

## ***Corrupting Charity Why Government Should Not Fund Faith-Based Charities***

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President George W. Bush has proposed that faith-based charities be made eligible to receive billions of dollars in federal grants to provide social services. But doing so risks mixing government and charity in a way that could undermine the very things that have made private charity so effective.

Government dollars come with strings attached and raise serious questions about the separation of church and state. Charities that accept government funds could find themselves overwhelmed with paperwork and subject to a host of federal regulations. The potential for government meddling is tremendous, and, even if regulatory authority is not abused, regulation will require a redirection of scarce resources from charitable activities to administrative functions. Officials of faith-based charities may end up spending more time

reading the *Federal Register* than the Bible.

As they became increasingly dependent on government money, faith-based charities could find their missions shifting, their religious character lost, the very things that made them so successful destroyed. In the end, Bush's proposal may transform private charities from institutions that change people's lives to mere providers of services, little more than a government program in a clerical collar.

Most important, the whole idea of charity could become subtly corrupted; the difference between the welfare state and true charity could be blurred.

Charitable giving is at a record high; there is no need to risk deepening the involvement of government and religious charity. President Bush should abandon his proposal and leave charities to do what they do best.

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## Introduction

Faith-based charities have a long history of transforming individual lives and helping to raise people out of poverty and despair. Indeed, private charities are far more effective than government welfare programs at fulfilling those roles. They do more with less, and their success can be seen in tens of thousands of former addicts, self-sufficient families, and others who have turned their lives around.

In light of this record of success, it seems natural for President Bush to want to encourage those groups. But, in proposing that the federal government distribute billions of dollars directly to faith-based charities in the form of grants and contracts for providing social services, he risks mixing government and charity in a way that could undermine the very things that have made private charity so effective.

Today, as Table 1 shows, private charities receive about 30 percent of their funding from government.<sup>1</sup> Religious charities are far less likely than their secular counterparts to receive government funds, but government funding of religious charities is, nevertheless, extensive.

On the front lines are local churches, mosques, and synagogues. There are more than 350,000 religious congregations in the United States today, and a majority are involved in some type of charitable work.<sup>2</sup> A 1998 survey of more than 1,200 religious congregations found that 57 percent were

engaged in social service delivery, most commonly food-related projects, housing and shelter programs, and clothing distribution. Less frequently cited were health, education, domestic violence, substance abuse, job training, and mentoring programs.<sup>3</sup> Only about 3 percent of local congregations receive government funding for their charitable operations.<sup>4</sup>

Beyond local churches are large national organization with sectarian affiliations, such as Catholic Charities, the Jewish Federations, Lutheran Social Services, and the Salvation Army. Those organizations have been recipients of public funds for many years and have often set up separate nonsectarian enterprises for their charitable works. Government grants provide two-thirds of the funding for Catholic Charities USA, and the Jewish Board of Family and Children Services receives 75 percent of its funding from the government.<sup>5</sup>

Finally, there are organizations that have a religious orientation but are not affiliated with any particular group. Some of them are large, though loosely knit, nationwide organizations, such as the International Union of Gospel Missions. Others are small and community based. There is little reliable information available on government funding of those groups. However, general indications are that they receive more government funding than do local religious congregations but less than the nationwide sectarian organizations.

President Bush now calls for “putting the federal government on the side of [these] vast armies of compassion” by allowing faith-based charities to become eligible to receive billions of dollars in additional federal grants.<sup>6</sup> However, his proposal raises serious questions about the separation of church and state. Moreover, charities that accept government funds could find themselves overwhelmed with paperwork and subject to a host of federal regulations. As they became increasingly dependent on government money, those charities could find their

**Table 1  
Who Supports Charity?**

Source of Support	Percentage
Private payments (dues, fees, etc.)	43.5
Government payments and grants	29.4
Private contributions	17.7
Other	6.8
Endowments	2.6

Source: Joseph P. Shapiro and Jennifer Seter, “Welfare: The Myths of Charity,” *U.S. News & World Report*, January 16, 1995.

missions shifting and their religious character lost. The very things that made them so successful could be destroyed. Indeed, the whole idea of charity could become subtly corrupted; the distinction between the coercive welfare state and true charity based on voluntary giving and love of one's neighbor could be lost.

