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# Can We Make Welfare Reform Work?

## California Religious Community Capacity Study Final Report

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# I. Executive Summary

California's welfare agencies have been slow to implement the Charitable Choice provisions of the 1996 federal welfare reform legislation—provisions that encourage faith-based organizations to compete for welfare-to-work contracts. To date, county welfare agency directors have still not been systematically oriented concerning Charitable Choice. Many have had to rely on information supplied by the Internet and by leaders of faith-based organizations in their own regions.

Welfare reform is not an issue that has taken hold in California's faith-based communities. Most clergy have never heard of Charitable Choice or say that they do not understand it. Religious leaders who have focused their attention on issues created by Charitable Choice disagree with each other about what faith-based organizations should be doing in response to welfare reform. Politically conservative religious leaders are strong advocates of using "Charitable Choice dollars" to expand the community outreach programs of faith-based organizations. Politically liberal/moderate leaders are divided.

Counties have differed markedly in the models they have used to guide their interaction with faith-based organizations. Some emphasize the development of requests for proposals, bidding procedures, and post-award services that specifically encourage faith-based organizations to compete for welfare-to-work contracts. Other counties encourage faith-based organizations to coalesce in county-wide welfare-to-work programs. Some encourage large-scale denominational social service agencies to compete for comprehensive case management contracts, whereas modestly-scaled faith-based organizations are encouraged to find opportunities for service through sub-contracts. As a part of San Diego County's system of "managed competition," Catholic Charities was awarded a contract to offer comprehensive case management services in an entire region of the county, i.e., to function as a surrogate county welfare agency.

Faith-based nonprofit corporations and denominational social service agencies have been primary recipients of publicly-funded welfare-to-work contracts within California's religious community.

Very few contracts have been awarded to California congregations. The fact that only a small number of congregations has received welfare-to-work contracts does not mean, however, that California congregations are unengaged in welfare reform. Many choose to offer welfare-to-work programs through coalitional organizations in which they can share the costs of maintaining specialized staffs and facilities. Some congregations organize their own nonprofit corporations to conduct social service programs.

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The likelihood that congregations will establish social service programs that realistically can compete for welfare-to-work contracts (either directly or through affiliated nonprofits) increases in relation to their size, their financial stability and their organizational complexity. Congregations with memberships of over 750 are more likely to have staffs with expertise to prepare sophisticated welfare-to-work proposals and to manage social service programs.

California's faith-based organizations are deeply involved in outreach ministries and social services for the poor. Especially among middle-size and larger congregations, they are able to draw on a generously-scaled reservoir of volunteers. Thus, California's faith-based organizations have the capacity for expanded roles in the state's welfare-to-work programs. Whether or not this capacity can be leveraged into welfare-to-work contracts, however, is an open question. Many congregations do not appear to have the organizational resources to respond to county requests for proposals or to manage complex programs. Many religious leaders do not want to seek public funding, either because they fear entanglement with government bureaucracy, regulations, and red tape, or because their theologies discourage close ties with the state.

The following situations increase the capacity of faith-based organizations to mount publicly-funded social service programs for welfare-to-work participants:

- When leaders are assured that the U.S. Constitution and the California Constitution allow for the public funding of faith-based social service programs, and, therefore, that their search for public funds will not cause legal problems;
- When public agencies intentionally design requests for proposals, bidding procedures, and post-award services to encourage faith-based (and other community-based) organizations to compete for welfare-to-work contracts;
- When regional and denominational religious leaders provide theological and political reasons for participating in welfare reform's public/private partnerships and for affirming Charitable Choice;
- When entrepreneurial leaders are supported by their own organizations and by regional "brokers" in bringing together the resources they need to mount significant social service programs;
- When religious leaders establish professionally staffed nonprofit corporations, whose mission is to write proposals, attract funds, manage these funds in accord with contract requirements, manage social service programs, and interface with program funders;
- When faith-based organizations affiliate with coalitional organizations that offer social services such as FaithWORKS in Shasta County and the Industrial Areas Foundation in Sacramento;
- When faith-based organizations enter into informal and formal partnerships with large-scale, capacity-rich organizations such as Maximus, Lockheed Martin, Goodwill Indus-

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tries, Fresno City College, Sacramento Valley Organizing Committee (IAF), and YWCAs.

Most representatives of California’s faith community believe that the state is ultimately responsible for maintaining the social safety net. They do not agree that it is in the public interest for faith-based organizations to try to re-assume welfare roles that were transferred to public agencies in the 1930s.

