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### **Abstract**

Three study questions are addressed in this report: (1) Who receives social services from faith-based organizations (FBOs)?, (2) Has welfare reform increased the demand for services from FBOs?, and (3) Do FBOs have the organizational capacity, relative to non-FBOs, to help welfare recipients meet work requirements and time limits? Using client-level data from Indiana's randomized welfare experiment, we find that the most disadvantaged welfare recipients are more likely to seek assistance from FBOs; however, welfare reform has had inconsistent effects on the receipt of social services from these organizations. Although welfare reform has not increased most types of material support from religious organizations, FBOs have provided more help with rent and emotional support. We also compare cross-sectional, case-matched reports from religious and secular social service providers. We find that FBOs are significantly more likely to have tightened eligibility criteria compared to secular non-profits since Indiana's welfare reform in 1995.

### Introduction

**A**ccording to Section 104 of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, P.L. 104-193), state governments are encouraged to contract with faith-based organizations (FBOs), including churches, synagogues, Muslim temples, and other not-for-profit religious organizations, for the provision of social services to current and former welfare recipients. Known as charitable choice, this new law is designed to encourage the well-established role of religious institutions in helping the poor. While FBOs cannot use public funds for religious missions, to screen religious backgrounds, or to compel the participation of potential clients, they *can* deliver publicly funded programs that contain religious messages.<sup>1</sup>

Building off PRWORA, the Bush Administration also has pursued policies that promote a “level playing field” for religious organizations in the provision of publicly funded social services to the poor. In January 2001, through Executive Order 13198, the White House established an Office for Faith-Based and Community Initiatives (OFBCI) and set up Centers for Faith-Based and Community Initiatives (CFBCI) in five cabinet departments.<sup>2</sup> CFBCI directors were asked to conduct audits to determine all possible barriers to FBOs in competing with secular non-profits for federal funding.<sup>3</sup> Even more recently, the Charity Aid Recovery and Empowerment (CARE) Act, proposed in 2002 by Senators Joseph Lieberman and Rick Santorum, would establish equal treatment for social service non-profits with overtly religious language in their chartering documents, religious names, or other religious symbols.<sup>4</sup> The CARE legislation would also provide tax incentives for individuals and private foundations to increase donations made to religious social service activities.<sup>5</sup>

Putting aside political rhetoric, proponents of charitable choice argue that FBOs provide more effective services at a lower cost. Given their religious ethos, wealth of volunteers, and private donations, FBOs are thought to have certain advantages in the provision of social services and in helping the poor meet basic human needs. That is, religious organizations can deliver tangible resources while addressing the problems of the poor through spiritual transformation.<sup>6</sup> Advocates of charitable choice believe that the delivery of messages of moral responsibility embedded in religious belief systems will change

behavior and help people escape poverty, overcome substance abuse, and strengthen marriages and families.

In response to this legislative change and the perceived advantages of FBOs in social service delivery, some states have aggressively developed programs designed to deliver faith-based social services for current and former welfare recipients. Florida created the Faith Community Network—a program designed to identify religious organizations willing to deliver social services—consisting of 44 local steering committees, 15 regional offices, and over 700 churches.<sup>7</sup> Similarly, Mississippi matches welfare recipients with churches willing to help move welfare recipients into the labor market,<sup>8</sup> and Texas has actively recruited religious organizations to deliver social services, including contracting with evangelical Christian organizations for prison programming.<sup>9</sup>

While charitable choice has received considerable attention as a new welfare-reform strategy, FBOs have a long and distinguished history in fighting poverty and delivering social services. England's Speenhamland System, originated in 1795, used local churches to deliver publicly funded services to the poor. Founded on the English system, American Charity Society Organizations (CSOs) built and operated hospitals, schools, clubs, and welfare organizations that provided services to members of their faiths through much of the 19th century.<sup>10</sup> While altruistic motives were at the center of the CSO movement, these organizations were also motivated by self-interest. For example, the U.S. Catholic Church focused on the care of orphans and delinquents to ensure that Catholic children were raised in "the faith."<sup>11</sup> Some states, including New York, even passed legislation in the late nineteenth century requiring that neglected and dependent children be cared for by agencies of the same religious faith, ensuring the organization of many child welfare systems around religious organizations and belief systems.<sup>12</sup>

Currently, religious organizations play an important role in delivering social services to the poor, including current and former welfare recipients. With over 350,000 churches nationwide, the Aspen Institute estimates that the average religious congregation provides roughly five human service programs, allocating approximately 20 percent of its income to these activities.<sup>13</sup> Additionally, the 1998 National Congregations' survey of 1,236 FBOs indicates that a third of congregations are potentially open to pursuing new opportunities under the charitable choice provisions of PRWORA,<sup>14</sup> and some limited evidence exists to suggest that church-based partnerships with local law enforcement agencies have reduced urban crime more than would have otherwise been the case in the absence of a city-church partnership.<sup>15</sup>

The use of public funds by FBOs for the delivery of social services has been a constant feature of the American welfare state. For example, the New York Roman Catholic archdiocese received 75 percent of its annual budget, approximately \$1.75 billion, from government sources in 1993.<sup>16</sup> While most of these funds are used to finance Catholic hospitals and nursing homes, a significant portion is used to fund child welfare services. Similarly, Catholic Charities received approximately \$1.45 billion in cash and in-kind funding in 1997 from government sources.<sup>17</sup> Other FBOs, such as the Salvation Army and Lutheran Services, also receive substantial public financial support.

The charitable choice provision in the TANF legislation, however, represents a departure from the law that previously had governed the relationship between government and FBOs.

Prior to 1996, religious organizations could receive public funds from the TANF program to provide social services, but these activities and programs could not have religious content, whereas, subsequent to PRWORA, FBOs can receive public funds to deliver social services with explicit religious content, and are also able to consider religion in the hiring of new employees.

To investigate this shift in public policy, we examine the impact of welfare reform on the utilization of social services by current and former welfare recipients from FBOs using data from Indiana's welfare reform experiment. We also compare case-matched, cross-sectional data from FBO and non-FBO social service providers. Three substantive research questions are addressed: (1) Who receives social services from FBOs?, (2) Has welfare reform increased the demand for services from FBOs?, and (3) Do FBOs have the organizational capacity, relative to non-FBOs, to help welfare recipients meet work requirements and time limits? Empirical evidence provides a context for the upcoming debate over the reauthorization of PRWORA and charitable choice and whether charitable choice should be expanded to other social services such as foster care and day care. In other words, our study investigates the extent to which welfare reform has increased demand for services from FBOs. It also provides systematic evidence on a growing perception that people seeking help from FBOs are doing so as a matter of convenience, and not because they have exhausted all other possibilities, including government programs and agencies.

Given the considerable variation in state-level welfare reform policy that unfolded before and after PRWORA, it is important to describe Indiana's welfare reform environment and implementation of the charitable choice. Following this is a description of our data and research methods. A discussion of policy implications concludes the presentation of our findings.

### **Indiana's Welfare Reform and Charitable Choice**

Indiana was one of the first states to adopt an emphasis on "work first" and "personal responsibility" replacing cash assistance with transitional services that help people depend less on public aid. Over one year before PRWORA was passed, Indiana adopted a welfare reform program that included a personal responsibility agreement, a time-limit on adult eligibility for cash assistance, a family cap, and financial sanctions for failure to meet parenting and program responsibilities. Over the six years of welfare reform discussions and implementation, Indiana, like many states across the country, experienced a substantial drop in its welfare caseload from 70,000 families in 1994 to 30,000 in 1999. With the more recent economic downturn that occurred *after* our data were collected, Indiana's welfare caseload has increased dramatically to nearly 51,000 as of August 2002.<sup>18</sup>

From a national perspective, Indiana's welfare reform is a particularly important demonstration because: (1) it has been a statewide program since its inception, (2) it has maintained a randomized control group allowing for clear inferences to be drawn concerning the impacts of welfare reforms on clients, (3) it rests squarely in the mainstream of welfare reform initiatives both in terms of its central underlying premises and the policies and procedures it has adopted, and (4) welfare participants hit the time-limits earlier than public aid recipients in most other states, and thus, there is a longer time period over which to gauge welfare reform's effects.

Indiana also is one of the few states to actively implement charitable choice-related funding opportunities and programs, receiving an “A” for its implementation process in a recent House of Representatives meeting.<sup>19</sup> Through FaithWorks Indiana,<sup>20</sup> a state-run initiative begun in 1999, the state administers technical assistance programs to faith- and community-based organizations, providing outreach services to 9,500 FBOs. Like other charitable choice-based programs, FaithWorks Indiana works to fund and support such TANF-oriented services as counseling, family mentoring, job training and job readiness programs, and youth programs.<sup>21</sup> It provides technical assistance through its physical offices, its website, and also operates a toll-free hotline; additionally, it has conducted a series of workshops aimed at helping participants to learn more about developing and implementing services. FaithWorks has also conducted a state-wide survey of 412 congregations, similar in style to the 1998 National Congregations Survey, to determine the type of services offered by Indiana congregations and FBOs and to examine the capacity of these organizations to provide social services to Indiana families. On the whole, Indiana congregations are more aware of charitable choice legislation, more willing to apply for available government funds, and participate in human services at a higher rate than the national average.<sup>22</sup> The most frequently offered services are emergency relief services such as food, shelter, and financial assistance.<sup>23</sup>

Indiana permits faith-based non-profit organizations a certain independence from governmental control; they do not have to alter their internal governance structures, remove religious symbols from their property, and retain control over the practice and expression of their spiritual values and mission, what the federal government terms “respect for allies.” Although not permitted to refuse services on grounds of client non-participation in religious activities or services, they are allowed to offer those services, while clients refusing to participate are allowed to seek services from a secular organization.<sup>24</sup> The initiative has developed posters informing clients of their right to seek a secular provider; these posters must be displayed by service-providing faith-based organizations. FaithWorks Indiana has also established an ecumenical advisory council, which includes representatives from the Civil Liberties Union and the Jewish Community Relations Council and is designed to address issues such as avoidance of separation of church and state violations.<sup>25</sup>

While there are many advantages of using Indiana to study the impacts of welfare reform on FBOs, it is important to put the state’s FaithWorks program into perspective. As of 2001, only a small amount of Indiana funding (approximately \$3.5 million) flowed to FBOs through this state initiative. Other states, such as Michigan (approximately \$30 million), Ohio (approximately \$17 million), and Texas (approximately \$5 million) have made much larger investments in contracts with FBOs in their state-run charitable choice programs.<sup>26</sup>

Additionally, it is important to note that this paper investigates FBOs and clients of FBOs that offer and receive social services that may or may not have been funded through charitable choice or Indiana’s FaithWorks program. Thus, our study population is broader than the small, yet growing number of organizations and clients that receive funding and services as a result of the new federal law or parallel state-level efforts. The extent to which our findings speak specifically to charitable choice or Indiana FaithWorks depends on the degree to which FBOs currently providing social services are representative of

FBOs likely to contract with these government programs. Additionally, the generalizability of our findings depends on the extent to which welfare clients currently receiving FBO services are similar to individuals who will eventually receive FBO services under the charitable choice provisions.

### **Data Sources**

We use two large data sets collected in 1999-2000 by Indiana University's Institute for Family and Social Responsibility's (FASR) larger, ongoing investigation of welfare reform's impact on community social services (CSS). First, we use a survey of 1,494 current and former welfare recipients who received at least one month of cash assistance between June 1, 1997 and December 30, 1998. The client data set includes roughly equal numbers of control and experimental group members. To facilitate an evaluation of their TANF program, Indiana has maintained a randomized control group of about 3,500 eligible adults subject to the benefits, rules, and requirements of the old AFDC (Aid to Families with Dependent Children) program. A total of 1,303 survey respondents had complete data for the analysis in this article.<sup>27</sup>

The sample for the client survey was stratified: adults receiving cash assistance during December 1998, adults who had left welfare but had not exhausted their time-limited benefits as of December 1998, and adults who had left welfare as of December 1998 and who had hit their time limits. AFDC or control group members had never been subject to a time limit. For these individuals, we estimated their "clocks" based on the number of months of assistance they had used. Thus, given these strata, we can compare current TANF participants to former TANF recipients who left the rolls prior to hitting their time limit as well as to former TANF recipients who exhausted their eligibility for cash assistance. Within each stratum, we can compare the experiences of TANF and AFDC participants.

To identify the population of AFDC and TANF recipients, we used monthly data extracts from the Indiana Client Eligibility System (ICES) maintained by Indiana's Family and Social Services Administration (FSSA)—the state agency that administers TANF. Between June 1, 1997 and December 20, 1998, 65,362 eligible adults participated in TANF for one or more months. In addition, 3,566 eligible adults participated in the randomized control group still receiving AFDC benefits. Our survey sample was randomly selected within each stratum to provide approximately equal numbers of respondents in each sampling cell.<sup>28</sup>

Surveys were conducted by telephone, with each lasting between 30 and 40 minutes. The survey was fielded between May 1999 and February 2000 by Indiana University's Center for Survey Research. The overall response rate was 60 percent. Each client survey was matched with ICES records that include detailed information on TANF, Medicaid, and food stamp participation. We weighted each observation according to the distribution of clients in each sampling cell for the entire state so as to produce reliable and consistent statistics that reflect state patterns.