## The Road to Charitable Choice

Since colonial times, faith-based organizations in America have played a major role in providing social services. For most of our history, those organizations operated without significant access to government funds.<sup>7</sup> Indeed, there was traditionally a suspicion of government funding of religious institutions, even charitable ones. James Madison spoke eloquently for the Founders' opposition to an established national church and government funding of religion: "The appropriation of funds of the United States for the use and support of religious societies, [is] contrary to the article of the Constitution which declares that 'Congress shall make no law respecting a religious establishment.'"<sup>8</sup>

Of course, before the adoption of the Fourteenth Amendment, the Bill of Rights was not generally held to apply to state governments, and several states had official churches and provided direct government funding of religion. The last such provision was repealed in 1833, with the abolition of Massachusetts' general assessment for support of Christian churches.<sup>9</sup>

Thereafter, there was little government funding of religious activities. The federal government was largely uninvolved in charitable activities, so the question of federal funding of religion seldom arose.<sup>10</sup> And the states, spurred in part by the virulently anti-Catholic Know-Nothing movement of the 1840s, turned actively hostile to religious funding. In fact, by 1930, 26 states had constitutional prohibitions on government funding of religious activities.<sup>11</sup>

From the New Deal of the 1930s to the

Great Society of the 1960s and beyond, the federal government's involvement in social welfare increased dramatically. Opportunities for faith-based charities to receive government funding increased correspondingly, especially after the Johnson and Nixon administrations began widespread funding of community organizations in the 1960s. Still, government agencies struggled to reconcile funding of faith-based programs with concerns about church-state separation. Most grants came with conditions: a requirement that the central religious body form a separate nonprofit organization to administer the program and prohibitions on the use of funds for the purchase or improvement of real estate that would also be used for sectarian purposes; on the provision of services in buildings that had religious symbols or fixtures; on the use of funds for training or education for a religious vocation; and on the use of funds in religious instruction, worship, prayer, or other inherently religious activities.<sup>12</sup> As late as 1986, the Department of Housing and Urban Development proposed a total ban on grants to churches and other religious organizations.<sup>13</sup>

Some of the efforts of government to distance itself from religion were almost comic in their extremism. According to one perhaps apocryphal story, reported by columnist George Will, an official with HUD wrote to the bishop in charge of the St. Vincent de Paul Housing Center in San Francisco asking him to rename the building the Mister Vincent de Paul Center.<sup>14</sup> In another case, a city agency notified the local branch of the Salvation Army that it would be awarded a contract to help the homeless, but only on the condition that the organization remove the word "Salvation" from its name. Could the organization, perhaps, be known as some other kind of army, a government official wondered.<sup>15</sup>

As the failures of government welfare programs became increasingly apparent, people began to contrast those failures with the success of private charities in general, and faith-based charities in particular.<sup>16</sup> As a result, there developed a growing movement to expand

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the involvement of charities in delivering social services.

The 1996 welfare reform legislation contains a provision that allows states to contract with religious organizations, or to “allow religious organizations to accept certificates, vouchers, or other forms of disbursement . . . on the same basis as any other nongovernmental provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.”<sup>17</sup> That provision, which became known as Charitable Choice, applied to four government programs: (1) Temporary Assistance for Needy Families, the successor to Aid to Families with Dependent Children; (2) Supplementary Security Income; (3) Medicaid; and (4) food stamps.

Specifically, states could involve faith-based organizations in the provision of subsidized jobs, on-the-job training, job search and job readiness assistance, community service positions, vocational educational training, job skills training, and general equivalency diploma programs. Faith-based organizations could provide meals and run food pantries. In addition, states could place unmarried minor mothers and expectant mothers who could not remain with their parents in maternity homes, adult-supervised residential care, second-chance homes, or other facilities operated by faith-based organizations. And, last, faith-based groups could provide abstinence education and drug counseling and treatment and operate health clinics.<sup>18</sup>

Charitable Choice goes much further than simply making faith-based organizations eligible for government funding. It explicitly attempts to eliminate many of the restrictions and conditions previously imposed on government grants to religious organizations. Specifically, it permits

- provision of government services in actual houses of worship;
- contractors to display religious “art, icons, scripture, and other symbols” in areas where government services are provided; and

- religious contractors to discriminate against employees on the basis of their religious beliefs.