Welfare reform promotes the expansion of “new paradigm” inter-institutional relations—i.e., multiform cooperative relations among public, for-profit, and faith-based organizations. In serving the poor, congregations and other faith-based organizations are encouraged to identify coalitional partners. Networks are being created in which the institutional capacities of different kinds of organizations are exercised in mutually-complementary ways in serving the poor.

The state’s faith-based organizations, under certain conditions, can indeed expand their contributions to welfare reform. Faith-based organizations have the capacity to offer a range of publicly-supported services. But, in most cases, they cannot function as comprehensive welfare agencies. Most should not even try. They can do many things well, and they will best serve welfare-to-work participants when the limits to their capacity are acknowledged and respected.

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## II. Why This Study?

The welfare reform movement that began with the 104<sup>th</sup> Congress' "Contract with America" and culminated with President Clinton's signature on the Personal Responsibility and Work Opportunity Act of 1996 marked a radical departure from the long term federal commitment to meet the basic needs of low-income families. Frozen funding, time limits, and strict work requirements, coupled with cutbacks in Food Stamps for able-bodied single adults and legal immigrants, presented the most serious challenges to providing basic services to low-income families in the last 30 years.

Given the limited fiscal resources of state and local governments and the daunting task of moving millions of adults off the welfare caseload and into the workforce, many in the public sector recognize that fundamental changes are needed at the local level to make welfare reform work. Among these changes are new partnerships and collaborations to reshape the social safety net and provide an adequate level and mix of social services to help recipients overcome the barriers they encounter in moving towards self-sufficiency.

Religious organizations have long been important and widely recognized contributors to the support of low-income families and vulnerable populations in the United States. Their role has taken on a new significance and gained much greater visibility with the implementation of federal welfare reform, especially in areas where they serve populations whose support has been significantly curtailed or who are specifically excluded from the government's revised welfare safety net.

With the "Charitable Choice" provisions in the federal welfare reform legislation, federal policy makers opened the door for the religious community to play a larger role in providing services to welfare recipients. U.S. Senator John Ashcroft, the architect of Charitable Choice, has repeatedly asserted that welfare reform legislation was specifically designed to invite faith-based organizations back into the social safety net roles that had been taken from them during the New Deal era. The law's authors take for granted that faith-based organizations possess the capacity and the will to reclaim these roles, that religious leaders perceive these roles to be compatible with the fundamental missions of their organizations, and that both the public sector and religious leaders are comfortable with the kind of Church-State relations that welfare reform creates.

"Charitable Choice" specifically encourages the public sector to contract directly with faith-based organizations for welfare-related programs such as child care and job training, and relaxes some of the traditional barriers that have inhibited provision of public funding to the religious community. Under the provisions of California's implementation of federal welfare

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reform legislation as signed by Governor Wilson in the summer of 1997, counties may contract with the religious community for the full array of safety net and transitional (welfare to work) services.

The implementation of Charitable Choice within California has been hampered by a lack of leadership at the state level in helping county human services administrators and religious leaders understand and implement the provisions of the federal law. The result has been confusion, misunderstanding, or simple ignorance on the part of both the public sector and the religious community throughout the state. Consequently, to date there has been relatively little activity devoted to involving the faith community in providing welfare-to-work services. Due to state legislation passed in 1999, the California Department of Social Services is now promulgating regulations to assist county governments in implementing the provisions of Charitable Choice.

There are two important and largely untested assumptions regarding the role of faith-based organizations in California's new welfare system. First is the question, *should* faith-based organizations take on a more significant role in the delivery of social services? This heated debate centers on the civil libertarian concern over separation of Church and State. There are some, both inside and outside the religious community, who feel that the question of proselytizing is not a barrier to increased involvement in the delivery of welfare-related services, and that a "spiritual component" within faith-based social service programs actually enhances their effectiveness. On the other side are those who argue that the enlistment of faith-based organizations, specifically religious congregations, to deliver services in a sectarian manner utilizing government funds is a violation of the constitutional principal separating church and state. There are also those inside the religious community who fear that a strong government role will limit their ability to deliver services on their own terms, or, for historical or theological reasons, do not want to have any direct involvement with government.

The second issue is, how much of a role *can* faith-based organizations play? As the policy debate unfolded in Washington, there was much discussion about where welfare recipients would find adequate support systems to transition into the workforce, and on how welfare reform would create new and/or increasing demands on different parts of the social service delivery system. Some legislators suggested that the religious community could help take up any slack. According to this view, faith-based organizations already play a vital role in the maintenance of the safety net. They have a presence in virtually every neighborhood, enjoy a high trust level among impacted populations, employ a cadre of volunteers, and have other material resources, such as building space, that could be more fully utilized. However, many leaders within the religious community vehemently disputed this idea during the welfare reform debate, arguing that faith-based organizations were already operating at or near full capacity in meeting human needs.