The second data set used in this paper comes from a community agency study that conducted in-depth, face-to-face interviews with 295 executive directors of social service agencies in seven Indiana counties.<sup>29</sup> The collection of interviews was organized around a network of field researchers (or associates) in each county. Field associates were responsible

for conducting interviews, as well as writing a structured case study, to provide additional context for understanding the survey results. All but one of our field associates are professors at an Indiana University campus.

The selection of counties was based on two factors. First, a range of urban, suburban, and rural counties was sought, so as to reflect possible differences in welfare reform's impact on local social service providers who operate within different geographic contexts. Second, the selection was influenced by the need to study counties that could be accessed by local field associates who had prior knowledge of the social service landscape. As a result, each of the counties included in this study are located close to a campus of Indiana University.

The counties selected for investigation are fairly representative of the mix of communities in the state of Indiana. Marion and Lake are the two most urban counties in the state—as measured by the density of population per square mile. As is typical in urban areas, these counties have larger African-American populations, slightly higher poverty rates, and lower home ownership rates compared to the state averages. In contrast, Howard County is less dense and is best described as a suburban county with many links to the greater metropolitan Indianapolis area. The counties of Bartholomew, Greene, Floyd, and Harrison have population densities closer to the state's average, reflecting the presence of small cities and towns adjacent to rural areas. Despite these differences, these counties have similar age distributions and per capita income, and are fairly similar to the state averages for these two indicators.<sup>30</sup>

In each case-study area, field associates conducted structured interviews with directors (or executive staff) of social service agencies. The 60- to 90-minute, face-to-face interviews were conducted between February and August of 1999. The response rate was 86 percent. Interviews were conducted with the executive director or person most responsible for the day-to-day operation of the organization. When this person was unavailable or deferred the interview to a subordinate, the interview was still conducted. Overall, 207 interviews were conducted with the organization's executive director, president, director, or the person occupying the chief executive position in the organization; 19 interviews were conducted with respondents who occupied a senior administrative post, such as an associate director or vice president; 32 interviews were conducted with respondents who occupied less senior posts, including program director, general administrator, or legal counsel; 12 interviews were conducted with a minister or pastor; and 25 interviews were conducted with direct service providers, including counselor, therapist, or program coordinator.<sup>31</sup>

Interviews were structured through the use of a questionnaire. The first half of the questionnaire contained closed-ended questions that were designed to record basic descriptive characteristics of the organization, including its financing, staffing patterns, and service activities. The second half of the questionnaire was largely open-ended, tapping respondents' perceptions of welfare reform, and documenting collaborative and innovative programs.

Selection of agencies was based on a modified (soft) quota snowball sampling technique. Organizations were identified through public documents, such as telephone directories and United Way service directory listings as well as through our interview process. All respondents were also asked to name up to ten social service agencies with whom they work.

Potential respondents were screened according to the following two criteria: (1) the organization provided or coordinated services for current or former welfare recipients; and (2) the organization operated within the targeted county area. The sample included a wide range of social service providers as organizations were selected by both organizational type and activity.<sup>32</sup>

Within each case-study area, field associates were instructed to interview no more than five agencies within any organizational category or primary service type. This quota guaranteed a relatively even sample by organizational type and activity. Each field associate was charged with conducting at least 40 interviews. Since Marion and Lake Counties have the largest populations among the targeted counties, the field associates in these two counties were instructed to conduct at least 60 interviews.

Field associates were allowed to exceed the quota of five respondents within any one category of organizational type and activity if and only if: (1) the organization was considered to be a very important agency in serving current and former welfare recipients in that county, and (2) not conducting the interview would prevent the field associate from reaching the target goal of completed interviews. As a result, more interviews were conducted with not-for-profit, non-religious organizations that provide human services—specifically food and nutrition programs—than would have been expected had the sampling quota been fixed without these exceptions. Approximately 72 percent of the sample was identified as a not-for-profit organization, and roughly one-quarter of these were FBOs. Public or government organizations accounted for 17 percent of the sample. The remaining 20 cases were for-profit firms.<sup>33</sup> For the purposes of this paper, only not-for-profit, non-religious organizations and FBOs were used.

### **Research Strategy and Methods**

The client data addresses the first two research questions—specifically, who receives social services from FBOs and the impact of welfare reform on the receipt of services from FBOs. In contrast, the case-matched provider data speak to the organizational capacity of FBOs, relative to non-FBOs, to help welfare recipients meet work requirements and time limits.

The client data were analyzed using bivariate and multivariate inferential statistical methods. We compared the characteristics of current and former welfare recipients who had and who had not received help from FBOs. These bivariate comparisons were further investigated using multivariate statistical models that tested the impact of welfare reform on receiving help from an FBO—controlling for basic socioeconomic characteristics of each respondent. Given the randomized experimental design of the client survey, this approach provided a rigorous test of the effects of welfare reform on the likelihood that clients seek help from FBOs.

In our analyses of welfare clients, our dependent variable was receipt of one of nine specific types of help from an FBO.<sup>34</sup> Since these are dichotomous dependent variables, we used maximum likelihood (ML) logit regressions for unordered categorical dependent variables with categorical and continuous independent variables.<sup>35</sup>

The agency data were analyzed using a case-match method.<sup>36</sup> In general, case-matching is a more rigorous technique for examining causality in contrasting groups within a

population. Case-matching techniques can be incorporated with multivariate regression techniques and are useful for demonstrating differences across groups of cases with descriptive statistics and analysis of variance (ANOVA). Utilizing this technique, we were able to match 37 FBOs with 37 similar nonprofit, non-FBOs. Three control variables were used for case-matching: organizational age (number of years since founding), total number of paid employees (full- and part-time) in 1998, and organizational budget for fiscal year 1998.<sup>37</sup> We used these variables to generate predicted values (also known as propensity scores) to guide our matching process.

The propensity score is the predicted probability calculated by running a ML logit regression with organizational type (FBO or non-FBO) as the dependent variable. Three factors thought to predict FBO status are used as control (or independent) variables and include organizational age, total number of paid employees, and the organization's budget.

The matching process follows the randomized, nearest neighbor method. This means that the program assigns a random number to each of the treatment cases, which in this analysis are FBOs. Then, starting with the largest random number, each treatment case is matched to a control (or comparison) case based on the propensity score (i.e., the predicted values) of plus or minus one standard deviation. With each match, the comparison case is eliminated as a possible match for other treatment cases. Cases were matched only if they shared a common service type (counseling, transportation, legal and civil rights, housing, food and health, childcare and youth services, workforce development and education, or intermediary service for other social service agencies) and service area (urban, suburban, or rural).<sup>38</sup> Profiles of the case matches are presented in the Appendix, Table A1.

Only those cases selected through the matching process are included in the analysis. The research strategy is to compare matched cases on a number of dimensions, including organizational changes since the inception of welfare reform, staffing patterns, and organizational networks. To test whether differences in these two groups exist, t-tests are performed to determine whether differences in means are real or by chance. When statistically significant differences in organizational changes since welfare reform are found, the impact of FBO status is estimated using multivariate methods, controlling for observed differences in staffing patterns, organizational characteristics and organizational networks. Qualitative responses to the interviews were transcribed and analyzed using NUD\*ist software for the 37 matched cases.

Taken together, these analyses provide a systematic investigation of how welfare reform has affected FBOs by using both client and agency data to describe clients who receive help from FBOs, while assessing the impact of welfare reform on demand for services from FBOs, and the organizational capacity of these organizations to help welfare recipients meet work requirements and time limits. Thus, our results provide a context for the upcoming debate on TANF re-authorization, including whether states should continue to be encouraged to contract with FBOs to meet the needs of current and former welfare recipients.

### **Variables and Measures**

Table 1 presents the variables in the analysis of the client data. These indicators are grouped into four categories: control measures to account for respondents' background characteristics, non-FBO sources of help used by respondents, test variables measuring

the impact of welfare reform, and dependent variables measuring the receipt of services from FBOs.

Control variables include individual-level characteristics that are thought to be important determinants of welfare receipt such as sex, age, race, marital status, household composition, income and work, educational attainment, and various measures of neediness. Other sources of help variables measure the utilization of three other possible help sources for the respective needs. These other sources are friends and family, community organizations, and township trustees. The test variables capture whether a respondent was randomly assigned to receive welfare benefits under AFDC or TANF as well as characteristics of their welfare experience. Outcome measures capture the extent and type of services that a respondent received from FBOs.<sup>39</sup> These latter measures were constructed from questions that asked respondents whether they had received assistance from an FBO and the type of assistance received. Each respondent was given a reference date to be used when answering this series of questions. The reference period begins when one starts receiving welfare (if on welfare in the sampling month) or when one left welfare (if off welfare in the sampling month).

Table 2 presents the variables used to analyze providers: measures for case matching non-profit, secular organizations and FBOs; changes in services since Indiana's welfare reform in 1995; staffing patterns; organizational characteristics; and the organization's network.<sup>40</sup> These measures capture the organizational capacity of agencies and the types of organizational change that have occurred in the wake of welfare reform.

## Findings

### *Client-Survey Results*

Over three-quarters, 78.5 percent, of the survey respondents indicated that they had a need of some type. The most commonly expressed need of TANF respondents was for help with utilities (44.0 percent), followed by transportation (41.5 percent), childcare (40.5 percent), food (37.5 percent), rent (32.5 percent), emotional support (27.6 percent), diapers and toys (24.5 percent), clothes (24.4 percent) and finally a place to stay (15.4 percent) (see Figure 1).

Many of the needs expressed by current and former welfare recipients were unmet or only partially met. The proportion of respondents who expressed a need for help and actually received most or all of the help they felt they required are as follows: Childcare needs were most frequently met (46.5 percent). However, less than half of the respondents who expressed a need for childcare indicated that they had received most or all of the help they needed. The next likely needs to be met for welfare recipients were a place to stay (42.3 percent), emotional support (38.5 percent), transportation (35.3 percent), diapers and toys (30.3 percent), and help with utilities (28.1 percent). The needs that were the most difficult to meet for welfare recipients were help with rent (26.9 percent), food (18.2 percent), and clothes (15.5 percent). *When we looked at all sources of help taken together including friends and family, township trustees, community agencies, and religious organizations, we found no statistically significant differences in the ability of individuals on TANF and AFDC to meet their needs* (see Figure 2).

We also looked at the characteristics of survey respondents who expressed needs for help and those who actually received help from FBOs. These results are summarized in

**Table 1: Definition of Variables in the Analysis of the Client-Level Data**

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**Control Variable Names**

Male	Equals 1 if respondent is male, 0 otherwise.
Age	Respondent's age.
Married	Equals 1 if respondent is married, 0 otherwise.
Non-white	Equals 1 if respondent is non-white, 0 otherwise.
HHAdults	Number of adults (over 18) in the household.
DependKD	Number of dependent children (under 18) in the household.
PCAPINC	Per capita income, i.e., household income divided by the number of people in the household.
Working	Equals 1 if respondent reports working for pay, 0 otherwise.
Hsdegree	Equals 1 if respondent has at least a high school degree or GED, but less than a college degree or vocational training, 0 otherwise.
Secdgre	Equals 1 if respondent has at least a college degree or vocational training, 0 otherwise.
Noeat	Equals 1 if respondent sometimes or seldom reported having enough to eat, 0 otherwise.
Homeless	Equals 1 if respondent has been homeless at any time (since reference date), 0 otherwise.
Utilsoff	Equals 1 if respondent has had his/her utilities turned off (since reference date), 0 otherwise.
Hlthdrug	Equals 1 if respondent reports that a drug or alcohol problem or a health problem or disability has limited his/her ability to get or keep a job, 0 otherwise.
Panhand	Equals 1 if respondent reports panhandling and searching through trash cans to make ends meet, 0 otherwise.
Illegal	Equals 1 if respondent reports illegal activity to make ends meet, 0 otherwise.
Plasma	Equals 1 if respondent reports selling blood or plasma, 0 otherwise.
Risktime	Total number of months in the reference period.

**Other Sources of Help**

___frndfam	A series of dummy variables equaling 1 if respondent got help from friends or family for the needs corresponding to the respective dependent variable, 0 otherwise.
___trustee	A series of dummy variables equaling 1 if respondent got help from a trustee for the needs corresponding to the respective dependent variable, 0 otherwise.
___commorg	A series of dummy variables equaling 1 if respondent got help from a community organization for the needs corresponding to the respective dependent variable, 0 otherwise.

**Welfare Reform Variable Names**

TANF	Equals 1 if respondent is a member of the welfare reform group (TANF), 0 if the control (AFDC) group.
Kidsonly	Equals 1 if no adult is receiving benefits, but respondent's children are, 0 otherwise.
Sanction	Equals 1 if respondent was/is on TANF and ever had his/her welfare benefits sanctioned, 0 otherwise.
Off Limit	Equals 1 if respondent was on TANF and left welfare because of violating time limits, 0 otherwise.

