



# INDIANA NONPROFITS

*Scope and Community Dimensions*

Nonprofit Survey Series  
Report #7

## INDIANA NONPROFITS: A PROFILE OF RELIGIOUS NONPROFITS AND SECULAR CHARITIES

A JOINT PRODUCT OF

THE CENTER ON PHILANTHROPY  
AT INDIANA UNIVERSITY

AND

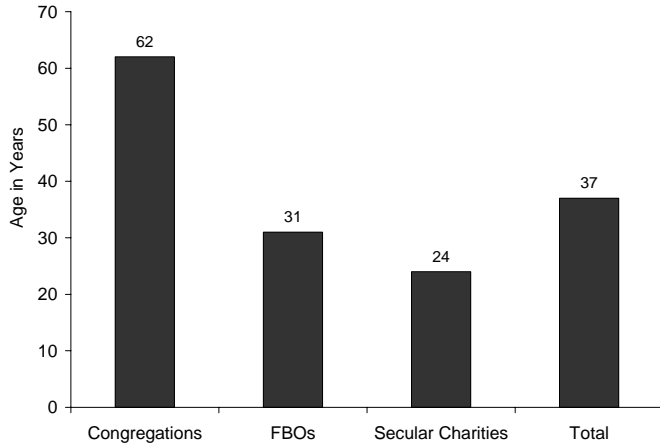
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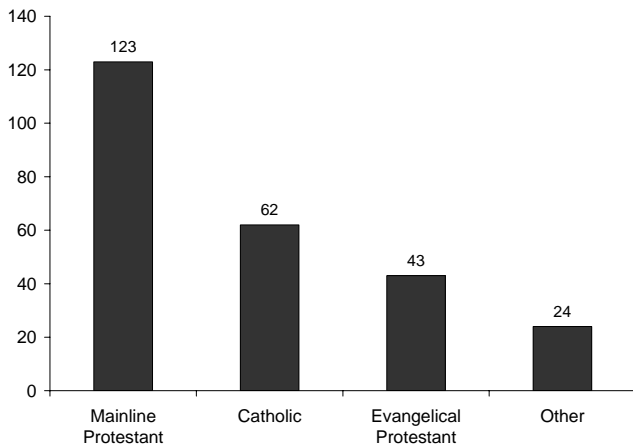
- Religious or charitable nonprofits in Indiana were founded a median of 37 years ago. On average, congregations are significantly older than both other FBOs and secular charities. Figure 19 shows that the median age of congregations is 62 years compared to only 31 years for other FBOs, and 24 years for secular charities in the state.

**Figure 19: Median age of congregations (n=456), other FBOs (n=198), and secular charities (n=324)**



- **Congregations:** Mainline Protestant congregations are generally older than evangelical Protestant, Catholic, and other congregations. The median age of mainline Protestant congregations is 123 years—twice the median age for Catholic congregations (62 years), and triple the median age for evangelical Protestant (43 years) and other (24 years) congregations. See Figure 20.

**Figure 20: Median age in years of evangelical Protestant (n=231), mainline Protestant (n=156), Catholic (n=47), and other (n=22) congregations**



### III. PROVISION OF HEALTH OR HUMAN SERVICES

*Congregations are the most likely of the organizations examined here to report that they provide health or human services; however, they are the least likely to receive government funds. They are also the least likely to say that they will seek them in the future.*

In 1996, the “Charitable Choice” provision of the welfare reform act sought to promote faith-based providers of human services. According to the provision, religious organizations that provide human services may receive government funds and contracts without restrictions on displays of faith or religious symbols. However, they are not allowed to use government funding for proselytizing or similar sectarian purposes.

