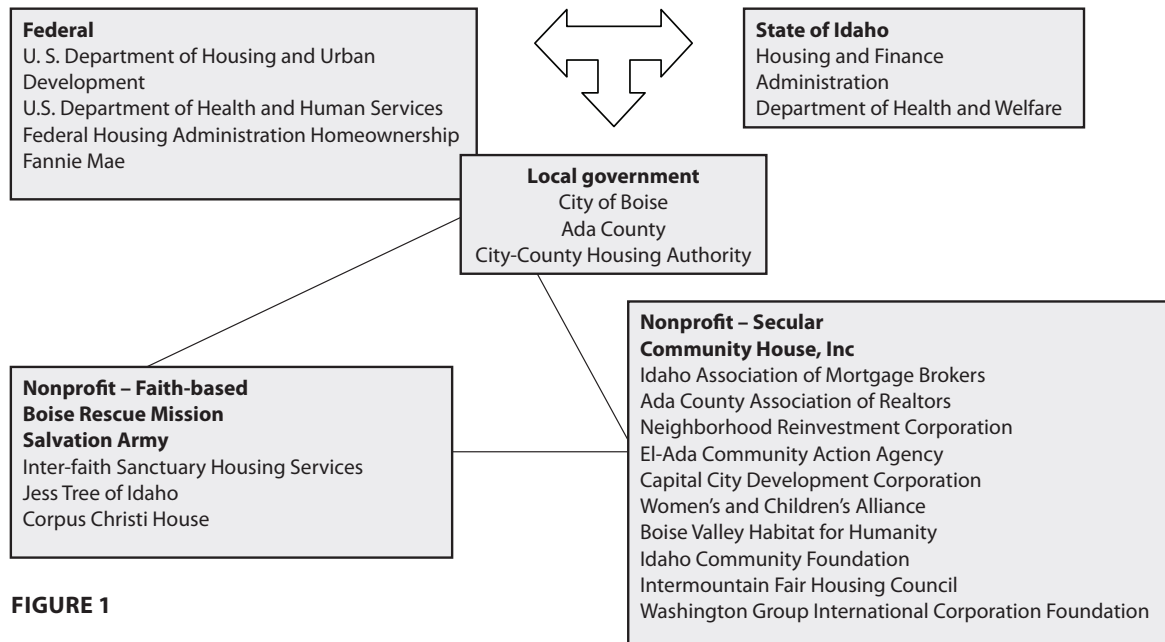


FIGURE 1

Implementing Housing Policy in Boise, Idaho

These entities, specific to housing, are among the resources named by the City of Boise in its 2007 Action Plan submitted to the U.S. Department of Housing and Urban Development to maintain eligibility for transitional housing support from programs including the Community Development Block Grant, Home Investment Partnerships Program, Housing Opportunities for People with AIDS program, Emergency Shelter Grants Program and the American Dream Down-Payment Initiative. The majority of these entities have been participants in regional transitional housing activity (with varying levels of activity, latency and primacy) for decades.

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