**Dependent Variable Names**

Anyneed	Equals 1 if respondent received help from an FBO for any need, 0 otherwise.
Food	Equals 1 if respondent received help from an FBO for food assistance, 0 otherwise.
Rent	Equals 1 if respondent received help from an FBO for rent assistance, 0 otherwise.
Clothes	Equals 1 if respondent received help from an FBO for clothes assistance, 0 otherwise.
Utilities	Equals 1 if respondent received help from an FBO for utilities, 0 otherwise.
Diapers	Equals 1 if respondent received help from an FBO for diapers/toys assistance, 0 otherwise.
Emotional	Equals 1 if respondent received help from an FBO for emotional support/counseling assistance, 0 otherwise.
Transport	Equals 1 if respondent received help from an FBO for transportation assistance, 0 otherwise.

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**Table 2: Definition of Variables in the Analysis of the Agency-Level Data**

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**Matching Variables**

Year since founding	The number of years the agency has been operating.
Staff size	Total number of paid employees in the agency (1998).
Annual budget	The agency's total operating budget for fiscal year 1998.

**Organizational Characteristics**

Agency performance	A self-reported rating (from 1 = very poor to 10 = excellent) of the agency on each of the following dimensions: service delivery; service coordination; placing welfare recipients in jobs; helping clients find and keep good paying jobs which last for at least six months and offer opportunities for advancement; improving job skills of welfare recipients; and improving the life skills of welfare recipients.
Budget distribution	Percent of operating expenditures in 1998 that went for human-social services, childcare services, employment and training programs, housing and community development, and legal aid/advocacy services, as well as the source of this revenue.

**Staffing Patterns**

Masters	Percent of staff with a master's degree or more.
Demographic composition	Percent of staff that are women, African-American, American Indian, and Hispanic.
Welfare employees	Percent of staff that are current (or former) welfare recipients, 1994 (and 1998), as well as the number of current and former welfare recipients employed by an agency in 1999.
Change in staff size	Percentage change in the number of full- and part-time workers between 1994-1998.

**Changes Since Welfare Reform**

Applicants served	Percent of agencies that reduced the number of applicants serviced since welfare reform.
Tightened eligibility	Percent of agencies that tightened eligibility criteria since welfare reform.
Eliminated services	Percent of agencies that eliminated services since welfare reform.
Expanded services	Percent of agencies that expanded services since welfare reform.
Expanded eligibility	Percent of agencies that expanded eligibility requirements since welfare reform.
Expanded level of service	Percent of agencies that increased the level of service provided since welfare reform.
New services	Percent of agencies that introduced a new service since welfare reform.
Target groups	Percent of agencies that target a different group since welfare reform.
Target groups now	Percent of agencies that target a particular group.

**Service Provision**

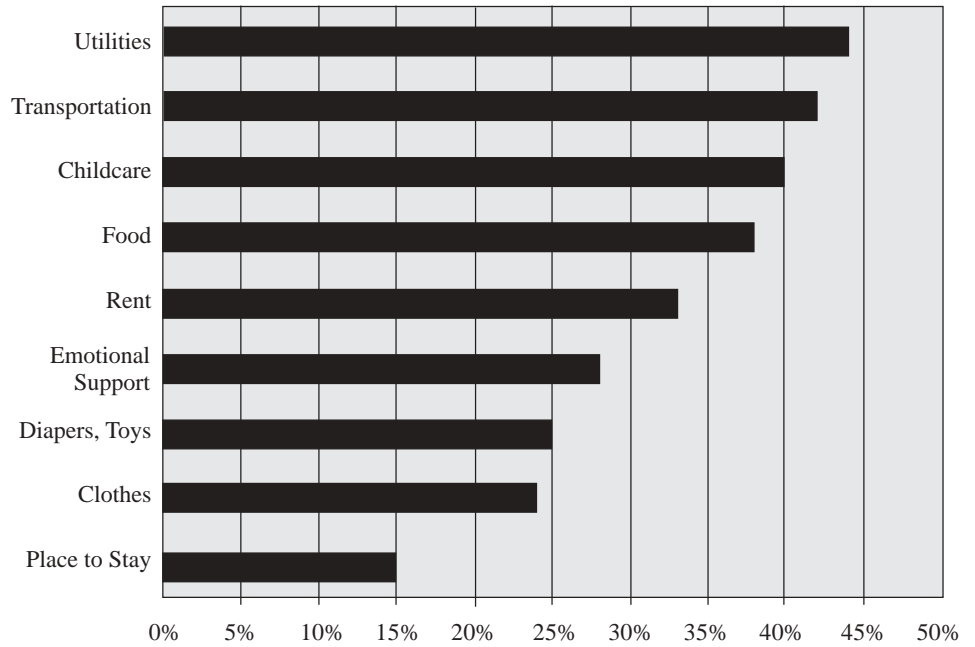
Counseling	Percent of agencies that provide counseling services.
Employment/Education	Percent of agencies that provide employment and education services.
Childcare	Percent of agencies that provide childcare services.
Food/Health	Percent of agencies that provide food and health services.
Housing	Percent of agencies that provide housing services.
Legal	Percent of agencies that provide legal services.
Transportation	Percent of agencies that provide transportation services.

**Organizational Networks**

Characteristics of an agency's network are constructed from a question which asked respondents to list 10 social service agencies that they work with. For each organization listed, respondents were asked a series of questions to capture the type of organizations in the network. These questions are used to construct measures of network characteristics.

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**Figure 1: Percentage of TANF Recipients Who Needed Help by Type of Help Needed**



**Figure 2: Percentage of TANF Recipients Who Received Most or All of the Help Needed**

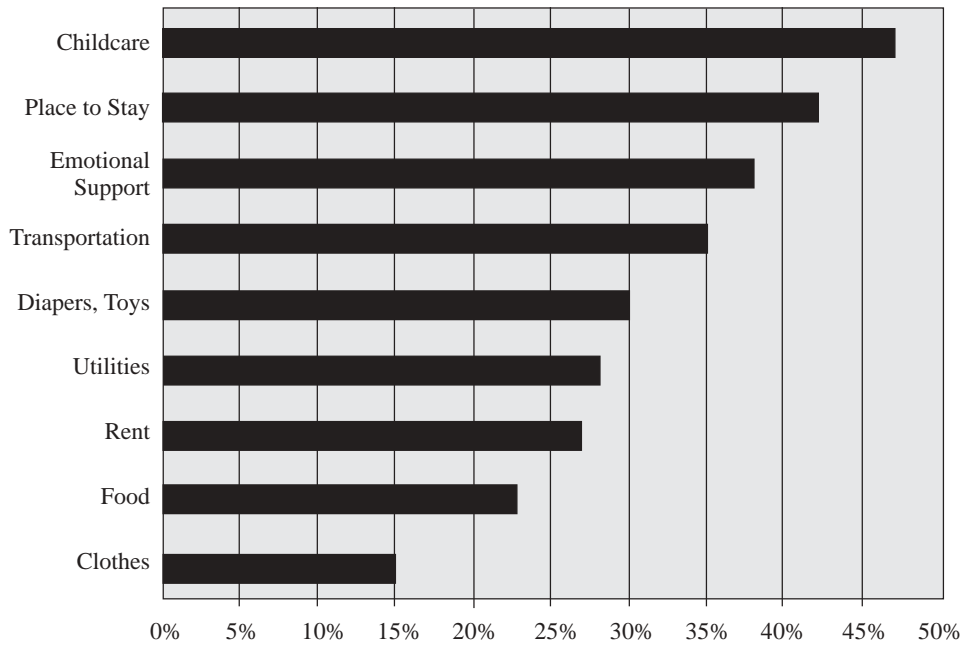


Table 3. Individuals who expressed a need for assistance were more likely to be female, divorced, were less likely to have ever married. Those in need of help earned less, and were less likely to be working. There were fewer adults and about the same number of children in the households of those who needed help. Additionally, we analyzed several events or actions taken by respondents that indicate extreme need. These individuals were more likely to not have had enough to eat (25 percent), to have been homeless (11 percent), have utilities turned off (33 percent), have health or drug problems (30 percent), have asked for spare change or begged for work (10 percent), sold Food Stamps or passed bad checks (6 percent), or sold plasma (10 percent) to try to make ends meet. While there were no differences overall between the TANF and AFDC groups, those with “child-only” assistance cases and those who had been sanctioned under the TANF program were more likely to express a need for help. This may be because those with needs have other characteristics that make them more likely to be restricted or sanctioned *and/or* the restrictions or sanctions themselves may impose an additional financial hardship on this group of respondents.

Separate analyses, not reported in Table 3, looked specifically at whether TANF recipients were more or less likely to report a need in one of the nine need categories, rather than total combined needs. *TANF and AFDC recipients did not have significantly different needs in any category with one exception: childcare needs were 5 percent higher for TANF recipients.*

Among those who expressed a need for help in one or more areas, we also compared the characteristics of those who did and did not receive help from the FBOs. First, and perhaps most important, membership in the TANF or AFDC groups was unrelated to receiving help from an FBO. This suggests that overall, the Indiana welfare reforms, *per se*, did not affect the receipt of help from FBOs. Second, we found several differences in the characteristics of individuals who did or did not get help from FBOs. Those getting help from FBOs were older, white, had more children in the household, and were more likely to be married or separated and less likely to have never married or be widowed as well as less likely to be working. Those receiving help from FBOs were more likely to not have had enough to eat (36 percent), to be homeless (18 percent), have utilities turned off (41 percent), have health or drug problems (35 percent), have panhandled (17 percent), have sold Food Stamps or written bad checks (9 percent), and have sold plasma to get by (17 percent). The proportions of individuals falling into these categories are relatively high suggesting that *FBOs work with truly needy individuals*, a finding that replicates that of other researchers.<sup>41</sup>

In addition to the bivariate analyses described above, we estimated a series of logistic regressions to determine the *net* effects of a wide variety of factors on receipt of help from FBOs. Behavior of AFDC recipients who think they are subject to TANF rules are more likely to change their behavior in ways that more closely resemble that of TANF recipients. Many randomly assigned members of the AFDC control group indicated that they were subject to the new TANF rules, serving to undermine the experiment design. Under such circumstances, multivariate methods should be used to control for the personal, family, and other characteristics of respondents that may have affected their receipt of help from FBOs.

**Table 3: Characteristics of Respondents with Needs and Who Got Help from Faith-Based Organizations, Weighted to Reflect the State Public Assistance Population**

	<i>All Respondents</i>		<i>Among Those Needing Help</i>	
	Did Not Need Help	Needed Help	No FBO Help	Got FBO Help
Gender				
Female	.91*	.94*	.94	.93
Male	.09*	.06*	.06	.07
Age	31.89	31.30	30.77***	32.23***
Marital Status				
Never Married	.53	.55	.58***	.49***
Married	.24***	.16***	.13***	.20***
Separated	.10	.12	.09***	.16***
Divorced	.13*	.17*	.19	.15
Widowed	.00	.01	.01***	.00***
Race				
White	.55	.59	.57*	.63*
Non-white	.45	.41	.43*	.37*
Number of Adults in HH	1.66***	1.51***	1.53	1.47
Number of Dependant Kids in HH	2.03	2.10	2.01***	2.26***
Per Capita Income	1443.57***	935.29***	983.04	851.06
Working	.50**	.43**	.47***	.35***
Education				
High School diploma or GED	.61	.61	.62	.59
Voc/Tech/College degree	.07	.04	.04	.04
Not enough to eat	.04***	.25***	.19***	.36***
Homeless	.00***	.11***	.07***	.18***
Utilities turned off	.04***	.33***	.29***	.41***
Health/Disability or Drug Addiction	.21***	.30***	.28***	.35***
Panhandle	.04***	.10***	.07***	.17***
Illegal use of benefits	.01***	.06***	.05**	.09**
Sold Plasma	.03***	.10***	.06***	.17***
Risktime	1022.33	1007.33	982.07**	1051.88**
Strata				
A	.32*	.37*	.38	.36
B	.37	.38	.38	.37
C	.31*	.25*	.24	.27
TANF	.49	.52	.51	.54
Only kids receive benefits	.08***	.15***	.12***	.19***
Sanctioned	.12***	.20***	.18	.22
Off welfare because of time limit	.05	.07	.07	.08
N	280.00	1023.00	653.00	370.00

Note: Two tailed t-tests: \*\*\*p<.01; \*\* p<.05; \*p<.10. T-tests reflect comparisons within the two groups of all respondents and the two groups of those needing help.

Regressors include gender, age, marital status, race, number of adults and dependent children in the household, per capita household income, working status, education, not having enough to eat, homelessness, utilities turned off, the presence of a health or drug problem, panhandling, illegal use of benefits, selling plasma, length of the reference period (number of months the survey covered), other sources of help, and the test variables. Because logistic regressions are nonlinear, a “reference person” was selected for calculation of changes in the probability of receiving help from an FBO for each variable. Full details of these models can be found in Tables 4 and 5, with the reference person described in Table 5.

In general, the logistic regression results indicate that welfare reform has not dramatically increased the receipt of help from FBOs for TANF recipients overall. When attention is focused on individual need categories, however, *TANF recipients are nearly three times as likely to receive help from FBOs with rent and almost twice as likely to get emotional support from an FBO.*<sup>42</sup> However, readers should note that very few current or former welfare recipients received rental assistance from FBOs. The near tripling of the probability of such help, while statistically significant, is substantively small. It reflects an increase from 0.26 percent to 0.74 percentage points. In contrast, more welfare recipients use FBOs for emotional support. The estimated impact of TANF represents an increase from 0.79 percent to 1.57 percentage points.