The legislation, however, continues to ban the use of government funds for “sectarian worship, instruction, or proselytization.” It also requires states to provide an alternative secular provider for any aid recipient who does not wish to receive services through a religious institution.

President Bush has sought to build on Charitable Choice in several ways. He has established a White House Office of Faith-Based and Community Initiatives headed by Prof. John DiIulio of Princeton University as well as operational centers for faith-based initiatives in five federal agencies: the Justice Department, the Department of Health and Human Services, the Department of Labor, the Department of Education, and the Department of Housing and Urban Development.<sup>19</sup> Second, Bush would expand Charitable Choice to virtually all government programs. And, third, he has asked Congress to fund a “compassion capital fund” to highlight best practices and provide technical assistance and start-up capital to promising faith-based programs.<sup>20</sup>

## **First Amendment Complications**

The phrase “separation of church and state” does not occur in the U.S. Constitution. That language comes from a letter that Thomas Jefferson sent to a group of Baptist ministers in 1802. However, the Constitution does say that “Congress shall make no law establishing religion, or prohibiting the free exercise thereof,” and the courts have long held that that prohibits government funding of sectarian religious activities. The law surrounding government funding of secular activities by otherwise religious organizations is much less clear.<sup>21</sup>

The general legal rule is known as the *Lemon* test, after the 1971 Supreme Court decision in *Lemon v. Kurtzman*.<sup>22</sup> Under the

*Lemon* test, government may provide aid to a religious organization, provided that (1) the government program has a secular purpose, (2) the aid does not have the primary effect of either advancing or inhibiting religion, and (3) the aid does not foster “excessive involvement” between church and state.

Most jurisprudence surrounding government funding of religious activities has been concerned with aid to religious schools. However, the courts have occasionally addressed government funding of charitable activities. The Supreme Court first ruled on the issue in 1899, in *Bradfield v. Roberts*, holding that the District of Columbia could use public funds to subsidize the construction of a hospital that was owned by the Catholic Church, since, despite the religious affiliation of the ownership and corporate board, there was to be no direct connection between the hospital and the church. “The property and its business were to be managed in its own way, subject to no visitations, supervision or control by any ecclesiastical authority whatever.”<sup>23</sup>

But if purely secular activities could be funded by the government even when conducted by religious organizations, the question of what happens when there is a less distinct separation of secular and religious has been more murky. In *Raemer v. Board of Public Works* (1976), the Court ruled that no federal funds could go to an institution that was so “pervasively sectarian” that secular activities could not be separated from secular ones.<sup>24</sup> However, the Court said that, if secular activities could be separated out, they might be funded. That was reaffirmed in 1988 in *Bowen v. Kendrick*, in which the Court ruled that government may fund social service agencies with religious ties, again provided that those agencies are not “pervasively sectarian.”<sup>25</sup> The Court failed to define “pervasively sectarian,” but a clue may be found in the earlier case of *Hunt v. McNair*, in which the Court concluded, “Aid may normally be thought to have a primary effect of advancing religion when it flows to an institution in which religion is so pervasive that a substantial portion of its functions are subsumed in the religious mis-

sion or when it funds a specifically religious activity in an otherwise substantially secular setting.”<sup>26</sup> This has been generally taken to mean that such activities as prayer, Bible study, and proselytizing may not be conducted with government funds, but the provision of social services—food, clothing, shelter, education, counseling—may be.