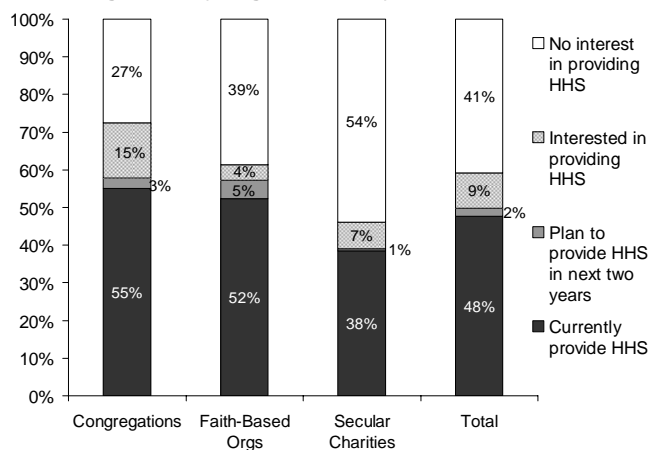
In this section we shift our analysis to include not only differences among types of religious and charitable nonprofits, but also among those that do and do not provide health or human services<sup>19</sup> in order to address issues of management capacities related to the “Charitable Choice” provision. We again examine differences among congregational types, when significant. We focus only on the religious sector—congregations and other FBOs—when examining awareness of “Charitable Choice” and likelihood to seek government funding in the future.

**Health or Human Services:** The question of whether or not Indiana’s religious and charitable sector provides programs in health or human services is important in light of recent policy debates concerning “Charitable Choice.” Here we examine the current provision of health or human services by Indiana religious and charitable nonprofits.

<sup>19</sup> Several key survey questions referenced both health and human services because the boundary between the two is increasingly blurred; however, our graphs refer only to “human services” in order to simplify their appearances. Respondents were told that we defined human services to include: social services/counseling; public safety/disaster relief; crime/legal services; employment/job training; housing; food/nutrition; youth development; and recreation. Health care services included health care/ health treatment; treatment for diseases/disorders, health research/prevention; and mental health/crisis intervention. See Question 14 in Appendix A for the actual wording of the question.

- Provision of Health or Human Services:** Approximately one-half (48 percent) of Indiana's religious and charitable nonprofits currently provide some type of health or human services program. Two percent report that they plan on providing it in the next two years, while 9 percent are interested in providing it at some point in the future. Two-fifths (41 percent) say they have no interest in providing health or human services at all. See Figure 21. (The latter three groups include nonprofits primarily involved in arts, culture, humanities; education; environment and animals; international affairs; public benefit activities; religion; or mutual benefits.)

**Figure 21: Percent of religious and charitable nonprofits that provide health or human services programs, by organization type (n=2,087)**

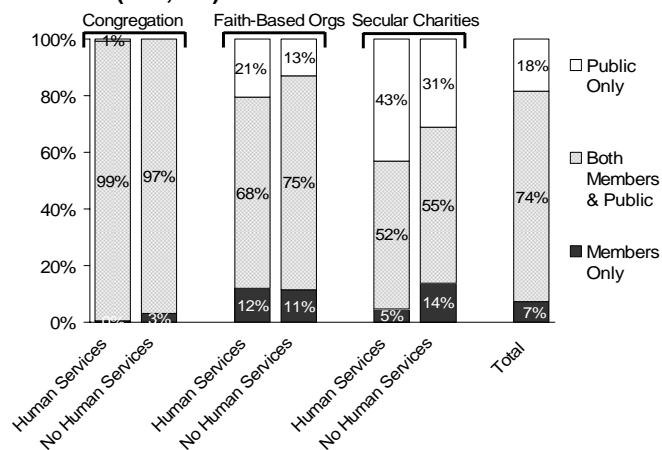


- Congregations (55 percent) and other FBOs (52 percent) are more likely to report that they currently provide health or human services than secular charities (38 percent).
- Congregations are also more likely to express interest in providing health or human services at some point (15 percent), with no significant difference among types of congregations.
- The majority of secular charities (54 percent) say that they have no interest in providing health or human services.
- Service Orientation:** As we found above, the majority of religious nonprofits and about two-fifths of secular charities currently provide some form of health or human services. Here we examine whether

their services in general are targeted inwardly towards their own members, outwardly towards the general public, or a mix of both.

- Overall:** Three-fourths (74 percent) of religious and charitable nonprofits target their services to both their own members and the general public. One-fifth (18 percent) target the general public only, and 7 percent target members only. See Figure 22.