Welfare reform has no effect on receipt of help from FBOs for food, clothing, utilities, diapers and toys, or transportation. However, respondents who had their welfare benefits sanctioned were significantly less likely to get help with food from FBOs whereas those with “child-only” cases were more likely to get help for food, utilities, and transportation.

The most consistent determinants of receiving help from FBOs are several measures of desperation and having reported receiving help from other sources. For example, respondents who reported donating plasma are significantly more likely to receive help from FBOs for food, clothing, diapers and toys, and emotional support. Those who were hungry were more likely to get help from FBOs with food and clothing. Respondents who reported a spell of homelessness were more likely in the aggregate to have received FBO help. Having also received help for a particular need from friends and family, township trustees, or nonreligious community based organizations were consistently strong predictors of having received help from an FBO. In fact, separate analyses revealed that respondents seldom went to FBOs alone for help. Among those who got help from an FBO, only 2 percent received help from an FBO alone. An additional 28 percent of those who got help from an FBO got help from one additional source while 80 percent got help from an FBO and two other sources of help (township trustees, friends or family, or community based organizations).

It is important to note that the independent variables in these models only explain between 29 and 56 percent of the variation in help received from FBOs. The statistically significant constant terms in all of the models also indicate that our independent variables in these models, taken together, do a modest job of predicting receipt of assistance from FBOs. This may suggest an omitted variable problem whereby important determinants of receiving FBO help are not included in the model(s). For example, the models do not include measures that capture a respondent’s religious commitment and/or involvement

**Table 4: Logistic Regression Results for Help Received from Faith-Based Organizations**

<i>Independent Variable</i>	<i>Any Help</i>	<i>Food</i>	<i>Rent</i>	<i>Clothing</i>	<i>Utilities</i>	<i>Diapers and toys</i>	<i>Emotional Support</i>	<i>Transport</i>
MALE	-.10 (.33)	.19 (.42)	-.91 (1.12)	.29 (.70)	-.13 (.59)	.30 (.61)	-.22 (.62)	.30 (.65)
AGE	.02* (.01)	.01 (.01)	.01 (.03)	-.01 (.02)	.04** (.02)	-.02 (.02)	.04* (.02)	.03 (.02)
MARRIED	.29 (.22)	-.11 (.29)	1.00* (.52)	-.10 (.47)	.52 (.38)	-.35 (.44)	-.14 (.44)	.86* (.45)
NON-WHITE	-.25 (.17)	-.53** (.23)	.39 (.45)	-.63* (.35)	-.16 (.30)	-.40 (.31)	.35 (.31)	.46 (.39)
HHADULTS	-.15 (.13)	-.20 (.19)	-.98 (.63)	.33 (.21)	-.18 (.29)	-.16 (.22)	-.17 (.24)	-.15 (.29)
DEPENDKD	.08 (.07)	.23*** (.09)	.19 (.15)	.12 (.13)	-.01 (.11)	.21* (.13)	.16 (.12)	.21 (.13)
PCAPINC	.30 (.20)	.57** (.27)	.10 (.80)	-1.03** (.52)	-.13 (.45)	-.22 (.42)	-.56 (.44)	.05 (.55)
WORKING	-.18 (.17)	.08 (.23)	1.19*** (.45)	-.25 (.35)	-.23 (.33)	-.53 (.32)	-.45 (.33)	.25 (.40)
HSDEGREE	-.16 (.17)	-.17 (.23)	-.52 (.45)	.26 (.35)	-.36 (.30)	.57* (.32)	.13 (.34)	-.56 (.38)
SECDGRE	.17 (.38)	-.09 (.50)	-.38 (1.13)	-1.53 (1.39)	.09 (.64)	.19 (.80)	1.03* (.60)	-1.09 (1.09)
NOEAT	.65*** (.18)	.61*** (.22)	.12 (.44)	.99*** (.32)	.20 (.31)	.38 (.31)	-.10 (.35)	.08 (.40)
HOMELESS	.64** (.25)	.50* (.30)	.72 (.54)	.41 (.41)	.47 (.41)	.49 (.40)	.47 (.44)	-.21 (.60)
UTILSOFF	.25 (.17)	.54** (.21)	.57 (.40)	.44 (.32)	.41 (.30)	.00 (.30)	-.01 (.32)	.08 (.36)
HLTHDRUG	-.27 (.18)	.05 (.23)	.52 (.45)	-.15 (.34)	-.83** (.35)	-.19 (.32)	-.19 (.34)	.64 (.39)
PANHAND	.52** (.25)	.29 (.30)	.80 (.54)	.77* (.41)	-.01 (.43)	-.42 (.42)	.54 (.43)	.08 (.49)
ILLEGAL	.11 (.30)	.38 (.36)	1.03* (.55)	.33 (.48)	-.35 (.52)	.75* (.44)	-.88 (.57)	-.29 (.69)
PLASMA	1.09*** (.26)	.95*** (.30)	-.25 (.61)	.75* (.42)	.26 (.42)	1.09*** (.39)	1.30*** (.42)	.36 (.53)
RISKTIME	.00 (.00)	.00* (.00)	-.00 (.00)	-.00 (.00)	-.00 (.00)	.00** (.00)	.00 (.00)	.00 (.00)
FRNDFAM†	1.34*** (.19)	1.76*** (.22)	.05 (.46)	2.13*** (.33)	.74** (.30)	2.14*** (.31)	3.25*** (.32)	2.82*** (.51)
TRUSTEE†	.75*** (.17)	.89*** (.33)	3.22*** (.45)	1.06* (.55)	2.13*** (.29)	1.02* (.53)	-.47 (.87)	.63 (1.16)
COMMORG†	1.81*** (.16)	2.80*** (.23)	3.08*** (.59)	3.37*** (.38)	1.96*** (.30)	2.12*** (.32)	1.85*** (.33)	1.03** (.41)
TANF	.22 (.20)	-.03 (.26)	1.06** (.49)	-.04 (.43)	.33 (.36)	.01 (.36)	.69* (.37)	.47 (.46)
KIDSONLY	.24 (.21)	.61** (.27)	.69 (.50)	-.48 (.43)	.66** (.32)	.36 (.35)	.21 (.39)	.68* (.41)
SANCTION	-.21 (.22)	-.49* (.30)	-.72 (.56)	.65 (.44)	-.08 (.38)	.12 (.39)	-.12 (.41)	-.49 (.47)
OFFLIM	-.01 (.23)	-.03 (.30)	-.91 (.59)	.35 (.45)	.16 (.38)	-1.03** (.45)	.00 (.41)	-.06 (.48)
CONSTANT	3.98*** (.46)	4.62*** (.63)	5.58*** (1.31)	4.62*** (.86)	5.08*** (.84)	-4.65*** (.80)	5.97*** (.84)	7.45*** (1.09)
-2LL Cragg & Uhler	1088.32	676.61	223.35	337.99	413.22	396.77	371.73	269.86
Pseudo R <sup>2</sup> N=1303	0.43	0.56	0.44	.50	0.36	0.44	0.45	0.29

Numbers are the Beta-coefficients on top and Standard Errors in parentheses.

†For the “Any Help” column, these include getting help from the respective source for any need. For the need-specific columns, these represent getting help from the respective source for that need only.

Note: \*\*\*p<.01; \*\*p<.05; \*p<.10

**Table 5: Changes in the Probability of Receiving FBO Help**

<i>Independent Variables</i>	<i>Means</i>	<i>ANYNEED</i>	<i>FBOFOOD</i>	<i>FBORENT</i>	<i>FBOCLOTH</i>	<i>FBOUTIL</i>	<i>FBOADIAPER</i>	<i>FBOEMOT</i>	<i>FBOTRANS</i>
MALE	.06	-.34	.66	-.16	.25	-.18,	.55	-.15	.07
AGE	31.96	.44*	.29	.02	-.02	.31*	-.14	.17*	.03
MARRIED	.17	1.34	-.29	.44*	-.05	.96	-.46	-.12	.30**
NON-WHITE	.44	-.86	-1.39**	-.12	-.34*	-.23	-.52	.32	.12
HHADULTS	1.53	-.42	-.50	-.16*	.32*	.77	-.21	-.13	-.02
DEPENDKD	2.09	.28	.83**	.05	.10	-.02	.37*	.14	.04
PCAPINC	1007.81	.04	.11**	.00	-.06**	-.02	-.03	-.03	-.01
WORKING	.44	-.59	.27	.58***	-.15	-.28	-.63	-.28	.06
HSDEGRE	.63	.55	-.51	-.11	.23	-.43	1.17*	.11	-.10
SECDGRE	.05	.68	-.31	-.08	-.56	.13	.32	1.40*	-.15
NOEAT	.20	3.32***	2.77***	.03	1.20***	.30	.65	-.08	.01
HOMELESS	.08	3.20**	2.05	.27	.36	.83	.93	.48	-.05
UTILSOFF	.26	1.04	2.35**	-.14	.42	.69	.00	.01	.01
HLTHDRUG	.26	-.88	.19	.17	-.11	-.80**	-.28	-.14	.18
PANHAND	.09	2.46**	1.09	.31	.83*	-.02	-.53	.57	.01
ILLEGAL	.06	.45	1.50,	.46*	.29	-.42	1.71*	-.46	-.05
PLASMA	.08	6.82***	5.01***	-.60	.86*	.43	2.98***	-2.07***	.09
RISKTIME	1013.39	.05	.16*	-.01	-.04	-.01	.25**	.00	.01
FRNDFAM	.57	9.37***							
TRUSTEE	.22	3.98***							
COMMORG	.38,	15.87***							
foodFRNDFAM	.22		13.73***						
foodTRUSTEE	.05		4.58***						
foodCOMMORG	.14		33.98***						
rentFRNDFAM	.15			.01					
rentTRUSTEE	.06			5.81***					
rentCOMMORG	.02			5.05***					
clothFRNDFAM	.07				5.07***				
clothTRUSTEE	.02				1.38**				
clothCOMMORG	.05				17.24***				
utilFRNDFAM	.18					1.52**			
utilTRUSTEE	.13					9.47***			
utilCOMMORG	.11					7.82***			
diaprFRNDFAM	.14						10.32***		
diaprTRUSTEE	.02						2.61*		
diaprCOMMORG	.07						10.13***		
emotFRNDFAM	.11							16.28***	
emotTRUSTEE	.01							-.03	
emotCOMMORG	.08							4.02***	
transFRNDFAM	.27								3.23***
transTRUSTEE	.01								.19
transCOMMORG	.06								.37**
TANF	.51	.88	-.12	.48**	-.04	1.11	.02	.78*	.12
KIDSONLY	.15	1.02	2.74**	.25	-.28	1.29**	.66	.18	.20*
SANCTION	.20	-.70	-1.33*	-.13	.70	-.11	6.24	-.09	-.09
OFFLIM	.20	-.03	-.09	-.16	.29	.24	-1.00**	.00	-.02
Cragg & Uhler									
Pseudo R <sup>2</sup>		.43	.56	.44	.51	.36	.44	.45	.29
-2LL (df=25)		-544.62	-338.50	-111.68	-167.74	-206.52	-198.29	-185.82	-134.90
Baseline		3.88%	3.47%	0.26%	0.72%	1.43%	1.56%	0.79%	0.22%

For the continuous variables not representing people, the change in the probabilities of receiving FBO help are calculated separately for each variable and a 10 percent change above and below the sample mean is assumed, while all other continuous variables are set equal to their sample means and the dummy variables are equal to 0. For the continuous variables representing people, the change in the probabilities of receiving FBO help are calculated similarly, assuming a 1 person increase above the sample mean. For the dummy variables, the change in the probabilities of receiving FBO help represents a change from 0 to 1.

The baseline probabilities are the probabilities of receiving FBO help when all continuous variables are set at the sample means or the nearest whole number for people and the dummy variables are equal to 0. Thus, the baseline person is a woman, 32 years old, unmarried, white, has one adult and two dependent children in the home, approximately \$1,007.81 annual per capita income, does not currently work, does not have a high school or college degree, is/was on AFDC, is not on a benefit restriction to children only, has never been sanctioned, is not off because of time limits, has enough to eat, utilities on, no health or drug problems, does not panhandle, nor commits crimes with benefits, nor sells plasma, has a risk time of about 1,013 days, and has not received help from any other source. This baseline describes a person who is not in a very desperate situation for this population.

(unfortunately no questions in the client-survey collected data on these dimensions). It is reasonable to assume that respondents with active religious commitment and involvement are more likely to utilize social services from religious organizations. However, it may also be the case that help received from FBOs involves some randomness. That is, current and former welfare recipients may receive help from an FBO largely as a result of luck or chance.

Overall, these results suggest that welfare reform has not substantially increased the demand for services from FBOs. While there are some statistically significant findings, they are substantively small relative to general measures of desperation and the extensiveness of an individual's search for help.