Given the unsettled state of the law and the vagueness of terms such as “pervasively sectarian” and “excessive involvement,” government grants to faith-based charities are an open invitation to litigation. Diana Etendi, an analyst with the Welfare Policy Center at the Hudson Institute, points out the many ambiguities: “If the pastor of a church, where a new government job readiness class is starting, stops by to welcome the new group of job seeking welfare recipients and offers a prayer on their behalf, is that sectarian worship? If God or a biblical principle is mentioned during the course of counseling, is that sectarian instruction? If a client suffering a bitter divorce is invited to attend one of the church’s regular support groups, is that proselytizing?”<sup>27</sup>

There are also issues raised about the fungibility of money provided to religious charities. If faith-based organizations are able to use federal funds for their “secular” charitable activities, money that they had previously used for those activities will be freed to be used for their religious activities. In a real sense, the effect would be the same as that of the federal government’s directly funding the religious activities, what the Supreme Court has called “a legalistic minuet.”<sup>28</sup> In fact, this is the logic that President Bush used in denying government funds to organizations that provide abortion counseling overseas.<sup>29</sup>

While critics of Charitable Choice point to the Establishment Clause of the First Amendment, supporters cite the Free Exercise Clause, arguing that government should not discriminate against faith-based organizations in awarding government grants and contracts.<sup>30</sup> Dilulio calls it “leveling the playing field.” He says that the Bush initiative would simply “end discrimination against religious providers” and allow “religious organizations that provide social

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services [to] compete for support on the same basis as other non-governmental providers of these services."<sup>31</sup>

Supporters of Charitable Choice are in essence making an equal protection claim, and theirs is not a trivial argument. When the government decides to issue a contract or grant, all applicants who meet the criteria for providing that service should be allowed to compete on an equal basis. The government should not be able to refuse to give a grant to an otherwise qualified organization *simply because it is faith based*.

The 1995 case of *Rosenberger v. Rector and the Visitors of the University of Virginia* provides a useful parallel. In that case, the U.S. Supreme Court held that the University of Virginia, having decided to subsidize a wide variety of student publications, could not refuse to subsidize a Christian publication that otherwise met university criteria.<sup>32</sup>

However, the equal protection argument would seem to fall short on two grounds. First, before the adoption of Charitable Choice, faith-based organizations were not categorically barred from receiving federal funds. Rather, restrictions on the receipt of those funds forced the organizations to strictly segregate their religious and secular functions. It seems clear that government can impose conditions for the receipt of its funds, although the degree to which the government may restrict a recipient's exercise of otherwise protected constitutional rights is an area of highly unsettled law.<sup>33</sup> For example, in *Rust v. Sullivan* (1991), the Supreme Court struck down a prohibition on abortion counseling by agencies receiving federal family planning funds.<sup>34</sup> On the other hand, the Court has upheld the imposition of government "decency standards" on artists receiving grants from the National Endowment for the Arts.<sup>35</sup>

Second, there is the question of whether supporters of Charitable Choice actually intend for federal grants and contracts to be awarded on a strictly neutral basis. Although President Bush has been careful to insist that faith-based initiatives will be funded without

regard to denomination, recent history provides ample cause for concern. For example, many observers believe that the Nation of Islam is one of the most effective organizations in addressing substance abuse and criminal behavior. Yet, when it was revealed in 1995 that the Nation of Islam had received contracts from HUD to provide security in public housing projects, there was an uproar in Congress. The organization's history of anti-Semitism and discrimination against whites disqualified it from receiving federal contracts, critics claimed.<sup>36</sup>

During the 2000 presidential election campaign, then-candidate Bush was asked if he would be willing to provide public funds to the Nation of Islam. He replied, "I don't see how we can allow public dollars to fund programs where spite and hate is the core of the message."<sup>37</sup> Of course, the meaning of "hate" is subjective. Some observers have accused Catholics and evangelical churches of preaching hatred of gays and Jews.

There have been other attempts by Congress to bar religious groups that are out of the mainstream from public funds and facilities. For example, Rep. Bob Barr (R-Ga.) has called for prohibiting Wiccans from conducting religious services on U.S. military bases.<sup>38</sup> One wonders what Barr's reaction would be if a Wiccan group were given a grant to provide social services.