Surprisingly, little is known about the willingness or the resources of faith-based organizations, especially local congregations, to meet the demands of welfare reform and to fill the expected gap across a wide spectrum of social service activities. Welfare reform's policy assumption that the religious community can and will do more is largely untested. Now, four years after the passage of federal welfare reform legislation, we are in a position to begin to test the correctness of these assumptions, at least in the State of California.

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The California Religious Capacity Study, conducted by the California Council of Churches, the Center for Religion and Civic Culture at the University of Southern California, and the Institute for Nonprofit Organization Management at the University of San Francisco, focuses on the role of faith-based organizations in offering social services. Our major objective has been to estimate the will and capacity of California’s faith-based organizations to expand their social service outreach in support of welfare-to-work participants that are currently being served by CalWORKs—California’s program for implementing federal welfare reform. In the process of collecting data we have learned a great deal about how county and state social service departments have reached out to the faith community, the initial social service programmatic responses to welfare reform within California’s religious community, and the necessary ingredients that enable faith-based organizations to expand their capacity. Our conclusions are shared in the “Major Findings” section of this report.

With a generous grant from the James Irvine Foundation, this project has been designed as “action research,” i.e. as a project whose purpose is to serve the informational needs of institutions that are designing, monitoring, critiquing, and administering California’s welfare-to-work system.

Each member organization included in the research team has been accountable for a particular domain within the project’s overall agenda:

*The California Council of Churches*, which serves as the public policy office for 19 Protestant and Christian orthodox denominations, 3,800 congregations, and over 1.5 million church members, has provided leadership in coordinating the project and disseminating the results of this research.

*The Institute for Nonprofit Organization Management* at the University of San Francisco has subcontracted with the U.C. Berkeley Survey Research Center to conduct a statewide telephone survey of more than 1,100 religious congregations. This survey has collected quantitative information concerning the involvement of congregations in social service programs, their organizational capacity for sponsoring social services, their knowledge of Charitable Choice, their willingness to participate in welfare reform public/private partnerships, and their willingness to expand social service ministries.

*The Center for Religion and Civic Culture* at the University of Southern California has used qualitative sociological research methods to study the participation of faith communities in California’s welfare-to-work programs. This study has been conducted in eight California counties and five Los Angeles County neighborhoods. The Center has also tracked, in collaboration with the California Council of Churches, developments in the California State Legislature and in the relevant state agencies.

The full technical report of the California Religious Community Capacity Study can be ordered from the California Council of Churches at a nominal charge, or can be downloaded from the Council’s website at no cost at [www.calchurches.org](http://www.calchurches.org)

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## III. Major Findings

### Charitable Choice in California

- **With only a few exceptions, county welfare agencies in California have been slow to implement the Charitable Choice provisions of Congress’s 1996 welfare reform legislation— provisions that encourage faith-based organizations to compete for welfare-to-work contracts.**

County welfare agency directors have not as yet been systematically oriented by the state’s Department of Social Services or by the Employment Development Department concerning guidelines for implementing Charitable Choice. Many have had to rely on information supplied by the Internet and by leaders of faith-based organizations in their own regions.

- **In the absence of consistent and persuasive expressions of support for Charitable Choice by state and county welfare agency administrators, it is not surprising that religious leaders in many California counties report that they are unfamiliar with issues related to Charitable Choice.**

In our survey of congregational leaders, for example, only 4.7% of respondents said that they were “very familiar” with the Charitable Choice provisions of welfare reform legislation; 28.5% said that they were “somewhat familiar”; 29% said that they were “not very familiar”; and 37.4% said that they were “not familiar at all.” In our survey of leaders of faith-based nonprofit corporations, 7.8% of respondents said that they were “very familiar” with Charitable Choice; 39.1% said that they were “somewhat familiar;” 28.1% said that they were “not very familiar;” and 25% said that they were “not familiar at all.” Characterizing the general situation, DarEll Weist, pastor the First Methodist Church in downtown Los Angeles, observed, “Honestly, you don’t hear much about Charitable Choice. It hasn’t broken into the way most of us think.”