### *Provider Survey Results*

Table 6 compares FBOs and non-FBOs on our matching criteria, levels of services provided, and staffing patterns. In general, our matching process was successful in that it eliminated any differences in the number of paid employees and annual budget between case-matched organizations; however, among the matched cases, FBOs had been in existence considerably longer than their secular counterparts. Additionally, the interviewing protocol had sampling cells for types of services provided: counseling (13.5 percent), employment and education services (32.4 percent), childcare (32.4 percent), food and health (40.5 percent), housing (21.6 percent), legal aid (2.7 percent), transportation (0 percent), and inter-organizational services/funding (2.7 percent). As these were explicit sampling criteria, FBOs and non-FBOs do not differ along these dimensions in our data.

Analysis of the quantitative interview data found that welfare reform did not uniformly increase the receipt of services by current and former welfare recipients from FBOs. Similarly, responses to our open-ended questions about the effects of welfare reform were mixed. One-quarter of the FBOs indicated that welfare reform has no impact and the same percentage indicated that the overall demand for their services had increased. Half of the case-matched FBO respondents did not view welfare reform as impacting the overall demand for their services but cited increased neediness of their clients, pointed to specific needs that had increased such as childcare, increased financial difficulties of the organization, or were simply unsure of the extent to which welfare reform *per se* was responsible for any changes. As illustrated below, some respondents discussed an increase in the neediness of clients while others talked about specific needs like shelter or childcare.

Seeing a lot more going through the pains of learning that they'll have to depend on themselves, not the government. Increased the number of hours spent on any one client—drain resources. Necessitated greater interaction with other services.—FBO Respondent

Providing services in neighborhoods as needed. Must raise more money to subsidize families who can't afford childcare and many more needy families because more mothers must now work and don't make enough money.—FBO Respondent

As shown in Table 6, we also found that *many religious organizations have tightened eligibility requirements for service since Indiana's welfare reform in 1995*. About 27 percent

**Table 6: Comparison of Means of Faith-Based and Non-Religious Non-Profit Community Social Service Providers in Indiana, 1998-1999.**

	<i>Non-Religious, Non-Profit</i>	<i>N</i>	<i>Faith-Based, Non-Profit</i>	<i>N</i>
<b>Variables used for matching</b>				
Age of the Organization <sup>†</sup>	19.46***	37	49.14***	37
Number of Paid Employees	19.03	37	21.00	37
Annual Budget for the Organization	734,828.00	37	716,394.70	37
<b>Changes since inception of welfare reform</b>				
% Reduced Number of Applicants Served <sup>†</sup>	5.56	36	13.50	37
% Tightened Eligibility Requirements for Service <sup>†</sup>	8.33**	36	27.03**	37
% Reduced Level of Service Provided to Individuals	19.44	36	10.81	37
% Eliminated Specific Services or Programs	11.11	36	16.22	37
% Expanded the Number of Applicants Served	72.22	36	54.05	37
% Expanded Eligibility Requirements for Services	30.56	36	24.32	37
% Increased the Level of Service Provided to Individuals	47.22	36	43.24	37
% Introduced New Services or Programs	66.67	36	59.46	37
% Orgs. Whose Target Groups Changed	16.67	36	21.62	37
% Orgs. Who Now Target Particular People	78.38	37	72.00	36
<b>Staffing patterns</b>				
% Staff with Master's Degree	24.16	37	16.34	35
% Staff Women	74.31	36	65.04	35
% Staff African-American	15.97	36	16.00	35
% Staff Asian-American	0.28	36	0.29	35
% Staff American Indian <sup>†</sup>	0.42	36	0.00	35
% Staff Hispanic-American	2.19	36	1.71	35
% Staff Current or Former Welfare Recipients in 1994	9.63	24	10.13	24
% Staff Current or Former Welfare Recipients in 1998	8.93	29	13.22	29

Note: Two tailed t-tests: \*\*\*p<.01; \*\* p<.05; \*p<.10

† Indicates means were compared assuming unequal variance.

of FBOs report that they have tightened eligibility criteria compared to 8.3 percent of non-profit, secular agencies (discussed in more detail below). However, we found no other significant differences between FBOs and secular, community-based service providers in terms of changes in their levels of services provided. Additionally, we found no significant differences between these two organizational types on the demographic composition and education of staff. Regarding staff, the one noticeable difference is that FBOs hired more former and current welfare recipients in 1998 compared to 1994, whereas this trend was reversed for non-FBOs.

Table 7 presents self-rating scales of organizational performance (0=low and 10=high), expenditure and revenue patterns, and organizational networking comparisons for FBOs and non-FBOs. While FBOs and non-FBOs had similar self-ratings, FBOs expend considerably higher proportions of their total operating funds on health and human services and less on housing, community development, legal aid and advocacy than their secular counterparts. While there were substantively large differences in revenue sources between

**Table 7: Comparison of Means of FBOs and Non-FBOs in Indiana, 1998-1999.**

	<i>Non-Religious, Non-Profit</i>	<i>N</i>	<i>Faith-Based, Non-Profit</i>	<i>N</i>
<b>Organizational Characteristic</b>				
Self-Rating of Service Delivery	8.59	37	8.16	37
Self-Rating of Service Coordination <sup>†</sup>	8.46	37	7.97	36
Self-Rating of Job Placement Services	4.75	12	5.2	15
Self-Rating of Job Retention/ Advancement Services	5.53	15	5.00	16
Self-Rating of Job Skills Improvement Services	6.36	14	4.95	19
Self-Rating of Life Skills Improvement Services	7.04	24	6.23	22
% of Expenditures Human and Social Services	47.31**	33	70.71**	28
% of Expenditures Childcare Services	7.79	33	8.86	28
% of Expenditures Employment and Training Assistance <sup>†</sup>	6.33	33	3.54	28
% of Expenditures Housing and Community Devt. <sup>†</sup>	15.52**	33	3.14**	28
% of Expenditures Legal Aid and Advocacy <sup>†</sup>	7.82**	33	0.52**	29
% Revenue from Religious Organizations <sup>†</sup>	0.81	33	27.00	31
% Revenue from Federal Govt. Contributions and Grants <sup>†</sup>	11.88	32	18.14	33
% Revenue from State Govt. Contributions and Grants <sup>†</sup>	5.99	32	2.18	33
% Revenue from Local Govt. Contributions and Grants <sup>†</sup>	2.84	31	0.81	33
<b>Organizational Networks</b>				
Number of Orgs. in Network <sup>†</sup>	8.89	37	8.30	37
% Orgs. For-Profit	3.53	37	4.53	37
% Orgs. Non-Profit	69.15	37	70.96	37
% Orgs. Public or Govt.	33.76	37	33.49	37
% Orgs. Township Trustees <sup>†</sup>	2.94*	37	5.67*	37
% Orgs. Religious <sup>†</sup>	4.47***	37	27.73***	37
% Orgs. Part of Larger Network	38.11	37	46.03	37
% Orgs. Refer Clients To	66.75	37	62.64	37
% Orgs. Refer Clients to You	68.43	37	63.15	37
% Orgs. Direct Service Providers	75.72	37	77.86	37
% Orgs. Fund Your Operations	13.25	37	12.18	37
% Orgs. Your Org. Funds <sup>†</sup>	5.34	37	6.40	37
% Orgs. Serve Same Target Area or Population	67.54	37	67.30	37
% Orgs. Share Board Members with Your Org. <sup>†</sup>	15.16	37	8.15	37
% Orgs. Share Office Space with Your Org. <sup>†</sup>	6.18	37	4.32	37
% Orgs. Have Larger Operations	63.65	37	64.36	37
% Orgs. Your Org. Worked with in 1995	77.48	37	66.62	37

Note: Two tailed t-tests: \*\*\*p<.01; \*\* p<.05; \*p<.10

† Indicates means were compared assuming unequal variance.

religious and secular social service providers, the standard errors were very large and these differences were not statistically significant, an issue that would be resolved more definitively with a larger sample. Nonetheless, these findings suggest that FBOs receive more funding from religious organizations and the federal government and less from state and local governments than non-religious, nonprofit social service providers.

Another interesting finding is that FBOs and non-FBOs have similar levels of organizational capacity, as defined by their organizational networks. Compared to secular social service agencies, FBOs had significantly more ties with the local township trustees, which are the local providers of emergency poor relief, and other religious organizations. We also analyzed open-ended responses to a question about the roles played by these organizations in informing welfare clients about their legal rights to appeal welfare sanctions or seek extensions of their welfare benefits. Along this dimension, secular organizations were more proactive than their religious counterparts. Twenty-five percent of our case-matched non-FBOs versus 50 percent of the FBOs were not involved in providing legal advice or referrals to agencies that could provide such advice. From the welfare-to-work perspective, it is particularly interesting to note that most of the case-matched agencies, secular and religious, did not have direct relationships with employers or unions, reflecting the fact that most local social service providers have not viewed job placement as part of their mission.

In order to investigate further the finding that FBOs are significantly more likely to have tightened eligibility criteria since welfare reform, Table 8 estimates the impact of FBO status on whether or not an organization has tightened eligibility criteria, controlling for observed organizational differences between these two groups, such as age of the organization, differences in organizational networks and budgets. Based on these ML logit regression results, the bivariate differences hold. The observed organizational differences between case-matched FBOs and non-FBOs do not explain much of the variation in why the case-matched organizations have tightened eligibility criteria since welfare reform (with the exception of a modest positive effect of organizational age). FBOs are significantly more likely to have tightened eligibility criteria since Indiana's welfare reform was adopted in 1995.

Finally, we asked our survey respondents about their experiences with welfare clients who had exhausted their time-limited benefits. About one-third of the FBOs and non-FBOs indicated that they were largely unaware of the welfare beneficiary status of their clients. The majority of survey respondents knew when their clients exhausted their welfare benefits and responded with community. Numerous respondents from religious and secular organizations discussed the desperation of these clients.

Usually they end up homeless, have no transportation. Come here for help.—FBO  
Respondent

Self-defeated—given up hope.—FBO Respondent

Desperate people. Stress, higher.—non-FBO Respondent

Very difficult to serve. Pretty frustrating.—non-FBO respondent

**Table 8: Logit Regression Results Predicting Tightened Eligibility Criteria by Social Service Providers, 1995**

	<i>Tightened Eligibility (Standard Error)</i>
Faith-based, Non-profit	2.41** (1.17)
Age of the Organization (year since founding)	.03* (.02)
Number of Township Trustees in Network	.01 (.06)
Number of Religious Organizations in Network	-.06 (.01)
Percent of Expenditures on Human and Social Services	-.02 (.01)
Percent of Expenditures on Housing and Community Development	-.04 (.04)
Percent of Expenditures on Legal Aid and Advocacy	.02 (.02)
Constant	-2.18** (.95)
<b>Pseudo R<sup>2</sup></b>	<b>.25</b>

Note: N=59; \*\*\*p<.01; \*\* p<.05; \*p<.10.

### **Discussion and Implications**

Descriptive analyses found that both TANF and control group members receiving public assistance are very needy and most of these needs are not being met. Those who express needs have fewer adults in the household, are less likely to be working, and have lower incomes. Further, respondents who expressed needs were more likely to report behaviors and events that indicate serious deprivation. While TANF per se did not increase neediness, those currently receiving welfare benefits and those forced off by time limits expressed more needs than did individuals with “child-only” cases and those who had been sanctioned. Thus, the consequences of TANF on general neediness are far from benign for large portions of the former and current caseload.

It is in this context that we look at the impact of TANF on the demand for social services from FBOs by current and former public assistance recipients. Those who actually receive help from FBOs do not share the same characteristics as those who expressed needs but did not receive FBO assistance. First, those getting help from religious groups are less likely to be non-white and have never married. We cannot tell from our data whether this finding is a consequence of self-selection on the part of religious organizations or welfare recipients; this is clearly an important area for further research. Additionally, those receiving help from religious groups were among the most disadvantaged of the welfare caseload with considerably higher rates of hunger, homelessness, panhandling, health/disability problems, and drug addictions.

Multivariate analyses again found that TANF did not increase the likelihood of getting help from religious groups with two statistically significant but substantively small exceptions: help with rent and emotional support. For certain specific needs, those who had been sanctioned, child-only cases, and/or those who hit the time limit predicted the receipt of help from FBOs. However, the effects of seeking help from other sources and several measures of desperation were consistently better predictors of receipt of help from FBOs. Again, this reinforces the notion that religious groups are working with a highly select group of seriously needy individuals. It is also consistent with our descriptive finding that religious groups are not the first line of defense for this population, but rather are used to supplement help received from friends and family, township trustees, and nonreligious, community-based social service agencies. To the extent that the TANF caseload becomes increasingly disadvantaged, as many researchers are reporting, we are likely to find even more involvement of religious groups working with the seriously disadvantaged.

While FBOs appear to have tightened eligibility criteria for a number of reasons, anecdotal evidence suggests that they are concerned that clients are abusing their generosity. For example, in Greene County, some of the religious organizations are concerned that many of the people they assist are not members of their congregation. Many churches view the social services that they provide as a means to an end. They believe that their true mission is spiritual, not material. In many cases, they intend for the support they offer to encourage people to attend the church. Often, however, people accept the assistance, but do not join the church. One Greene County respondent from the provider-survey who is a minister expressed concern that clients increasingly request cash assistance rather than food or other commodities. In some cases, this concern has led organizations to adopt a cap on assistance of \$50 per person per visit. Similarly, one of the ministerial associations in the provider-study sample has created a system whereby clients seeking assistance, primarily help with food and utilities, but also gasoline, rent, or other payments, must have a voucher from a local government agency indicating need. The churches believe that these vouchers demonstrate that the clients are truly needy and will reduce the likelihood of their double-dipping. In large part, this is a reaction to the growing perception that individuals and families are going from church to church requesting assistance, taking advantage of the charity and receiving more help than they deserve.