## The Regulatory Burden

Regardless of how First Amendment questions are ultimately decided, there are ample reasons to question the wisdom of Charitable Choice. Indeed, while most discussions of the separation of church and state see it as a way to protect government from religion, Yale law professor Steven Carter notes, "It also protects religion from government."<sup>39</sup>

Government standards and excessive regulation intended to ensure accountability and quality care inevitably come attached to government grants and contracts. Those regulations take two forms. First, there are

regulations, most of which are designed to avoid church-state entanglements, that are specifically attached to the law or policy. For example, the 1996 Charitable Choice provision specifies that government funds may not be used for "sectarian worship, instruction, or proselytization."<sup>40</sup> Likewise, while Bush proposes no specific legislative language, he has said that no government funds would be used "for proselytizing or other inherently religious activities."<sup>41</sup>

Stephen Burger, executive director of the International Union of Gospel Missions, points out the difficulty of defining what terms like "proselytizing" mean and warns, "As well intentioned as Congress is in passing [Charitable Choice], it will be the government bureaucrats and civil-libertarian lawyers who enforce it."<sup>42</sup> Burger and others believe that the burden will be on charities to prove that the funds they receive are being correctly used. The Charitable Choice legislation contains provisions requiring charities that receive funds to submit to government audits.<sup>43</sup> As a result, the government will have the right to snoop through a church's books.

Unfortunately, as Melissa Rogers of the American Baptist Convention notes, the regulatory language of the statute is "just the tip of the regulatory iceberg."<sup>44</sup> It has generally been understood that acceptance of government funds subjects an organization to a wide range of federal regulations, chief among them federal civil rights laws. According to the 1988 Civil Rights Restoration Act, a private organization "will be covered by [federal nondiscrimination laws] in its entirety, if it receives federal financial assistance which is extended to it as a whole." Chief among those are Title VI of the Civil Rights Act of 1964 (prohibiting discrimination on the basis of race, color, or natural origin), section 504 of the Rehabilitation Act (barring discrimination on the basis of handicap), the Age Discrimination Act, and Title IX of the Educational Amendments of 1972 (prohibiting discrimination on the basis of sex and visual impairment in educational institutions and programs.)

The Civil Rights Restoration Act does

specify that the anti-discrimination laws will apply only to "the geographically separate plant or facility which receives the federal funds," but the legislative history makes it clear that a geographically separate facility refers to "facilities located in different localities and regions," not facilities that are part of a complex or proximate to each other in the same city.<sup>45</sup> Therefore, depending on how the courts or government agencies interpret the laws, the regulations could go well beyond the program receiving government funds and subject the entire church or organization to government oversight. Richard Hammar, author of *Pastor, Church and Law*, suggests that "in most cases, church programs and activities are conducted in the church facility itself, not in a geographically separate facility. In such cases, [government regulation] will apply to the entire church and all of its programs and activities."<sup>46</sup>

The problem is not with a prohibition on discrimination (although if anti-discrimination language is extended to such areas as sexual orientation and religion, conflicts with church doctrine could very likely occur) but with the extensive compliance costs.

For example, under federal anti-discrimination statutes, organizations must do the following:

- "Keep such records and submit to the responsible Department official . . . timely, complete, and accurate compliance reports at such times, and in such form, and containing such information as the responsible Department official may determine to be necessary to enable him to ascertain whether the recipient has complied or is complying with [the regulation]." Recipients are specifically required to maintain "racial and ethnic data, showing the extent to which members of minority groups are beneficiaries of and participants in federally-assisted programs."<sup>47</sup>
- "Make available to participants, beneficiaries, and other interested persons, such information regarding the provisions of

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[federal regulations] and its applicability to the program for which the recipient receives federal financial assistance.”<sup>48</sup>

- “Permit access by federal government officials to its ‘books, records, accounts, and other sources of information and its facilities as may be pertinent to ascertain compliance.’”<sup>49</sup>

Many large charities have avoided the worst of those regulatory intrusions by setting up separate, virtually secular, arms of their organizations to handle social services. But that is not a tactic readily available to the small neighborhood churches that are among the most effective. The average church in the United States has a congregation of only 75 members. Fewer than 1 percent of churches have congregations of more than 900, and fewer than 10 percent have congregations exceeding 250 people. The average annual church budget is only \$55,000.<sup>50</sup> Faith-based groups not associated with specific churches are also quite small, with budgets averaging around \$120,000 annually. On average, those groups have only two full-time and two part-time employees.<sup>51</sup> For smaller churches and organizations, compliance costs will be a terrible burden. As Michael Horowitz, senior fellow at the Hudson Institute, puts it, the leaders of those organizations are likely to end up spending more time reading the *Federal Register* than the Bible.<sup>52</sup>