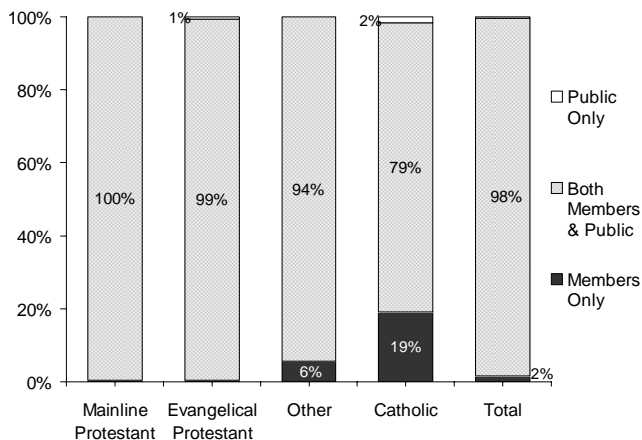
**Figure 22: Service orientation by type of organization (n=1,011)**



- Secular Charities:** Secular charities that provide health or human services have the most outward service focus. Over two-fifths (43 percent) serve only the general public. Those that do not provide health or human services also have more of an outward focus than other organizations in the religious and charitable sector (31 percent vs. 18 percent overall).
- Faith-Based Orgs:** The majority of other FBOs that provide health or human services target both members and the public (68 percent); however, more than one in ten (11-12 percent) say they focus inwardly, serving members only.
- Congregations:** Nearly all congregations say they target services to both their own members and the general public, with no difference between those that provide health or human services and those that do not.
- Differences among Congregations:** Among congregations, there is some notable variation in

service orientation. Nearly one-fifth (19 percent) of Catholic congregations report that their programs are targeted towards their own members only, while four-fifths (79 percent) target both members and the general public. See Figure 23.

**Figure 23: Service orientation by type of congregation (n=468)**



We speculate that the presence of well-established Catholic charities in larger metropolitan communities may alleviate the need for Catholic congregations to provide direct services themselves, allowing them to focus instead on providing financial support to Catholic service institutions.

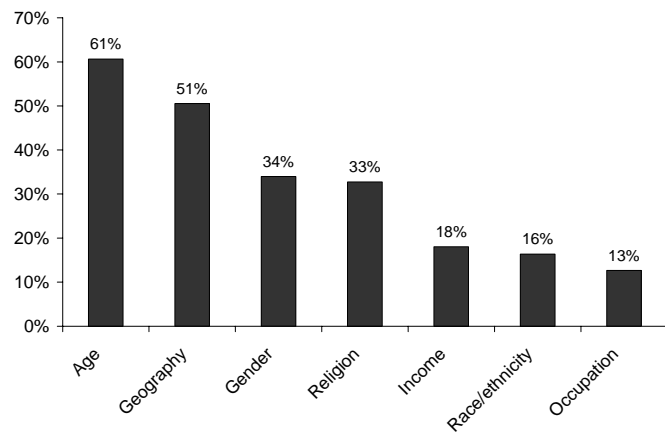
**Service Targets:** We would expect that organizations that provide health or human services target disadvantaged groups. Here we examine the target groups identified by religious and charitable nonprofits.

*Overall:* Religious and charitable nonprofits are most likely to say that they target their programs and activities to people of a certain age (61 percent). A slim majority also say they target certain geographic areas (51 percent). About one-third target people of a particular gender (34 percent) or religious faith (33 percent). Smaller minorities target their programs to a particular income level (18 percent), race or ethnic group (16 percent) or occupation (13 percent). See Figure 24.

We find significant variation in the degrees to which congregations, other FBOs and secular

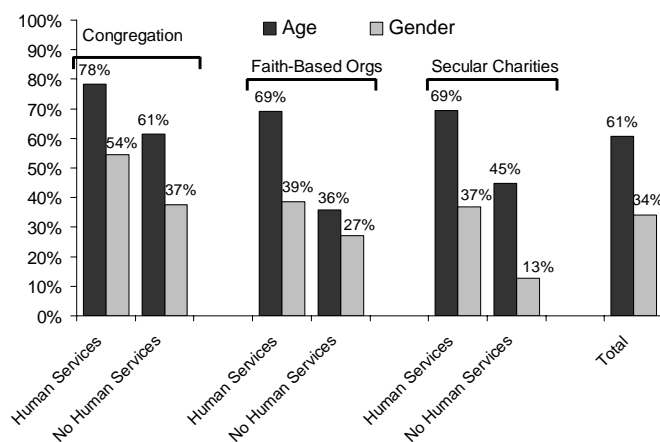
charities target programs by age, gender, income and religion.