As a matter of public policy, welfare reform's impact on the increased receipt of emotional support from FBOs appears consistent with the argument made by advocates of charitable choice who believe that FBOs are in a better position than non-FBOs to transform individuals and change behavior.<sup>43</sup> It is also consistent with recent research that indicates that congregations are much more likely to participate in or support programs that involve personal and intensive face-to-face interaction.<sup>44</sup> Clearly, these results indicate that welfare reform has spurred welfare recipients to seek council and emotional support from religious organizations. Unfortunately, it is unclear how this support will influence clients. This advice and support may produce secondary effects that influence individual beliefs and behavior that result in a client's ability to overcome adversity. However, if current and former welfare recipients are seeking emotional support from FBOs as a means to an end, then it is unlikely that this emotional support will produce the outcomes predicted by proponents of charitable choice. That is, it may be that welfare recipients are going to

FBOs for emotional support, since they believe this will eventually result in material support. If this is true, it is difficult to imagine that these secondary effects will materialize.

Clearly, further research is needed to address this and other questions regarding the effectiveness of charitable choice. Given the selection issues involved in who does and does not receive assistance from religious organizations, longitudinal studies that follow welfare recipients over an extended period of time, recording why they go to FBOs or non-FBOs, documenting the types and costs of assistance received, and tracking any changes in behaviors and attitudes that follow would help to elucidate the putative advantages of charitable choice.

In the meantime, cross-sectional survey data represent one of the few ways to examine the intersection of welfare reform and religious organizations. While these data have the disadvantage of being unable to produce results that can be generalized to the entire nation, and are limited in their ability to test directly the effectiveness of charitable choice, they do provide valuable systematic evidence on the types of people who use FBOs for social services, the impacts of welfare reform on receipt of services from FBOs, as well as the ability and capacity of FBOs to meet the needs of individuals on time-limited welfare benefits.

### Endnotes

<sup>1</sup> Section 104 also exempts religious organizations that receive public funds from Temporary Assistance to Needy Families (TANF) from Title VII of the Civil Rights Act (1964), allowing these organizations to consider religion when hiring employees. It is also important to note that similar language is now law for new specialized Welfare-to-Work programs for hard-to-employ recipients (effective 1997), Community Services Block Grants (effective 1998), and SAMHSA's federally funded substance abuse and prevention and treatment services (effective 2000). [www.hhs.gov/fbc/choice.html](http://www.hhs.gov/fbc/choice.html)

<sup>2</sup> The five departments are the Department of Health and Human Services, Housing and Urban Development, the Department of Justice, the Department of Labor, and the Department of Education.

<sup>3</sup> <http://www.whitehouse.gov/news/releases/2001/08/print/unlevelfield.html>

<sup>4</sup> <http://www.senate.gov/~lieberman/press/02/06/2002618C47.html>

<sup>5</sup> The latest version of the CARE Act differs from prior Charitable Choice legislation in that it does not include exemptions to Title VII of the Civil Rights Act (1964).

<sup>6</sup> Carlson-Thies, Stanley W. (1997). "Don't Look to Us: The Negative Responses of the Churches to Welfare Reform," *Notre Dame Journal of Law, Ethics, and Public Policy*; Snider, Ronald J., and Heidi R. Unruh (1999) "No Aid to Religion," *The Brookings Review* 17(2): 46-49; Martha Minow (1999). "Choice or Commonality: Welfare and Schooling After the End of Welfare as We Knew It," *Duke Law Journal* 49: 493-559.

<sup>7</sup> Maggs, John (1999). "In Florida, Government Gets Religion," *National Journal Magazine*, Saturday, July 24.

<sup>8</sup> Op. cit. (Carlson-Thies 1997).

<sup>9</sup> McGoldrick, Lillmor (1997). "Charitable Choice: Texas and the Charitable Choice Provision of the Personal Responsibility and Work Opportunity Act of 1996," *Georgetown Journal on Fighting Poverty*, 5(1): 69-71.

<sup>10</sup> Jeavons, Thomas H. (1994). *When the Bottom Line is Faithfulness: Management of Christian Service Organizations*. Indianapolis: Indiana University Press; Levine, Daniel (1988). *Poverty and*

*Society: The Growth of the American Welfare State in International Comparison*. New Brunswick: Rutgers University Press; Polsky, Andrew J. (1991). *The Rise of the Therapeutic State*. Princeton: Princeton University Press; Halpern, Robert (1995). *Rebuilding the Inner City: A History of Neighborhood Initiatives to Address Poverty in the United States*. New York: Columbia University Press.

<sup>11</sup> Laconte, Joseph (1999, December 26). How Government Money Pulls the Punch: A Tradition of Dependency Has Made Some Charities Satisfied to Keep God Out of Their Work. *Los Angeles Times*.

<sup>12</sup> Smith, Eve P. (1995). "Willingness and Resistance to Change: The Case of the Race Discrimination Amendment of 1942," *Social Service Review* 69: 31-56.

<sup>13</sup> McCarthy, John and Jim Castelli (1998). "Religion Sponsored Social Service Providers: The Not-So-Independent Sector," *Working Paper Series*, The Aspen Institute.

<sup>14</sup> Chaves, Mark (1999). "Religious Congregations and Welfare Reform: Who Will Take Advantage of 'Charitable Choice'?" *American Sociological Review*, 64(6): 836-847.

<sup>15</sup> Winship, Christopher and Jenny Berrien (1999). "Boston Cops and Black Churches," *The Public Interest* 136: 52-68.

<sup>16</sup> Maier, Thoma and Tom Curran (1993). "Church Services Public Funds Help O'Connor Help Others," *Newsday*.

<sup>17</sup> Catholic Charities USA (1998). *Annual Report*.

<sup>18</sup> <http://www.in.gov/fssa/tanf/plan.html>

<sup>19</sup> [http://commdocs.house.gov/committees/judiciary/hju72145.000/hju72145\\_0.HTM](http://commdocs.house.gov/committees/judiciary/hju72145.000/hju72145_0.HTM)

<sup>20</sup> <http://www.in.gov/fssa/faithworks/>

<sup>21</sup> *ibid*.

<sup>22</sup> [http://www.state.in.us/fssa/faithworks/Executive\\_Summary\\_Report.pdf](http://www.state.in.us/fssa/faithworks/Executive_Summary_Report.pdf) pg. 1

<sup>23</sup> *Ibid*.

<sup>24</sup> [http://www.in.gov/fssa/faithworks/PDFs/Report\\_6\\_02.PDF](http://www.in.gov/fssa/faithworks/PDFs/Report_6_02.PDF)

<sup>25</sup> Greiner, G. (2000). "Charitable Choice and Welfare Reform: Collaborations Between State and Local Governments and Faith-Based Organizations," *Welfare Information Network Issues Notes*, 4(12). Available at <http://www.welfareinfo.org/issuenotecharitablechoice.htm>.

<sup>26</sup> Sherman, Amy L. Congressional testimony prepared for and submitted to the Oversight Hearing on "State and Local Implementation of Existing Charitable Choice Programs," Subcommittee on the Constitution, U.S. House of Representatives' Committee on the Judiciary, April 24, 2001.

<sup>27</sup> Those with missing data were more likely to be AFDC recipients who were somewhat more likely to receive welfare for less than 24 months.

<sup>28</sup> The distribution of welfare participants across the six sampling strata is as follows: Of the 65,362 welfare recipients who were in the TANF category in December of 1998, 45.6 percent (29,813) were on welfare, 49.3 percent (32,202) were off of welfare before hitting the 24-month time limit, and 5.1 percent (3,347) were off of welfare because they hit the time limit. Of the 3,566 welfare recipients who were in the control group category, AFDC, in December of 1998, 26.0 percent (928) were on welfare, 25.5 percent (911) were off of welfare before 24 months, and 48.4 percent (1,727) were off of welfare after 24 months or more of benefits.

The distribution of respondents across the six sampling strata is as follows: Of the 674 respondents who were in the TANF category in December of 1998, 35.12 percent (237) were on welfare, 29.7 percent (200) were off of welfare before hitting the 24-month time limit, and 35.2 percent (237) were off of welfare because they hit the time limit. Of the 629 respondents who were in the control group category, AFDC, in December of 1998, 34.7 percent (218) were on welfare,

27.5 percent (173) were off of welfare before 24 months, and 37.8 percent (238) were off of welfare after 24 months or more of benefits.

<sup>29</sup> The counties in this study include: Marion (the county that contains Indianapolis); Howard (the county that contains Kokomo); Lake (the county that contains Gary); Bartholomew (the county that contains Columbus); and the counties of Floyd, Harrison, and Greene (a cluster of southern rural counties to ensure an adequate number of rural social service providers). Together, these counties constitute six case studies that are fairly representative of the mix of communities in the state of Indiana.

<sup>30</sup> It is important to note that all of the selected counties have experienced substantial declines in TANF participation. These trends closely mirror the overall state declines. Within the targeted counties, the rate of decline has been greatest in the rural areas, specifically Greene and Floyd Counties. While Lake County continues to have the highest rate of welfare receipt in the state, Marion County's TANF participation has reached surprisingly low levels for a place that contains the state's largest city—Indianapolis. Despite these declines, the targeted seven counties contain 51 percent of the state's 1999 welfare case load—compared to approximately 47 percent in 1995 when Indiana's welfare reform began.

<sup>31</sup> Overall, the educational attainment of the respondents is very high: 46 percent of the respondents had a master's degree and 29 percent had a four-year college degree. Respondents' field of study while in school varied considerably. Administration and planning degrees represented the largest category, accounting for 21.9 percent of all respondents. Social work and psychology degrees were the next largest category, accounting for 21.7 percent of all respondents.

<sup>32</sup> Five organizational types were identified and used in the sampling of agencies. These include: (1) public or government organizations; (2) not-for-profit, non-religious organizations; (3) not-for-profit, religious organizations; (4) for-profit firms; and (5) hybrid organizations, none of which were actually interviewed in this study. Eight types of organizational activity were identified and used in the sampling of agencies. These include: (1) counseling; (2) intermediary services for other social service providers; (3) transportation; (4) legal and civil rights; (5) housing; (6) food and health; (7) childcare and youth services; and (8) workforce development and education. Since many organizations provide services across these various categories, field associates were instructed to ask potential respondents to identify the most important service area for the organization and to use this response when screening organizations.

<sup>33</sup> The distribution of interviews across organizational service types is as follows: 34.7 percent provide workforce development and educational services; 25.1 percent provide counseling and health related services; 33.3 percent provide food and health services, including food pantries; 29.2 percent provide childcare and youth services; and 23.7 percent provide housing related services, including homeless shelters. A much smaller percentage of organizations in the sample provide legal or transportation services. Similarly, only 6.2 percent of the sample is an intermediary, coordinating the provision and funding of social services for other providers. A substantial number of organizations in this sample provide services across service areas. These figures are not mutually exclusive, and organizations are counted in more than one category. Therefore, these figures do not add up to 100 percent.

<sup>34</sup> While we collected information about nine types of help, the number of respondents receiving shelter or childcare from an FBO were both too small to return reliable results for separate regression analyses. However, the "Any Help" category includes all nine types of help.

<sup>35</sup> Demaris, Alfred (1992). *Logit Modeling: Practical Applications*. Newbury Park: Sage.

<sup>36</sup> Smith, Herbert L. (1997). "Matching with Multiple Controls to Estimate Treatment Effects in Observational Studies." In A. Rafferty (Ed.), *Sociological Methodology*. Cambridge, MA: Blackwell Publishers; Rubin, Donald B. (1997). "Estimating Causal Effects from Large Data Sets Using Propensity Scores," *Annals of Internal Medicine* 127(8): 757-63; Winship, Christopher and Stephen

Morgan (1999). "The Estimation of Causal Effects From Observational Data," *Annual Review of Sociology* 25: 659-706; Ichimura, Hidehiko and Christopher Taber (2001). "Propensity-Score Matching with Instrumental Variables," *American Economic Review*, American Economic Association Papers and Proceedings, pp.119-24.

<sup>37</sup> The organizational budget data had large numbers of missing cases requiring us to impute the missing values. Imputation criteria are: age of the organization, number of employees (in 1998), number of offices (in 1998), total contributions (in 1998), and the county population (in 1998).

<sup>38</sup> Organizations serving the population of Marion County (the county containing the City of Indianapolis) and Lake County (the county containing the City of Gary) are urban. Organizations serving the population of Howard County (the county containing the City of Kokomo) and Bartholomew County (the county containing the City of Columbus) are suburban. Organizations serving the counties of Green, Floyd, and Harrison are rural.

<sup>39</sup> Specifically, respondents were asked whether they received assistance (for each area of need) from a community organization, church (or religious organization), township trustee, and/or friends and family. Unfortunately, respondents were not asked any questions that capture the degree of religious intensity in the service(s) received.

<sup>40</sup> Executive directors (or respondents) in the provider study were asked to identify their organization as government (public), non-profit non-religious, non-profit religious, or a hybrid. Unfortunately, these respondents were not asked to identify the degree of religious intensity in the services they provide.