- **Religious leaders who have focused their attention on issues created by Charitable Choice disagree with each other about whether faith-based organizations should seek government funding or whether they have the capacity to seek government funding for the social services they offer.**

Among the congregational leaders who were surveyed, 47.8% expressed concerns about government controls, bureaucracy, and red tape; 29.7% cited theological and/or philosophical reasons for steering clear of government contracts. 49.8% said that they did not have the

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institutional resources to seek government funding. 45.6% said that they had created or supported other organizations to offer social services.

Religious leaders, however, readily acknowledge that for over thirty years faith-based organizations have been using government funds to support activities such as the construction of affordable housing, child care services, emergency food services, and youth services. “Charitable Choice does not offer anything that is dramatically new,” an African American pastor observed. “We have had the luxury of decades to make up our minds about whether we should seek government contracts.”

- **Politically conservative religious groups in California express support for Charitable Choice.**

Nevertheless, they have not organized themselves on a statewide basis to advance Charitable Choice initiatives. Their leaders express mixed feelings. Although many fear becoming entangled in a web of government regulations, others welcome the opportunity to utilize public funds for their social service ministries.

- **The California Council of Churches, Lutheran Social Services, Episcopal Social Services, and Catholic Charities of California have encouraged faith-based organizations to compete for welfare reform contracts, but only under prescribed conditions.**

For example, Scott Anderson, executive director of the California Council of Churches, strongly recommends that congregations establish nonprofit and/or for-profit corporations to compete for CalWORKs contracts. He urges small and middle-sized faith-based organizations to seek cooperative partnerships with organizations (such as YWCAs, FaithWORKS in Shasta County, All Congregations Together and Interfaith Community Services in northern San Diego County, and Goodwill Industries) that have the expertise, capital, and staff resources to mount complex welfare-to-work programs. He counsels the leaders of faith-based organizations to be realistic about what they can and cannot do well. He urges the leaders of these organizations to be very careful about guarding the separation of church and state. He also urges them not to compromise their “prophetic distance” when they are functioning as welfare-to-work vendors.

- **Jewish organizational leaders worry that Charitable Choice is eroding the traditional wall of separation between Church and State.**

The American Jewish Congress, for example, argues that many counties do not even try to identify cases where publicly-funded welfare-to-work services are entwined with worship and religious education. The Jewish Anti-Defamation League, working with the American Civil Liberties Union and Americans United for the Separation of Church and State, says that Charitable Choice gets very close to being an unconstitutional establishment of religion, and therefore that its implementation in California should be resisted.

- **Many Protestant and Catholic liberal activists—including African American religious leaders who have been associated with the civil rights movement—counsel faith communities to be cautious in cooperating with the state’s flawed welfare-to-work programs.**

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They particularly fear that Charitable Choice will expand the state's use of vouchers or reimbursement certificates for faith-based services—a practice that conservatives have long wanted for their parochial schools and their other faith-based services.

- **Counties have differed markedly in the models they have used to guide their interaction with faith-based organizations.**

Some emphasize the development of simplified requests for proposals, bidding procedures, and post-award services that specifically encourage faith-based organizations to compete for welfare-to-work contracts. Others encourage faith-based organizations to coalesce in county-wide or regional welfare-to-work programs (especially mentoring programs and one-stop centers). Others encourage large-scale denominational social service agencies to compete for comprehensive case management contracts, whereas modestly-scaled faith-based organizations are encouraged to find opportunities for service through sub-contracts or through affiliation with interfaith coalitional organizations.

## Religious Congregations

- **Religious congregations in California have an impressive record of serving the poor, and, thus, they should be regarded as an important resource for the state's welfare-to-work participants.**

In our survey of religious congregations, for example, 24.6% of the respondents estimated that volunteers from their congregations put in more than 1,000 hours a year to social services. An additional 18.1% estimated that volunteers from their congregations devoted between 501-1,000 hours a year to social services. Not surprisingly, larger congregations were able to offer more volunteers than smaller congregations.

**Table I**  
**Congregational Size by the Amount**  
**of Available Volunteer Hours**

	0 to 70 Members	71 to 150 Members	151 to 375 Members	376 to 18900 Members	Total Percent
0 to 100 Volunteer Hours	54.8%	33.0%	20.3%	10.7%	30.3%
101 to 500 Volunteer Hours	23.8	36.2	31.1	16.8	27.2
501 to 1000 Volunteer Hours	11.9	14.3	21.2	25.8	18.0
1001 to 5000 Volunteer Hours	7.9	10.0	19.8	26.2	15.6
5001 to 10000 Volunteer Hours	.4	4.3	4.7	12.7	5.5
More Than 10000 Volunteer Hours	1.2	2.2	2.8	7.8	3.4
Totals	100% (252)	100% (279)	100% (212)	100% (244)	100% (987)

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- Likewise, California’s religious congregations are actively engaged in various forms of social service ministry.