Civil rights issues may be further extended because the courts have held that accepting government money can transform an organization from a private association into a “state actor,” bringing the Fourteenth Amendment into play and imposing equal protection and due process obligations, which can frequently conflict with church doctrines.<sup>53</sup> For example, the courts have held that a religious foster home that receives substantial state funding may not prohibit foster children under its control from having access to contraceptives.<sup>54</sup> And, although Charitable Choice legislation contains language exempting faith-based organizations from civil rights prohibitions

against discrimination on the basis of religion, the courts have said that accepting state funds can subject a church’s hiring practices to scrutiny. In one case, the Salvation Army was prohibited from discharging an employee who was a Wiccan because the employee’s position was largely paid for by public funds.<sup>55</sup> Whether the exemption contained in Charitable Choice will hold up in the face of litigation is questionable.

Additional due process regulations may give recipients the right to hearings, appeals, and legal challenges if their services are terminated.<sup>56</sup> Thus, a homeless shelter that wishes to evict a client for, say, use of drugs or possessing a weapon, may not be able to do so without extensive administrative and legal proceedings.<sup>57</sup>

Beyond civil rights issues, there is a host of labor, safety, licensing, staff training, and other regulations that come into play once a charity accepts public funds. For example, contractors may be required to pay prevailing union wages.<sup>58</sup> And, because many federal funds are routed through state agencies, state regulations may also apply. Those can be as detailed and idiosyncratic as instructions on night-light placement and window washing.<sup>59</sup> States may also require that charitable workers and providers have specific credentials, for example, that child-care workers or substance abuse counselors meet certain educational requirements. Missouri and South Carolina exempt church-run child-care facilities from most state child-care regulations, such as staffing level requirements and educational certification of child-care workers. However, in both states, that exemption does not apply if the “facility receives any state or federal funds for providing for children.”<sup>60</sup>

Even the process of applying for federal funds can be costly and time-consuming, requiring detailed knowledge of the federal proposal process. Applications can run to dozens, even hundreds, of pages and require extensive supporting documentation. That, of course, gives an advantage in the competition for funding to large, established charities over the smaller, local organizations that are



arguably the more effective. At the very least, it represents one more diversion of resources from actually providing services to people.

## Mission Creep

Even charities that have the best of intentions will be tempted to subtly shift the emphasis of their missions to comply with the grant criteria. Some faith-based charities may become increasingly secular in orientation; others may simply adopt new missions and services that distract from the church's original goal. It is one thing for a church to open a soup kitchen because its congregation feels God has called on them to do so. It is another to open that kitchen because someone dangles grant money in front of you.

The first of those two forms of mission creep, secularization, poses the clearest and most obvious threat to the nature of faith-based charities. Facing the threat of litigation or the loss of federal funding if they violate the First Amendment, many charities choose to err on the side of caution, virtually eliminating any religious component from their services.

Sen. Rick Santorum (R-Pa.) tells of the experience of a young priest who applied for a position as a counselor at a clinic sponsored by Catholic Charities. During his interview, he was asked about the advice he would provide under a number of scenarios involving such cases as a woman seeking an abortion, a man involved in a homosexual relationship, and a couple about to divorce. In each case, the priest provided an answer based on Catholic doctrine. As a result, he was not hired for the position. When he asked why, he was told bluntly, "We get government funds, so we are not Catholic."<sup>61</sup>

Similarly, Joe Loconte, William E. Simon Fellow in Religion and a Free Society at the Heritage Foundation, relates how the St. Francis House, a homeless shelter in Boston, once staffed largely by Franciscan brothers and nuns, now avoids hiring "overtly religious people." The St. Francis House receives 52 percent of its budget from state contracts.<sup>62</sup>

But why should faith-based charities

eschew proselytizing and explicitly religious functions? There is a reason for the "faith" in "faith-based charities." Those organizations believe that helping people requires more than simply food or a bed. It requires addressing deeper spiritual needs. It is, ultimately, about God. Yet, in the end, Bush's proposal may transform faith-based charities from institutions that change people's lives into mere providers of services.