<sup>41</sup> Brown, Rebecca (2001). *Emerging Issues and Opportunities for Community-Based Organization Involvement in Welfare Reform Issue Notes* 5(5). Welfare Information Network. See also Aron Y. Laudan and Patrick T. Sharkey (2002). *The 1996 National Survey of Homeless Assistance Providers and Clients: A Comparison of Faith-Based and Secular Non-Profit Programs*. Washington, DC: U.S. Department of Health and Human Services.

<sup>42</sup> It is important to note that when the ML logit models are estimated for only those respondents who reported some need, the results remain largely unchanged (not shown in tables).

<sup>43</sup> Op. cit. (Carlson-Thies 1997; Snider and Unruh 1999; Minow 1999).

<sup>44</sup> Chaves, Mark and William Tsitsos (2000). "Congregations and Social Services: What They Do, How They Do It, and With Whom". Unpublished manuscript. Department of Sociology, University of Arizona.

## APPENDIX A

### Profiles of Case-Matched Faith-Based and Non-Religious Non-Profit Organizations

<i>Organization Title</i>	<i>County</i>	<i>Years Since Founding</i>	<i>Total # of Paid Employees</i>	<i>Main Service Founding Provision(s)</i>
<b>Faith-Based Organizations</b>				
1. Salvation Army	Bartholomew	16	0	Food, Housing, Clothing, and Education
2. Pregnancy Care Center of Columbus	Bartholomew	11	4	Food, Housing, Counseling, and Clothing
3. Shelter for Women and Children	Howard	9	3	Housing and Employment Assistance
4. Kokomo Rescue Mission	Howard	46	26	Food, Education, Housing, Counseling, Employment and Utility Assistance, and Clothing
5. Transitions Counseling Service	Howard	7	1	Counseling and Community Development
6. Nesting Doves, Inc.	Howard	4	5	Food, Childcare, Education, Housing, Counseling, Transportation Employment Assistance, Clothing, and Community Development
7. People That Have Center	Howard	15	0	Food, Childcare, Counseling, and Clothing
8. St. Luke's Food Pantry	Howard	15	0	Food
9. Salvation Army	Howard	96	2	Food, Childcare, Housing, Transportation, Utility Assistance, Health, and Clothing
10. Care-N-Share Store	Howard	17	6	Food, Childcare, Health, Clothing, and Community Development
11. Shakamak Good Samaritan Center	Greene	28	115	Housing, Counseling, Employment Assistance, Health, Clothing, and Community Development
12. Saron United Church of Christ	Greene	145	5	Food, Childcare, Housing, and Clothing
13. First Baptist Church of Bloomfield	Greene	130	3	Food and Counseling
14. Open Arms Christian Ministries	Greene	24	15	Counseling
15. Greene County Youth Alternative	Greene	3	4	Education, Counseling, and Transportation Assistance
16. Bloomfield United Methodist Church	Greene	174	4	Food, Counseling, Transport, Utility Assistance, Health, Clothing, and Community Development
17. Lebanon Baptist Church	Greene	101	3	Food, Education, Housing, Counseling, Transportation, Utility Assistance, Health, Clothing, and Community Development
18. Roosevelt Mission	Greene	12	1	Food, Housing, Counseling, Employment and Utility Assistance
19. St. Peter's Church	Greene	98	0	Food
20. First Christian Church	Greene	110	9	Food
21. St. Paul's Episcopal Church Shepherd's Kitchen	Harrison-Floyd	8	0	Food and Clothing
22. St. Elizabeth's Regional Maternity Center	Harrison-Floyd	10	19	Education, Housing, Counseling, Transportation, Employment Assistance, Clothing, and Community Development
23. Play and Learn Day Care	Harrison-Floyd	5	9	Childcare and Education
24. Thursday Free Meal	Harrison-Floyd	14	0	Food
25. Providence Retirement Home (Mercy Long-Term Care Institution)	Harrison-Floyd	36	65	Food, Health, and Clothing
26. Catch the Fire Christian Fellowship	Lake	2	4	Childcare, Counseling, Transportation, Employment Assistance, and Community Development
27. The YWCA of Indianapolis	Marion	104	50	Childcare, Education, Employment Assistance, Clothing, and Community Development

**Profiles of Case-Matched Faith-Based and Non-Religious Non-Profit Organizations (cont'd)**

<i>Organization Title</i>	<i>County</i>	<i>Years Since Founding</i>	<i>Total # of Paid Employees</i>	<i>Main Service Founding Provision(s)</i>
28. Holy Family Services	Marion	15	16	Food, Childcare, Education, Housing, Counseling, Transportation, Employment and Utility Assistance, Clothing
29. Salvation Army	Lake	134	4	Food, Housing, Transportation, Utility Assistance, Health, and Clothing
30. Northwest Indiana CYO	Lake	59	7	Education
31. LDS Social Services	Marion	17	6	Counseling
32. Jewish Community Center	Marion	73	138	Food, Childcare, Education, Housing, Transportation, Employment and Utility Assistance, Clothing and Community Development
33. YMCA	Lake	41	130	Childcare and Employment Assistance
34. Edna Martin Christian Center	Marion	58	8	Food, Education, Counseling, Employment and Utility Assistance, Clothing
35. Gary Neighborhood Services	Lake	28	45	Food, Childcare, Counseling, Employment Assistance, and Community Development
36. St. Elizabeth's Home	Marion	84	35	Childcare, Education, Housing, Counseling, Transportation, Employment Assistance, Health, Clothing, and Community Development
37. Salvation Army Social Services	Marion	69	35	Food, Childcare, Education, Housing, Transport., Utility Assistance, Clothing, and Community Development

**Non-Religious Organizations By Numbered Match**

1. Bartholomew Area Legal Aid	Bartholomew	17	3	Housing, Utility Assistance, Community Development, and Legal
2. Columbus Economic Devt. Board	Bartholomew	23	3	Economic Development
3. Family Service Association	Howard	31	70	Counseling
4. Indiana Health Center, Inc.	Howard	22	29	Transportation and Health
5. Consumer Credit Counseling	Howard	7	5	Counseling
6. Literacy Co.	Howard	11	4	Education
7. Crisis Center, Inc.	Howard	20	23	Food, Education, Housing, Counseling, Employment and Utility Assistance, Clothing, and Community Development
8. Court Appointed Special Advocates	Howard	14	2	Legal
9. Family Services	Bartholomew	31	17	Counseling and Transportation
10. First City River	Howard	7	2	Transportation
11. Options for Better Living, Inc.	Greene	17	170	Childcare, Housing, Clothing, and Community Development
12. Hospice of Greene County	Greene	19	30	Housing, Counseling, Utility Assistance, Health, and Community Development
13. PHNA – Community Health Services	Greene	25	15	Food, Clothing, and Community Development
14. Linton Nursing Center	Greene	27	35	Food, Counseling, Health, and Community Development
15. Youth Service Bureau of Greene County	Greene	25	3	Education, Employment Assistance and Community Development
16. Linton-Stockton Chamber of Commerce	Greene	4	1	Economic Development

**Profiles of Case-Matched Faith-Based and Non-Religious Non-Profit Organizations (cont'd)**

<i>Organization Title</i>	<i>County</i>	<i>Years Since Founding</i>	<i>Total # of Paid Employees</i>	<i>Main Service Founding Provision(s)</i>
17. Utilities District of Western IN REMC	Greene	50	2	Housing, Employment Assistance, and Community Development
18. Greene County Foundation	Greene	1	1	Economic Development
19. Middle Way House, Inc.	Greene	28	46	Food, Childcare, Education, Housing, Transportation, Employment Assistance, Clothing, and Community Development
20. Greene County Economic Development Corporation	Greene	10	1	Community Development
21. St. Mary's Catholic Church Soup Kitchen (Note: In follow-up interviews, this organization insisted it be identified as a secular, non-religious organization)	Harrison-Floyd	6	1	Food
22. Parkview Community Center of Providence Self-Sufficiency Ministries	Harrison-Floyd	5	30	Food, Childcare, Education, Counseling, Transport., Employment Assistance, Health, Clothing, and Community Development
23. Haven House Services, Inc.	Harrison-Floyd	3	2	Food, Childcare, Housing, Counseling, Employment Assistance, Clothing, and Community Development
24. Tri-County Health Coalition of Southern Indiana	Harrison-Floyd	15	2	Food, Education, Transportation, Employment Assistance, Health, Clothing, and Community Development
25. Hospice of Southern Indiana	Harrison-Floyd	22	24	Counseling, Health, and Community Development
26. American Red Cross	Lake	82	20	Food, Housing, Counseling, Employment Assistance, Health, Clothing
27. Westside Community Development Center	Marion	14	4	Food, Housing, Counseling, Transportation, Employment Assistance, Clothing, and Community Development
28. Sojourner	Marion	17	23	Food, Childcare, Education, Housing, Counseling, Transportation, Employment and Utility Assistance, Health, Clothing, and Community Development
29. Legal Services of NWI	Lake	34	16	Housing and Utility Assistance
30. Woodland Child Development Center	Lake	29	35	Food, Childcare, Counseling, Employment Assistance, and Community Development
31. Adoption Services, Inc.	Marion	12	7	Food, Childcare, Housing, Transportation, Employment and Utility Assistance, Clothing, and Community Development
32. Training, Inc.	Marion	18	10	Education, Housing, Employment and Utility Assistance, and Clothing
33. Tree of Life	Lake	8	28	Food, Childcare, Education, Housing, Counseling, Employment Assistance, Clothing, and Community Development
34. Youth Works, Inc.	Marion	21	4	Education, Transportation, Employment Assistance, and Clothing
35. Eastside Community Investment	Marion	23	7	Food, Childcare, Housing, Counseling, Transportation, Employment and Utility Assistance, Health, Clothing, and Community Development
36. S.E.N.D.	Marion	16	10	Housing and Employment Assistance
37. Independent Adoption Center	Marion	6	6	Counseling

## APPENDIX B

### Annotated Bibliography

The years immediately following the 1996 passage of PWRORA and the subsequent implementation of charitable choice policy by the federal government have seen a dramatic increase in the body of literature broadly focused on charitable choice and its surrounding issues. However, there has been a much more limited amount of research of relevance to the four study questions of this project, especially with regards to Question 1 (“What types of current and former welfare recipients receive services from FBOs?”) and Question 3 (“Do FBOs have the organizational capacity, relative to non-FBOs, to help welfare recipients avoid exhausting their time-limited welfare benefits?”). Additionally, very little of the literature surveyed focused specifically on faith-based providers of welfare-to-work services, leaving us to infer capacity issues from more broadly-based studies.

The following literature review presents a selection of significant research germane to our study. It includes articles that discuss Indiana’s charitable choice programs, contextual background on charitable choice itself, FBOs’ capacity issues or their potential problems with implementation, as well as articles that provide information about the types of programs offered and types of clients served by these organizations.

**Brown, Rebecca (2001). “Emerging Issues and Opportunities for Community-Based Organization Involvement in Welfare Reform” *Issue Notes* 5(5). Welfare Information Network.**

Brown begins by outlining a series of policy questions that have arisen for community-based organizations following the 1996 welfare reform and the subsequent shift toward time-limited assistance. This devolution process, along with the accompanying charitable choice provisions in the Personal Work and Responsibility Reconciliation Act (PWRORA), has resulted in a movement towards the increased use of CBOs (community-based organizations) and FBOs (faith-based organizations) as transitional agents for low-income families who have been or are about to be dropped from the welfare rolls. She cites the previous study from this research team, noting that people seeking assistance from FBOs tended to be more disadvantaged than those seeking services from CBOs. These CBOs and FBOs are engaging in more employment-oriented services such as job-readiness and what Brown calls “soft-skills” training programs. Problems CBOs could face in this new environment include increased reporting responsibilities, increased competition, or having limited staff or capacity to meet these new needs and responsibilities. Brown also posits that there will be a continuing need for CBO involvement in promoting such areas as employee retention, as well as training for hard-to-place populations.

**Chaves, Mark (2001). “Religious Congregations and Welfare Reform.” *Society*, January-February 2001, pp. 21-27.**

Chaves analyzes the general typology of religious congregations involved in providing social services in order to examine the impact of congregation type, size, location, and type of social service offered on the receipt and acceptance of charitable choice funding

and social service delivery. While forming only a subset of faith-based organizations in general, Chaves posits that religious congregations are key to an assessment of the relationship between religion and welfare reform. Using data from the 1998 National Congregations Survey (NCS), he finds that 57 percent of congregations perform some form of social service, favoring housing, clothing, and food programs over health, education, or domestic violence programs. The largest one percent of American congregations accounts for one-quarter of the money spent by congregations on social services, while in 80 percent of congregations, less than 30 volunteers participated in social service work in the past year. Chaves points out that these findings imply that congregations do not tend to engage in long-term or large-scale social services, but in periodic, bounded volunteer-based efforts aimed at emergency relief, therefore demonstrating that a shift to the provision of large social service programs would be unlikely for the majority of American religious congregations.