It is not clear, however, the degree to which these ministries proceed informally, through structured programs, or through the utilization of other nonprofit organizations.

**Table II**  
**Social Service Ministries**

<b>EMERGENCY SERVICES</b>	
Food	78.2
Shelter/Housing Vouchers	40.8
Clothing	67.7
Transportation	46.3
Medical Care	24.6
Cash Assistance	59.8
Percent Any Emergency Services	90.7
<b>NON-EMERGENCY SERVICES</b>	
Food	36.5
Shelter/Housing Support	29.0
Transportation	42.6
Percent Any Non-Emergency Service	63.3
<b>FAMILY SERVICES</b>	
Child/Adult Care	28.4
Family Substitution/Supplement	23.4
Mentoring/Big Brother, Sister Programs	31.5
Percent Any Family Services	53.9

<b>EDUCATION PROGRAMS</b>	
Training	15.6
Job Search	23.2
Language/Literacy	24.0
Tutoring/GED	20.9
Scholarship	34.1
Percent any Education Program	58.0
<b>HEALTH CARE PROGRAMS</b>	
General Health Care	27.7
Special Services	42.7
Percent any Health Care Program	51.5
<b>ADVOCACY PROGRAMS</b>	
Needs of the Poor	33.0
Community Organization	41.0
Economic Development	11.7
Percent any Advocacy Program	55.0
Other programs for the needs of the poor	35.6
<i>Percent Any Social Ministry/Service Programs</i>	<i>100%</i>

Every congregation interviewed sponsors at least one social service program or is engaged in offering informal social services. Over half participated in every major service category listed in the above table. More than 90% offer some form of emergency services; 78.2% distribute food on an emergency basis.

- **Leaders from more than half of the congregations surveyed said that they were experiencing an increased demand for their social services, especially in neighborhoods where more than half of the residents were perceived to be receiving some form of welfare assistance.**

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47.3% said that demand had increased, and 10.6% said that it had increased significantly.

- **The leaders of congregations surveyed in the California Religious Capacity Study said that they not only had the capacity to maintain their current level of social services, but also to increase what they did.**

Only 1.8% said that their congregations would provide fewer services in the next two years; 35.8% percent said that they would provide the same level of services; 62.4% said that they would provide more services.

In explaining their willingness to expand their social service offerings, 48.5% cited pressures from their congregations and/or from regional leaders; 67.6% said that they could expand social services through cooperation with coalitions and partnerships; 71.2% said that they were persuaded to increase their services because the needs of the poor were becoming more severe; 45% said that they could increase their services because of new funding opportunities.

Several congregational leaders cited theological reasons to expand social services. For example, one said that “the reason would be because of our philosophy of ministering. The Lord gives us, and we give out so long as we continue to grow.” Another said, “We just believe it’s the heartbeat of ministry. We believe we have to meet the needs of the spirit, soul and body.”

- **Only 6.1% of the congregations we surveyed had applied for government funding in the past five years. Of these, 1.1% had not been successful, and 1.2% were still waiting for funding decisions.**
- **The likelihood that congregations will be able to compete realistically for welfare-to-work contracts (either directly or through affiliated nonprofits) increases in relation to their size, their financial stability and their organizational complexity.**

Congregations with memberships of over 750 are more likely to have staffs with expertise to prepare sophisticated welfare-to-work proposals and to manage social service programs. Relatively small congregations and “immigrant churches” are more likely to provide social services in informal ways and/or in cooperation with coalitional organizations.

- **Although much of the debate concerning Charitable Choice has focused on the eligibility of congregations to compete for welfare-to-work contracts, it appears that in California very few congregations have been successful in securing these contracts.**

Our research team has been able to identify only eleven awards. Over half of these are in San Bernardino County, where a concerted effort has been made to encourage applications by faith-based and other community-based organizations for one-time-only capacity enhancement contracts. In Los Angeles County, where almost 40% of the state’s welfare-to-work participants reside, one religious congregation has received a contract, and this congregation has now created a nonprofit corporation to manage its welfare-to-work activities. This grant

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went to an African American Pentecostal congregation, Shield of Faith, in Pomona, for job placement services. Only one of the congregations in the state that has successfully competed for a welfare-to-work contract can be regarded as mainline Protestant, liberal, and socially active: Glide Memorial United Methodist Church in San Francisco, which received a \$157,000 award. It is offering job readiness and computer skills training.