Amy Sheridan, a social policy analyst with the Hudson Institute, has studied faith-based charities and found that "the most effective groups challenge those who embrace faith to live out its moral implications in every significant area of their lives, from breaking drug or alcohol addiction and repairing family relationships to recommitting themselves to the value of honest work." But Sheridan expresses concern that government social service contracts are not concerned with such outcomes. They measure success not by whether a person has changed his life or embraced God but by "the number of meals served, beds available, or checks cashed."<sup>63</sup>

Stephen Monsma, chairman of the Social Sciences Division at Pepperdine University, examined 766 religious nonprofit groups and concluded that there was an inverse relationship between religious practices and public funding. Grading the organizations on 15 indicative religious practices—such as having religious pictures or symbols in facilities, saying prayers at meals, hiring in accordance with religious orientation, and "encouraging religious commitment by clients"—Monsma found that 44 percent of the organizations scoring lowest on the religious practices scale received a high percentage of their annual budget from public funds. Only 28 percent of the organizations with the highest religious practice scores received significant amounts of government funding.<sup>64</sup>

The second form of mission creep is subtler but can also seriously distort a charity's purpose. In the chase for government funding, charities may adapt their programs to the federal grant process rather than to the needs of their clients. Jacquelin Triston of the Salvation

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Army puts it this way: "If you can't do it the way you want, then you'll take your program and fit it into whatever they'll give you money for."<sup>65</sup> As a result, charities may find themselves taking on tasks that have little to do with their original mission or for which they are untrained or ill equipped.

For example, Massachusetts subsidizes a large proportion of the charitable work undertaken by Catholic Charities in that state. In the mid-1990s the state began to shift its funding priorities from other social services to substance abuse. As state funding shifted, so did the programs offered by Catholic Charities. Other programs, such as thrift shops, child-care programs, and soup kitchens have been closed and alcohol and drug treatment programs opened. Today, the Massachusetts office of Catholic Charities spends 80 percent of its funds on substance abuse programs that actually serve only a quarter of its clients.<sup>66</sup>

That sort of change in direction can occur even within small individual programs. Many government grants are highly prescriptive in the way they require government funds to be spent. For example, a government grant for substance abuse treatment may require that a specific percentage be spent on prevention, another amount on HIV, another amount on pregnant women, a certain percentage on overhead, and so on.<sup>67</sup> Charities attempting to meet all the grant conditions can find themselves completely redesigning their programs. As a result, programs that were once very successful can become unrecognizable.

Stanley Carlson-Thies, director of social policy studies at the Center for Public Justice, refers to this mission creep as "vendorism," a process whereby government grants end up directing the activities of private charities, changing their direction and turning them into mere "vendors" of government services—government programs wearing clerical collars.<sup>68</sup>

## **Putting Charity on the Dole**

There is an even more profound threat to the identity and mission of faith-based char-

ities. If the history of welfare teaches us anything, it is that government money is as addictive as any narcotic. "It becomes almost like heroin," says Ed Gotgart, president of the Massachusetts Association of Nonprofit Schools and Colleges. "You build your program around the assumption that you can't survive without government money."<sup>69</sup>

Ironically, given that many private charities are dedicated to fighting dependence on welfare, government funding may quickly make the charities themselves dependent. Lobbying for, securing, and retaining funding can quickly become an organization's top priority. As the Salvation Army's Triston says, "Most everyone is fighting for every penny they can get to run whatever program they have."<sup>70</sup>

Already many of our largest charities receive more money from the government than from private donations and maintain large professional lobbying organizations in Washington. One newspaper described those organizations as "transformed from charitable groups run essentially on private donations into government vendors—big businesses wielding jobs and amassing clout to further their own agendas."<sup>71</sup> Kimberly Dennis, former executive director of the Philanthropy Roundtable, notes that those organizations are "more interested in expanding government's responsibilities than in strengthening private institutions to address social concerns."<sup>72</sup> In many ways they have simply become another special interest at the trough of federal largesse.