**Figure 24: Percent of religious and charitable nonprofits with selected service targets (n=1,106-1,110)**



*Age:* Religious and charitable nonprofits that provide health or human services are more likely to target their programs to a particular age group, such as youth or elderly, than those that do not provide such services. Congregations that provide health or human services are the most likely to target in such a manner (78 percent); however, other FBOs and secular charities that provide health or human services are also highly likely to do so (69 percent each). See Figure 25.

**Figure 25: Percent of religious and charitable nonprofits that target programs by age and gender, by organization type (n=963)**

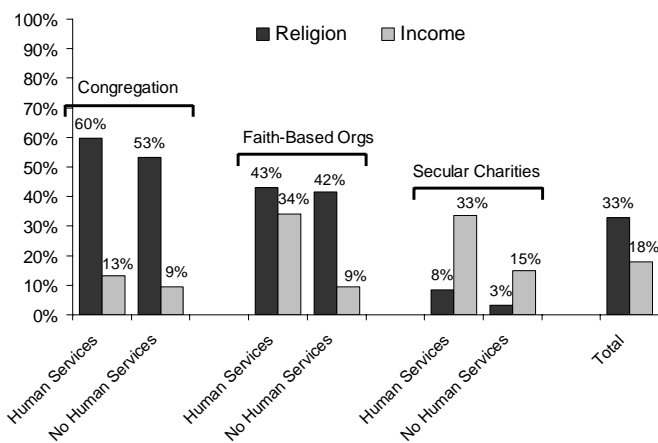


*Gender:* Again, religious and charitable nonprofits that provide health or human services are more likely to target their programs to a particular gender than those that do not. Congregations

that provide health or human services are the most likely to target gender groups (54 percent) while secular charities that do not provide health or human services are the least likely (13 percent).

- **Religion:** As we would expect, congregations are most likely to target their programs to people of a particular faith, with no difference between those who do and do not provide health or human services. However, it is somewhat surprising that only 60 percent report such targets rather than a more substantial majority. See Figure 26.

**Figure 26: Percent of religious and charitable nonprofits that target programs by religion and income, by organization type (n=960-964)**



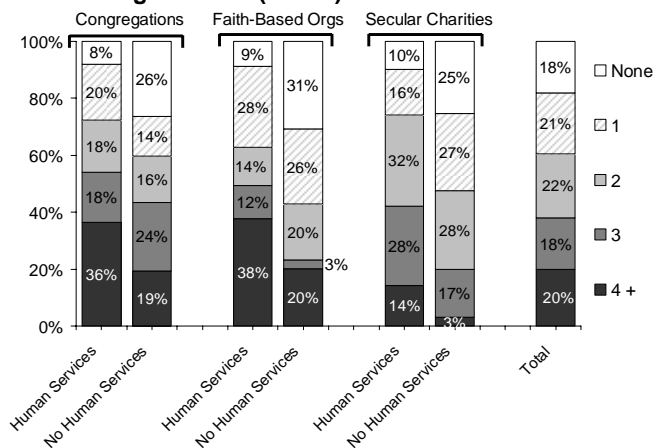
- **Income:** We assume that programs targeted toward people of a particular income are targeted towards those with a low income.<sup>20</sup> Other FBOs and secular charities that provide health or human services are the most likely to target by income (34 percent and 33 percent). Congregations are relatively unlikely to do so, regardless of whether or not they provide health or human services.
- **Service Scope:** By counting the number of groups that organizations target we can get an

<sup>20</sup> Open-ended responses to the question about which income groups were targeted show that most respondents identified low income groups. Fewer congregations did so than other FBOs or secular charities, but these differences are not statistically significant.

idea of whether they have a broad range of programs and services, or whether they focus more narrowly on one or two specific groups.

- As shown in Figure 27, religious and charitable nonprofits that provide health or human services tend to have more service targets than those that do not.