- **The fact that only a small number of congregations has received welfare-to-work contracts does not mean, however, that California congregations are unengaged in welfare-to-work programs.**

Shasta County's FaithWORKS program, for example, has mobilized a broad and diverse coalition of congregations (along with other faith-based organizations) in a county-wide mentoring program. The Fresno Leadership Council also mobilizes large numbers of congregations, as does the Mobilization for the Human Family in Los Angeles, the Pomona Inland Valley Council of Churches, the Sacramento Valley Organizing Committee (IAF), Interfaith Services in San Diego, the Southeast Churches Service Center in the Highland Park area of Los Angeles, and All Congregations Together in San Diego.

While these programs are impressive illustrations of faith-based social services, the number of participating congregations is very small in comparison to the total number of congregations that are present throughout California.

## Denominations and Religious Orders

Among California's religious denominations and religious orders, only the Salvation Army in Solano and Stanislaus counties, and Los Angeles' St. Joseph's Center (sponsored by the Sisters of St. Joseph of Carondelet) have received welfare-to-work awards, three of which function as sub-contractors. The Roman Catholic Diocese of San Diego offers a countywide mentoring program that is self-funded.

## Denominational Social Service Agencies

- **The primary faith-based beneficiaries of Charitable Choice in California are denominational social service agencies.**

In the thirty-four counties where we have been able to accumulate data, the Center for Religion and Civic Culture has identified thirty-two contracts that have been awarded to service agencies that affiliate with faith-based national networks. A coalition of Catholic Charities, Armenian Evangelical Social Services, Jewish Vocational Services, and thirteen other organizations has received a \$16,300,000 contract in Los Angeles County from the Department of Labor—to date, the largest award that has been made in California to faith-based organizations for welfare-to-work activities.

Contracts have been awarded to ten Catholic Charities agencies, with funding levels ranging

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from \$2,281,000 (Orange County, for job search and job readiness programs) to \$15,375 (Stanislaus County’s Catholic Charities’ Samaritan House, for drug rehabilitation). Redding-based Northern Valley Catholic Social Services—an affiliate of Catholic Charities of Sacramento—is the contractor of record and the fiscal manager for FaithWORKS, an interfaith, coalitional program that serves Shasta County’s welfare-to-work participants.

Catholic Charities affiliates provide services in the following areas: client case management; English-as-a-Second Language (including Vocational ESL); job readiness; job training; referrals to other agencies; child development; emergency services; parenting; transportation; mentoring; job retention; psychological services; and counseling. Riverside County has approved the use of vouchers as a form of indirect funding of Catholic Charities shelter services.

Jewish social service agencies (including Jewish Family Service and Jewish Vocational Service) have been awarded six contracts and major sub-contracts. The awards range from \$77,340 to Jewish Family Service, Los Angeles to \$25,000 to Jewish Family Service in Sonoma County.

Other affiliates of national faith-based (and/or values-oriented) social services networks that have received major welfare-to-work contracts include Goodwill Industries in Los Angeles County, Orange County, and San Diego County; Lutheran Social Services in Sacramento County; and several YWCAs in Los Angeles County.

## Other Religiously-Affiliated Nonprofits

- **Other faith-based nonprofit corporations are also major beneficiaries of welfare-to-work grants and contracts.**

The Center for Religion and Civic Culture has identified thirty-one contracts in the thirty-four counties for which we have data. Almost 30% of these contracts were awarded to faith-based nonprofits in San Bernardino County.

Twenty-three percent of these contracts were awarded to nonprofit corporations that mobilize coalitions of congregations for their welfare-to-work activities (e.g., Soledad Enrichment Action, Pomona Valley Council of Churches, Mobilization for the Human Family, All Congregations Together, the Southeast Churches Service Center, Sacramento Valley Organizing Community, Interfaith Community Services, and Fresno Leadership Foundation). Welfare-to-work encourages congregations, faith-based nonprofits, and other for-profit, nonprofit, and public agencies to coalesce—to experiment with a variety of coalitional approaches to funding, staffing, and managing social service programs. For example: All Congregations Together, an incorporated, largely evangelical and Pentecostal coalition of churches in San Diego, operates as a sub-contractor under a contract that San Diego County awarded to Lockheed Martin, a for-profit corporation. Adopt-a-Social Worker, a publicly funded program sponsored by the Orange County Child Abuse Prevention Center, brings religious congregations, other community-based organizations, and businesses together to support case workers who are serving welfare-to-work participants. Goodwill Industries of Los Angeles is

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a nonprofit that affirms the importance of spiritual values in its mission, holds a welfare-to-work contract for job training, job placement, and job retention. It has sub-contracted with Mobilization for the Human Family, a faith-based nonprofit. Mobilization for the Human Family works with congregations, most of which are not members of their organization. These congregations, located in areas where welfare-to-work participants reside, provide volunteers to mentor participants who have found employment.