Surely we do not want to put charities on the dole. There is no reason to believe that welfare for charities would be any less destructive than welfare for individuals.

In fact, one could wonder about the kind of message such charities would be sending to their clients. On the one hand, they would be trying to teach people to be responsible and independent, to find work rather than welfare, to take care of themselves. But at the same time those organizations would have their own hands out asking for a form of welfare. That seems as contradictory as an anti-smoking group's investing in tobacco stocks.

## Coercion and the Nature of Charity

The whole idea of government charity is an oxymoron. After all, the essence of private charity is voluntarism: individuals helping others because they love their neighbor. In fact, in the Bible, the Greek word translated as “charity” is *agapeo*, which means “love.”<sup>73</sup> But the essence of government is coercion, the use of force to make people do things they would not do voluntarily. As historian and social commentator Gertrude Himmelfarb put it, “Compassion is a moral sentiment, not a political principle.”<sup>74</sup> This difference is as simple as the difference between my reaching into my pocket to get money to help someone in need and my reaching into your pocket for the same purpose. The former is charity; the latter is not.

True charity is ennobling of everyone involved, both those who give and those who receive. A government grant is ennobling of no one. Alexis de Tocqueville recognized that more than 150 years ago when he called for the abolition of public relief, citing the fact that private charity established a “moral tie” between giver and receiver. That tie is destroyed when the money comes from an impersonal government grant. The donor (taxpayer) resents his involuntary contribution, and the recipient feels no real gratitude for what he receives.<sup>75</sup>

Private charities may even find that fewer people contribute voluntarily. If people come to believe that government will provide funding, they may decide that there is less need for their contributions. That will result in the loss not only of money but of the human quality of charity. As Robert Thompson of the University of Pennsylvania noted a century ago, using government money for charitable purposes is a “rough contrivance to lift from the social conscience a burden that should not be either lifted or lightened in any way.”<sup>76</sup>

The end result will be the substitution of coercive government tax financing for compassion-based voluntary giving. That will mean the end of “charity” as we know it.

## Conclusion

More than 20 years ago religious scholars Peter Berger and Richard Neuhaus argued against government funding of faith-based charities, warning that “the real danger is that [faith-based organizations] might be co-opted by government in a too eager embrace that would destroy the very distinctiveness of their function.”<sup>77</sup>

There is no reason to take that risk. Private charity is thriving in America. We are the most generous nation on earth. In 1999 Americans contributed to charity more than \$190 billion, more than \$80 billion of which was given to religious organizations. That was an increase of more than \$4 billion over the previous year.<sup>78</sup>

In addition, more than half of all American adults do volunteer work. That time and effort are worth more than an additional \$225 billion.<sup>79</sup> And that does not include the countless dollars and time given to family members, neighbors, and others outside the formal charity system.

President Bush’s proposal contains a number of valuable ideas to make it even easier for Americans to build on this generous record, including allowing taxpayers who do not itemize to deduct their charitable contributions. Some experts estimate that this could encourage an additional \$12 billion to \$15 billion in contributions each year.<sup>80</sup>

The few billion dollars per year that the federal government could add to this mix would be little more than drops in an ocean of charitable giving. But with those few dollars would come strings, regulations, and serious questions about the separation of church and state. Charities that accepted government funds could find themselves overwhelmed with paperwork and subject to a host of federal regulations. As they became increasingly dependent on government money, those charities could find their missions shifting, their religious character lost, the very things that made them so successful destroyed. The whole idea of charity could

**The few billion dollars per year that the federal government could add would be little more than drops in an ocean of charitable giving.**

**The essence of government is coercion, the use of force to make people do things they would not do voluntarily.**

become subtly corrupted, the difference between the welfare state and true charity blurred. That is a very high price to pay for a handful of federal dollars.

The Bible warns that “the love of money is the root of evil.” It is a lesson worth remembering when we think about mixing government with charity. President Bush should abandon his proposal and leave charities to do what they do best.

## Notes

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