**Figure 27: Number of service targets reported, by type of organization (n=481)**



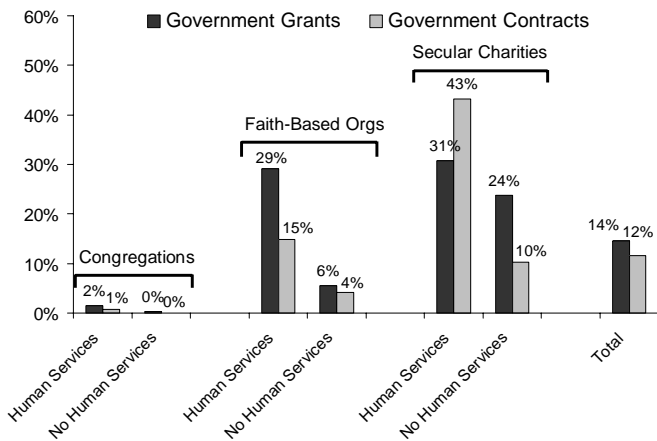
- We also find that congregations and other FBOs that provide health or human services tend to have a greater number of service targets than secular charities. A majority of these congregations (54 percent) and half of these other FBOs (50 percent) report 3 or more service targets. In contrast, 60 percent of secular charities that provide health or human services have between 2 and 3 service targets and only 14 percent target 4 or more types of groups.

**Government Funds:** The “Charitable Choice” provision allowed religious organizations to compete for government contracts and funds without limiting their displays of religious symbols or activities. We analyze the extent to which religious and charitable nonprofits in Indiana utilize public funds.

- **Government Grants and Contracts:** Public funds can be distributed in the form of grants to nonprofits, or organizations can secure government contracts to provide needed services. In this section we compare the receipt of government funds among types of organizations as well as by whether or not they provide health or human services.

- *Overall*: Only 14 percent of religious and charitable nonprofits receive government grants and 12 percent have government contracts. See the “Total” bar in Figure 28.<sup>21</sup>

**Figure 28: Percent of religious and charitable nonprofits that receive government grants or contracts, by organization type (n=899-898)**



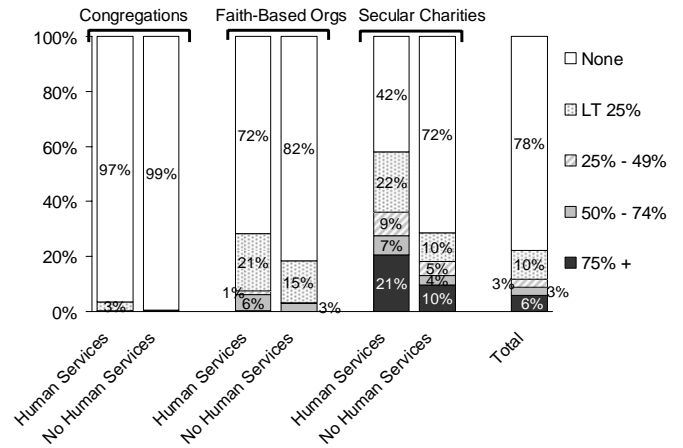
- *Secular Charities*: Secular charities that provide health or human services are the most likely to receive government funds in the form of grants (31 percent) or contracts (43 percent).
- *Faith-Based Orgs*: Other FBOs that provide health or human services are also more likely to receive government grants (29 percent); however, only 15 percent have government contracts.
- *Congregations*: Almost no congregations report such public funds, regardless of whether or not they provide health or human services and regardless of theological tradition.

- **Percent Government Funding**: Earlier we saw that the majority (53 percent) of religious and charitable nonprofits rely primarily on donations for funding (see Figure 11). Only 7 percent of religious and charitable nonprofits depend on government for more than half of their revenues.

- *Overall*: Only 3 percent of religious and charitable nonprofits say that government funds account for 50 to 74 percent of revenues, while

only 6 percent say they account for 75 percent or more of revenues. See Figure 29.