## Expanding the Capacity of Faith-Based Organizations

- **The following situations discourage faith-based organizations, especially congregations, from expanding welfare-to-work services: lack of money; too few volunteers; lack of skills and training; lack of sufficient interest; lack of sufficient demand in their community; and lack of space or facilities.**
- **The following situations increase the capacity of faith-based organizations to mount publicly-funded social service programs for welfare-to-work participants:**

When leaders are assured that the U.S. Constitution and the California Constitution allow for the public funding of faith-based social service programs, and, therefore, that their search for public funds will not cause legal problems;

When public agencies intentionally design requests for proposals, bidding procedures, and post-award services to encourage faith-based (and other community-based) organizations to compete for welfare-to-work contracts;

When regional and denominational religious leaders provide theological and political reasons for participating in welfare reform's public/private partnerships and for affirming Charitable Choice;

When entrepreneurial leaders are supported by their own organizations and by regional "brokers" in bringing together the resources they need to mount significant social service programs;

When religious leaders establish professionally staffed nonprofit corporations, whose mission is to write proposals, attract funds, manage these funds in accord with contract requirements, manage social service programs, and interface with program funders;

When faith-based organizations affiliate with coalitional organizations that offer social services such as FaithWORKS in Shasta County, Interfaith Community Services in Escondido, and the Industrial Areas Foundation in Sacramento;

When faith-based organizations enter into informal and formal partnerships with large-scale, capacity-rich organizations such as Maximus, Lockheed Martin, Goodwill Industries, Fresno City College, Sacramento Valley Organizing Committee, and YWCAs. These relationships may take the form of sub-contracts, or they may take the form of informal agreements to work together. Even large, capacity-rich social service agencies can expand their capacity to

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compete for public funding by coalescing as contract partners (e.g. the contractual alliance of Catholic Charities of Southern California, Jewish Vocational Services, and Armenian Evangelical Social Services, which is competing for a grant of over \$16 million).

## Conclusions

Most representatives of California's faith community believe that the state is ultimately responsible for maintaining the social safety net. Faith-based organizations have the capacity to participate in public/private partnerships that serve the poor. They have the capacity to mount imaginative programs, whose effectiveness is extended by the trust they have already earned in their own neighborhoods. They do not agree that it is in the public interest, however, for faith-based organizations to try to re-assume welfare roles that were transferred to public agencies in the 1930s.

Welfare reform promotes the expansion of "new paradigm" inter-institutional relations—i.e., multiform cooperative relations among public, for-profit, and faith based organizations. In serving the poor, congregations and other faith-based organizations are encouraged to identify coalitional partners. Networks are being created in which the institutional capacities of different kinds of organizations are exercised in mutually-complementary ways in serving the poor.

The state's faith-based organizations, under certain conditions, can indeed expand their contributions to welfare reform. Faith-based organizations have the capacity to offer a range of publicly-supported services. But, in most cases, they cannot function as comprehensive welfare agencies. Most should not even try. They can do many things well, and they will best serve welfare-to-work participants when the limits to their capacity are acknowledged and respected.

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## IV. Recommendations to the Public Sector

- Given the limited capacities of most religious congregations in California, it is clear that the expectations of some state and federal policymakers concerning a dramatically expanded role for religious congregations in running major segments of the social service safety net are unrealistic.
- Faith-based organizations, however, can play a larger role in the delivery of social services under certain conditions. Public sector human services administrators can facilitate this expanded role by encouraging congregations and other faith-based institutions to affiliate with coalitional organizations (e.g. All Congregations Together in San Diego or FaithWORKS in Shasta County) or large-scale capacity-rich nonprofits (e.g. Mobilization for the Human Family in Los Angeles) and/or for-profit entities (e.g. Maximus).
- Public sector administrators need to develop simplified and more flexible contractual procedures (without compromising accountability) in order to invite greater participation from California's religious community in delivering welfare-to-work social services. Religious congregations, for example, are more likely to participate in social service programs when public agencies intentionally design requests for proposals, bidding procedures, and post-award services to address the unique organizational cultures of these organizations.
- When funding faith-based social service delivery programs, public sector administrators should take into account the salient role of intermediary organizations in mobilizing the assets of the religious community to deliver services effectively.
- State and local government officials need to develop a more effective educational strategy to inform key human services administrators in the public sector about the provisions of Charitable Choice utilizing the regulations being promulgated by the California Department of Social Services.
- State and local government officials need to develop a more effective communications strategy to educate California's religious community about the provisions and opportunities of Charitable Choice.