Chaves also details key indicators of usage of charitable choice funding, also collected from the NCS. These findings include race and liberality as the key determinant of willingness to apply for government funding; 64 percent of African-American congregations were willing to apply for government funds as opposed to 28 percent of white congregations. Additionally, liberal/moderate Protestant denominations are 12 percent more likely to apply for funds than conservative or evangelical denominations. Chaves concludes that the congregations most likely to take advantage of charitable choice initiatives may not be the ones political leaders expect, although he adds that this article only begins the process of assessment of the relationship between religion and changes in welfare policies.

**Gibelman, Margaret and Sheldon R. Graham (2002). "Should We Have Faith in Faith-Based Social Services? Rhetoric Versus Realistic Expectations." *Nonprofit Management and Leadership* 13(1): 49-61.**

The authors examine the recent record of crimes committed by religious groups and non-profit organizations, such as fraud, embezzlement, and child abuse, to determine if faith-based organizations warrant the increased moral legitimacy conferred upon them by the Bush administration's charitable choice initiative, which expects faith-based organizations to occupy higher moral ground than secular organizations. In questioning the accuracy of the administration's belief in faith-based organizations, they find that the faith-based organizations at fault in these cases lacked appropriate oversight and accountability mechanisms. This becomes an issue when groups fail to maintain accountability with public funds received from the government. The authors also highlight capacity problems, in that the movement toward the receipt of government funds would require more stringent evaluation and accountability standards than are currently in practice in many faith-based organizations. They also argue that if government regulations concerning the funding of faith-based non-profits are reduced or reversed, groups will be exempt from monitoring that would enable accurate future assessments of the effectiveness of faith-based non-profits.

**Greenberg, Anna (2000). "Doing Whose Work? Faith-Based Organizations and Government Partnerships," in Mary Jo Bane, *Who Will Provide? The Changing Role of Religion in American Social Welfare*. Boulder, CO: Westview.**

In this article, Greenberg examines the bureaucratic and legislative funding made available to faith-based non-profit organizations as a result of charitable choice, arguing that it is a result of the recognition of a more effective model oriented on the faith experience which is to be found in these religiously based organizations. She details the widened funding opportunities to faith-based non-profits created by the 1996 charitable choice legislation, and notes that state and local authorities are mainly responsible for implementation of these federal programs. She furthermore identifies state and local communities as being leaders in creating innovative partnerships between faith-based non-profits and state agencies, and remarks that the main body of this innovation stems from urban areas with large minority populations, which allows municipal government to address pressing social or economic issues without raising taxes or cutting back on other city services and creates a role for faith-based non-profits as supporters of local social safety nets.

Greenberg then goes on to describe congregational responses to charitable choice and government funding as well as constraints on the receipt of such funding for some congregations or organizations. Among these are mission-related constraints, which deal with the fear that a funding relationship with the government will impede or prevent the ability of the faith-based organization to pursue its spiritual values and other explicitly religious aspects of the organization. Such a fear is most often expressed by evangelical Christian organizations, a finding backed by data from the National Congregations Study. Material constraints, such as size or amount of financial resources, can also impact the professional and organizational capacity of the faith-based organizations to provide social services; Greenberg also adds that clergy, laypeople, or volunteers may not have the necessary skills to run many programs earmarked for funding under charitable choice, such as substance abuse programs or juvenile delinquency programs, and may also lack the technical expertise required to deal with many of the federal requirements.

**Griener, Gretchen (2000). "Charitable Choice and Welfare Reform: Collaborations between State and Local Governments and Faith-Based Organizations." *Issue Notes* 4(12). Welfare Information Network.**

This paper presents an overview of selected policy issues involving church and state partnerships. Beginning with a brief background on the effects of PWRORA on collaborations between faith-based organizations and governments, Greiner moves on to discuss the benefits of contracting out social services to faith-based organizations. These include the advantages of mentoring programs in increasing productivity and job retention; faith-based organizations' value as mediating agencies between the individual and the state, which can make them more accessible to clients and potentially more influential in the community; and their ability to help combine public and faith-based resources to address the diverse needs of current and former welfare recipients. The author also highlights the implementation of charitable choice programs by three states: Indiana, Texas, and Wisconsin. She identifies these as particularly noteworthy because they have encouraged regional and local welfare agencies to identify prospective collaborators in their faith communities.

***Indiana Congregations' Human Services Program (2000). Indianapolis: The Polis Center.***

This report, commissioned by the Polis Center, examines and outlines the results of a 2000 statewide telephone survey of 412 congregations, detailing Indiana's faith-based organizations and comparing them against the results of the National Congregations Survey conducted by Mark Chaves. The findings compiled from this comparison include the fact that although Indiana follows national trends of participation, Indiana congregations participate in social service provision at a higher rate than national levels of congregational participation, with most programs concentrated in the areas of food, shelter, and emergency financial assistance. Additionally, theologically conservative congregations in Indiana participate in social services at a higher rate than was found nationally. The study also found that programs most likely to receive Temporary Assistance for Needy Families (TANF) money, such as counseling, vocational training, and childcare, among others, were among the programs least offered by congregations; the findings indicated that only 3 percent of all programs offered by the surveyed congregations would qualify.

***Aron Y. Laudan and Patrick T. Sharkey (2002). *The 1996 National Survey of Homeless Assistance Providers and Clients: A Comparison of Faith-Based and Secular Non-Profit Programs*. Washington, DC: U.S. Department of Health and Human Services.***

In this report, the authors report on their findings from the 1996 National Survey of Homeless Assistance Providers and Clients, and use data gathered from that study to investigate the role that faith-based non-profits have played in providing various forms of assistance to the homeless. The report indicates that the substantial majority of faith-based organizations receive less than half of their funding from government sources, yet administer around one-third of all programs studied, including the greater part of food programs. Other key findings from the report include the fact that the majority of faith-based homeless assistance programs are located in urban areas and serve a more diverse client base than secular non-profit assistance programs. Examples of client groups include single men, single women, women with children, and youth, with a preponderance of programs serving single men. The study also finds that faith-based organizations report lower levels of client need than secular groups serving the same population; the authors hypothesize that this could be due to differences in program type. Faith-based organizations are also more likely to provide basic services such as food and clothing but less likely to provide more specific services. Individual and family clients leaving faith-based services are more likely to enter transitional housing. The authors conclude that more research should be done on the selection of agency focus as well as an evaluation of the effectiveness of faith-based social services.

***Monsma, Steven (2001). "Working Faith: How Religious Organizations Provide Welfare-to-Work Services." Philadelphia: Center for Research on Religion and Urban Civil Society, University of Philadelphia.***

Recognizing the need for a working framework with which to define the relevant concepts behind charitable choice for evaluative purposes, the author provides an outline of the variations between faith-based welfare-to-work programs and government-run, for-profit and secular non-profit programs in Philadelphia, Chicago, Dallas, and Los Angeles. Monsma

assesses over 500 such programs, and evaluates the faith-based programs in three areas: (1) funding from and contacts with government; (2) services offered by the faith-based organization and (3) the amount of staff and overall size of the organization.

Monsma divides the report into three main sections by analyzing the providers and the services, as well as the providers and their relationship with the government. He finds that faith-based welfare-to-work programs are only a minority of those programs in all four cities of the study, but that while outnumbered by secular programs, they do make a significant contribution that is especially noteworthy in Dallas and Philadelphia; Monsma posits that this is due to the emphasis placed on faith-based initiatives and collaborations by the governors and mayors of the respective areas. He also finds that 40 per cent of the faith-based welfare-to-work programs fall into what he has termed the “integrated” category, meaning that these programs integrate religious values and components into their services. These organizations tend to offer life-oriented services, as opposed to the job-oriented services provided by secular organizations. He concludes that welfare-to-work programs administered by faith-based organizations are currently very limited in their capacity to provide services, but are interested in being able to meet a larger portion of the demand for such services.

**Sherman, Amy L. (2001). *Collaborations Catalogue: A Report on Charitable Choice Implementation in 15 States*. Charlottesville, VA: Hudson Faith in Communities, The Hudson Institute.**

This report serves as an overview of the implementation of charitable choice in 15 states following a prior nine-state research study also performed by Sherman. After analysis of the data gathered and a statement of caveats related to the difficulties in obtaining standardized information, Sherman cites the following key findings. She notes that faith-based organizations under contract with government agencies are providing a more diverse array of social services, such as job training and domestic violence prevention initiatives, especially in states that have a surplus of TANF monies. Additionally, contracts were underwritten with all four charitable choice funding streams, as compared to only two (TANF and WtW) cited in the 2001 study, and are being written with what Sherman terms “new players,” leading her to conclude that more faith-based organizations are able to compete with secular organizations because of the more level playing field, or alternatively, that government agencies are specifically seeking out faith-based organizations because of a belief in the ability of a “value-added” faith-based program. Sherman also identifies a stumbling block to productive partnerships in the lack of a codified body of specific charitable choice provisions in their contracts with faith based organizations.

**Sherman, Amy L. (1999). “Faith-Based Approaches to Social Services: Lessons Learned.” Indianapolis: Hudson Institute ([www.hudson.org](http://www.hudson.org)).**

In a speech given to a religious audience, Sherman discusses four lessons learned from the recent history of the interactions and collaborations between faith-based organizations and government. These include a heightened awareness of the need to provide programs that are what she terms “narrow and deep,” or serving a smaller amount of clients with more personalized and concentrated services. Sherman states that effective ministries are relational

ministries that legitimate their clients' pursuit of a healthier life. She also notes that to be effective, faith-based organizations must build or toughen their accountability measures, including their record-keeping and financial accounting systems. Sherman concludes by stating that faith-based services are more effective because of their personal and holistic focus.

**Sherman, Amy L. and John C. Green (2002). *Fruitful Collaborations: A Survey of Government-Funded Programs in 15 States*. Charlottesville, VA: Hudson Faith in Communities, The Hudson Institute.**

This report, the result of a lengthy examination of faith-based organizations and their contracts with government in 15 states, seeks to provide information to enlighten the current debate on charitable choice. Through interviews with the leaders and administrators of faith-based organizations, the authors attempt to examine such issues as the amount to which faith-based organizations feel compliance with federal guidelines forces an abdication of their voice or religious message and other issue areas that impact the potential success of church-state collaborations. The organizations studied vary in size, denomination, level of religiosity, and previous experience with government contracting, although almost half of the study participants had previous experience with government contracting.

Relevant findings include the fact that one-half of the groups surveyed reported serving 50 or fewer clients; only one-tenth reported serving more than 500. Many of the faith-based contractors reported working in a variety of anti-poverty issue areas, the categories for which included advocacy, community development, spiritual growth and personal empowerment, training and education, and referral services. Forty-five percent of FBOs surveyed felt that their faith relationship with their clients was "passive," or expressed mainly through the act of service rather than an overt mention of faith or religion. Respondents were also asked to what degree religious expression was important to their organization and their services; these questions implicated such areas as client service and client spiritual transformation, as well as other beliefs and practices. These were termed the "expressive practices" of these organizations, and the authors note an apparent contradiction between the faith-based organizations descriptions (almost half represented themselves as "passive" organizations) and the level of religious expression they ascribe to themselves. The authors posit that this could be due to the design of the programs and the different roles or strategies that expressive practices could play in the overall organizational design. Other study questions include an examination of what the authors term the "organizational distinctiveness" of faith-based organizations, which examine the faith commitments of the staff and boards of these organizations and the importance of faith in hiring decisions.

The report also seeks to analyze the impact of government contracting on faith-based programs. Relevant findings include: almost 90 percent of surveyed organizations said that funding from government contracts had helped them to serve more clients; three-fourths said it allowed for the expansion of an existing program; and, two-thirds indicated that it allowed for the creation of new programs. Especially relevant is the finding that on 9 percent of the respondents reported clients choosing a secular provider over themselves. Overall, faith-based organizations did not feel that these government contracts were

intrusive, although the authors posit that collaborations could soon sour if reporting requirements were found to be unnecessarily burdensome.

The study concludes that faith-based organizations have found ways to preserve and maintain their faith character while continuing to comply with federal and state regulations surrounding charitable choice. The authors state that charitable choice created a win-win situation by offering more choices to clients, who can now utilize both public and faith-based social service options while allowing faith-based organizations to expand through government funding.

**Solomon, Lewis D. and Matthew J. Vlissides (2001). *In God We Trust? Assessing the Potential of Faith-Based Social Services*. Washington DC: Progressive Policy Institute.**

Solomon offers an analysis of the efficacy of faith-based organizations in providing social services as an attempt to provide an empirical basis for the proposition that faith-based organizations are better prepared to deal with certain social problems such as substance abuse, juvenile delinquency, and crime. He also presents a section on charitable choice, broken down into a background section, a review and examination of why faith-based organizations are or are not using charitable choice funding, and an analysis of the benefits and drawbacks of the expansion of charitable choice initiatives. He concludes that faith-based organizations may have difficulty satisfying federal contracting and ongoing monitoring requirements, that federal funding may create competition among faith-based organizations, and that acceptance of government funding may create a more secularized organization, depriving it of the religious content that is thought to make it effective. He goes on to detail two different options for funding, including a system of tax incentives to stimulate private donations and a system of vouchers, which would help to create a certain distance between church and state. He concludes by selecting a tax incentive system to fund faith-based non-profits as the best form of government support and the one most likely to withstand any constitutional challenges.