**Figure 29: Percent of revenue generated through government funding, by organization type (n=924)**

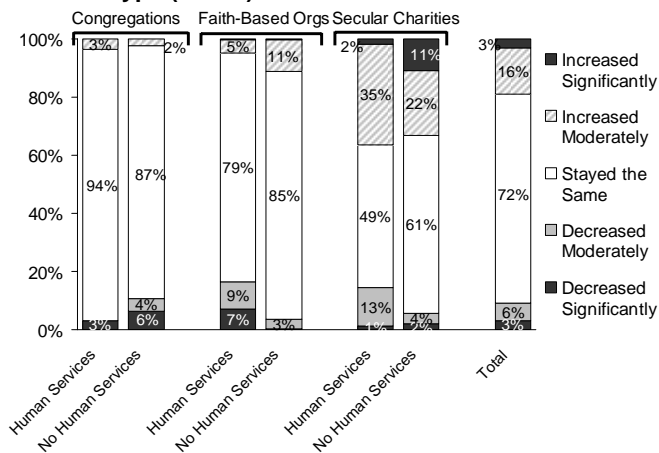


- *Secular Charities*: Regardless of whether or not they provide health or human services, secular charities are more likely to depend on government funds than congregations or other FBOs. Over one fifth (21 percent) of secular charities that provide health or human services depend on government funds for 75 percent or more of their revenue.
- *Faith-Based Orgs*: Other FBOs are less likely to depend on government funds. Only 6 percent of other FBOs that provide health or human services rely on public funds for 50-74 percent of their revenue. Almost three-fourths (72 percent) receive no government funds at all.
- *Congregations*: Only 3 percent of congregations that provide health or human services report any reliance on government funds, and those that do say they account for less than 25 percent of revenues. There are no differences among types of congregations.
- **Changes in Government Funding**: Government-generated revenues stayed the same for the great majority of religious and charitable nonprofits (72 percent), but varied notably according to type.
  - *Secular Charities*: Some 37 percent of secular charities that provide health or human services report that government revenue sources in-

<sup>21</sup> We caution that our survey was completed in 2002 and that some of these patterns may have changed since then.

creased in the previous three years. About half (49 percent) say that it stayed the same, and 14 percent say it decreased. See Figure 30.

**Figure 30: Change in government funding, by organization type (n=489)**

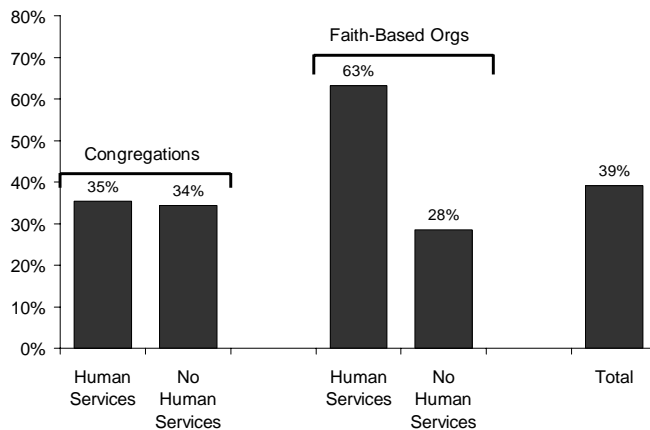


- Interestingly, secular charities that do not provide health or human services are more likely to report significant increases (11 percent) in government funds. However, they are also more likely than secular charities that do provide health or human services to report that government revenues stayed the same overall.
- *Faith-Based Orgs and Congregations*: The vast majority of congregations and other FBOs receive no government funding; therefore, it is no surprise that nearly all of them say that revenues from government funding stayed the same.
- It is interesting to note, however, that 16 percent of other FBOs that provide health or human services say that government funding decreased in the prior three years.

- **Awareness of “Charitable Choice”:** According to the “Charitable Choice” initiative, religious nonprofits such as congregations and other FBOs can compete for government funds and contracts with secular nonprofits, with fewer restrictions than was previously the case. We asked religious nonprofits whether they are aware of a national initiative that would make it easier for religious organizations to apply for government money to support health or human services programs. Overall, about two-fifths (39 percent) of religious nonprofits report such awareness.