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## V. Recommendations to California's Religious Community

- Religious leaders throughout California need to focus on educating clergy and lay leadership at the local level about the provisions and service delivery opportunities provided by Charitable Choice.
- Whenever possible, congregations that seek government contracts should form separate 501(c)(3) public benefit corporations to handle funds and administer the contractual relationships.
- Congregations that desire to participate in California's welfare-to-work social service delivery system but lack the capacity to secure a government contract should be encouraged to affiliate with a coalitional organization or larger-scale, capacity rich nonprofit and/or for-profit entity.
- Statewide ecumenical and interfaith organizations should develop and promote educational materials for California's religious community about the constitutional parameters of government social services funding for faith-based organizations.
- In order to facilitate the effective use of government funding for faith-based social services, there is a growing need for brokering services, including information about funding streams, and technical know-how between the public sector and faith-based institutions. Denominational structures, state and local ecumenical and interfaith councils are possible organizational settings for brokering services.

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## VI. Methodology

There is a research strategy called triangulation—approaching the same research question by using a variety of methodologies. This research follows that strategy; a number of different methods were employed to gather information about Charitable Choice in California, and both qualitative and quantitative techniques were used to summarize that information.

### Work Done by the Center for Religion and Civic Culture at the University of Southern California

The qualitative techniques were used predominantly by the research team from the University of Southern California. They first selected five neighborhoods in Los Angeles County, to develop a profile of social services offered by faith-based organizations. Four neighborhoods were located in central Los Angeles and one was located in suburban Long Beach. The inner city neighborhoods roughly mirrored the ethnic and racial composition of Los Angeles County and were expected to contain a high percentage of welfare-to-work clients. The suburban neighborhood was selected because it contained a middle-to-upper-middle class population, yet was proximate to lower income areas.

In each neighborhood, faith-based organizations were identified from established listings (the Internal Revenue Service’s list of tax exempt organizations and the California Attorney General’s Registry of Charitable trust). The established listings were supplemented by a street survey of identifiable religious organizations. Included in the selected organizations were congregations, affiliated nonprofits and other faith-based organizations.

Clergy and lay leaders from fifty of these organizations were interviewed by the research team, as were leaders of other community-based organizations and people who were knowledgeable about the role of the faith-based organizations in the community. Researchers also attended community events where the faith-based organizations exercised leadership.

The USC team next selected eight counties and conducted interviews with county administrators, leaders from faith-based organizations holding welfare-to-work contracts and organizations that worked with the religious organizations around welfare-to-work. They also ran focus groups of people who had demonstrated leadership in offering welfare-to-work programs.

Finally in coordination with the California Council of Churches, the USC team tracked events in the state legislature related to welfare to work and interviewed key legislators, staff and as well as staff at participation state agencies.

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## Work Done by the Institute for Nonprofit Organization Management at the University of San Francisco

The quantitative piece of the study was conducted by the team at the University of San Francisco. It involved a state-wide survey of leaders of religious congregations and other faith-based nonprofit service agencies. The questionnaire surveyed leaders about their knowledge of and participation in Charitable Choice activities, their involvement in social ministry functions and the resources commanded by their organization. It also asked basic demographic questions about membership. Most of the questions were closed ended although there was also the capacity to record open-ended responses.

In order to draw a random sample of congregations and organizations, it was necessary first to compile a sampling frame—a list of all organizations that could be located in the state. To this end, a list of congregations and organizations was compiled from several sources. It first used organizations registered with the California Secretary of State's listings of incorporated organizations. This was combined with information from the Charitable Trust's listings. Other lists were obtained from religious denominations that were willing to share membership directories. Finally, these sources were supplemented with telephone directory listings of religious organizations. The final list, once duplicates were removed, contained approximately 50,000 organizations; to our knowledge, the largest such listing ever compiled for the State of California.

A simple random sample was drawn from this list of 2,898 names. Of these, 1105 or 38 percent were ineligible. This occurred because there was no valid phone number obtainable from directory assistance for the congregation or organization or no person was available who spoke English (25 cases). Of the remaining 1,793 organizations, 366 were never available to be interviewed and 320 directly refused the interview. This left a final sample of 1107, or 61.7 percent of those eligible. This response rate was extremely high, compared to some other studies in this area. Interviewing for the California Religious Community Capacity Study occurred over the telephone between March and June of 2000.