- *Faith-Based Orgs*: Other FBOs that provide health or human services are the most likely to be aware of “Charitable Choice.” Nearly two-thirds (63 percent) say that they are aware of it, compared to 28 percent of other FBOs that do not provide health or human services. See Figure 31.

**Figure 31: Percent of religious nonprofits that are aware of “Charitable Choice”, by type (n=645)**



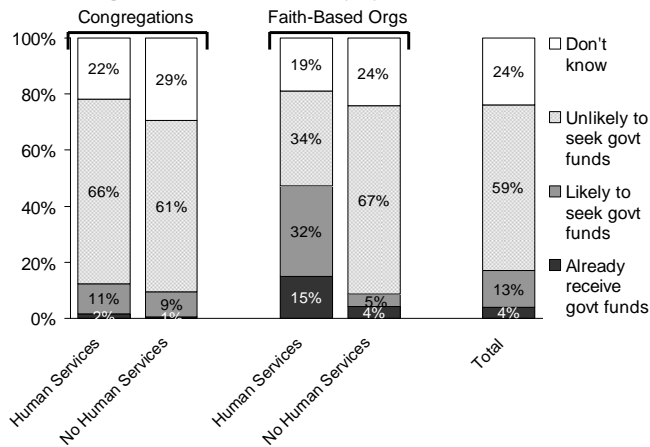
- *Congregations*: Roughly one-third (34-35 percent) of congregations are aware of “Charitable Choice,” with no difference between those that provide health or human services and those that do not.
- **Likelihood to Seek Government Funding:** We also asked religious nonprofits whether or not they were likely to seek government funds in the future. Interestingly, those who report awareness of “Charitable Choice” are no more likely to seek public funding for health or human services. In addition, those who currently provide health or human services are no more likely to seek public funds.

- *Overall*: The majority of religious nonprofits say they are either unlikely to seek government funds (59 percent) or are unsure whether they would or not (24 percent). See last column in Figure 32.<sup>22</sup>

<sup>22</sup> See Question 21C in Appendix A for actual wording of question. For this analysis we coded responses of “probably will” or “definitely will” as “likely to seek government funds;” we coded responses of “probably will not” and “definitely will not” as “unlikely to seek government funds.”

- **Faith-Based Orgs:** Other FBOs that provide health or human services are disproportionately more likely to say that either they already receive government funds (15 percent) or are likely to seek them in the future (32 percent).

**Figure 32: Percent of religious nonprofits that will seek government funds, by type (n=692)**



- **Congregations:** Congregations are relatively unlikely to seek government funds, regardless of whether they provide health or human services or not, and regardless of theological tradition.

## IV. MANAGEMENT CHALLENGES AND CAPACITIES

*When given a list of 17 possible management challenges, Indiana’s religious and charitable nonprofits are most likely to indicate that issues related to program management and delivery—such as attracting new members and clients and meeting their needs, strategic planning, and delivering quality programs—are major challenges. Obtaining funding is also frequently identified as a major challenge. Challenges related to board members and staff are relatively minor in comparison.*

*Indiana religious and charitable nonprofits also have certain capacities and resources that help them address the challenges they face. Some of these are technological, such as computers, Internet access, and computerized financial and membership records; others are financial, such as recently completed audits or reserves dedicated to maintenance or capital needs. Although many nonprofits possess these resources, a surprisingly high proportion does not.*

*Generally, there are not many differences among Indiana’s congregations in the extent to which they identify certain issues as challenges or possess management resources to address these challenges. However, when there are differences, Catholic congregations consistently appear more formalized than evangelical and mainline Protestant congregations.*

In this section we assess the challenges that Indiana’s religious and charitable nonprofits face – or at least that are salient to them. We also look at the management capacities that these organizations have acquired to help them deal with these challenges, while recognizing that having access to these capacities may also make nonprofits more aware of what still needs to be done.

We continue to distinguish between religious and charitable nonprofits that provide health or human services and those that do not. We do this in order to assess whether or not religious organizations, targeted by the “Charitable Choice” provision, face similar challenges and have similar capacities as their secular counterparts.

Because a variety of factors such as size, age, or location, may contribute to why some nonprofits face challenges or possess certain capacities, we undertake a more sophisticated multivariate analysis. This allows us to