REVITALIZING COMMUNITIES: ARE FAITH-BASED ORGANIZATIONS GETTING THE FEDERAL ASSISTANCE THEY NEED?

HEARING

BEFORE THE

SUBCOMMITTEE ON FEDERALISM AND THE CENSUS

OF THE

COMMITTEE ON GOVERNMENT REFORM Q05 HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

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REVITALIZING COMMUNITIES: ARE FAITH-BASED ORGANIZATIONS GETTING THE FEDERAL ASSISTANCE THEY NEED?

TUESDAY, JUNE 14, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FEDERALISM AND THE CENSUS,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:19 a.m., in room 2154, Rayburn House Office Building, Hon. Michael R. Turner (chairman of the subcommittee) presiding.

Present: Turner, Shays, Dent, Foxx, Maloney, and Clay.

Staff present: John Cuaderes, staff director; Ursula Wojciechowski, professional staff member; Juliana French, clerk; Adam Bordes, minority professional staff member; Earley Green, minority chief clerk; and Jean Gosa, minority assistant clerk.

Mr. TURNER. Welcome to this hearing of the Subcommittee on Federalism and the Census. We apologize for the late delay; we were going to be taking up H.R. 2385. What we are going to do instead is begin with this hearing, and then we will suspend when we have minority representation, we will take up the bill, and then we will reconvene as part of the hearing.

So I would like to welcome you to the subcommittee's oversight hearing entitled, "Revitalizing Communities: Are Faith-Based Organizations Getting the Federal Assistance They Need?" The subcommittee will examine how faith-based organizations accomplish community revitalization using Federal grants.

The administration's Faith-Based and Community Initiative provides a chance for faith-based groups to participate in federally funded community development efforts that were previously inhibited by bureaucratic restrictions. In the past, Federal grant and cooperative agreement programs have commonly considered private or nonprofit entities, including religious and secular organizations, eligible to receive Federal funds. However, interpretation and application of the establishment clause of the first amendment, as well as policy decisions by administrators, has in the past required publicly funded programs operated by religious organizations to be essentially secular in nature.

The importance of this program was self-evident in the 9-days after his inauguration. The President issued Executive Order 13198, which established offices and responsibilities at five Federal agencies for faith-based and community efforts. The President later issued Executive Order 13279, which required that Federal depart-

ments treat all organizations fairly and without regard to religion in Federal programs.

A 2001 administration report, entitled the "Unlevel Playing Field: Barriers to Participation by Faith-Based and Community Organizations in Federal Social Service Programs," found that various Federal agencies, including the U.S. Department of Housing and Urban Development, imposed burdensome regulations on faith-based groups. In response to this report and Executive orders, HUD expanded its partnerships with faith-based groups to promote home ownership, provide emergency shelter and transitional housing for the homeless, build affordable housing for the elderly and persons with disabilities, and promote economic development in neighborhoods.

The White House Office of Faith-Based and Community Initiatives urges faith-based organizations to look into partnering with State and local governments. To date, 26 States and the District of Columbia have set up offices for faith-based groups and community initiatives to perform outreach and other functions similar to those carried out by Federal offices. State actions are important because the majority of social service assistance is administered through State agencies receiving Federal support.

In the report entitled, "The Expanding Administrative Presidency: George W. Bush and the Faith-Based Initiative," the Roundtable on Religion and Social Welfare Policy states, "The administration has advanced the initiative to leverage the work of caring people and private resources to supplement, not replace, the government's work." Religions and other voluntary organizations serve to strengthen families and neighborhoods. Proximity and familiarity with the people and problems facing communities often qualifies many small faith-based grassroots organizations as the most suitable social service providers.

It is very important to understand how small faith-based organizations can provide for their communities and how the government, via Executive orders or legislation, can assist those religions groups. Accordingly, this subcommittee will hear the successes and impediments to the redevelopment of cities via services and infrastructure improvements provided by faith-based organizations.

I am eager to hear from our first witnesses about the changes made at HUD and the efforts underway to assist the faith-based organizations in their charitable efforts. We welcome remarks from Mr. Ryan Streeter, Director of the Office of Faith-Based and Community Initiatives at the U.S. Department of Housing and Urban Development. Our second witness, Ms. Terri Hasdorff, the executive director, Office of Faith-Based Initiatives of Alabama Governor Riley's Office, will discuss the State's effort to support religions groups and their community development projects.

Our second panel of witnesses will discuss the important work that they do and what we can do to help them. First, we will hear from Mr. Thomas Knox, the chairman of the board at We Care America; second, we will hear from Sister Rose Wilenhaus from the St. Mary Development Corp. in Dayton, OH; third, we will hear from Mr. Mark Howard, senior vice president from World Vision; and, finally, we will hear from Reverend Michael Jones from the Friendly Temple Missionary Baptist Church in St. Louis, MO.

I look forward to the testimony our distinguished panel of witnesses will be providing today, and we thank each of you for your time and welcome you here.

[The prepared statement of Hon. Michael R. Turner follows:]

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SUBCOMMITTEE ON FEDERALISM AND THE CENSUS
Congressman Michael R. Turner, Chairman

OVERSIGHT HEARING
STATEMENT BY MICHAEL R. TURNER, CHAIRMAN

Hearing topic: ***"Revitalizing Communities: Are Faith-Based Organizations Getting the Federal Assistance They Need?"***

Tuesday, June 14, 2005
10:00 a.m.
Room 2154, Rayburn House Office Building

OPENING STATEMENT

Welcome to the Subcommittee's oversight hearing entitled *"Revitalizing Communities: Are Faith-Based Organizations Getting the Federal Assistance They Need?"* The Subcommittee will examine how faith-based organizations accomplish community revitalization using federal grants.

The Administration's Faith-Based and Community Initiative provides a chance for faith-based groups to participate in federally funded community development efforts that were previously inhibited by bureaucratic restrictions. In the past, federal grant and cooperative agreement programs have commonly considered private or nonprofit entities, including religious and secular organizations, eligible to receive federal funds. However, interpretation and application of the Establishment Clause of the First Amendment, as well as policy decisions by administrators, has in the past required publicly funded programs operated by religious organizations to be essentially secular in nature.

The importance of this program was self-evident in that nine days after his inauguration, the President issued Executive Order 13198, which established offices and responsibilities at five

federal agencies for faith-based and community efforts. The President later issued Executive Order 13279, which required that federal departments treat all organizations fairly and without regard to religion in federal programs.

A 2001 Administration report, titled the *Unlevel Playing Field: Barriers to Participation by Faith-Based and Community Organizations in Federal Social Service Programs,* found that various federal agencies, including the U.S. Department of Housing and Urban Development (HUD), imposed burdensome regulations on faith-based groups. In response to this report and executive orders, HUD expanded its partnerships with faith-based groups to promote homeownership, provide emergency shelter and transitional housing for the homeless, build affordable housing for the elderly and persons with disabilities, and promote economic development in neighborhoods.

The White House Office of Faith-Based and Community Initiatives urges faith-based organizations to look into partnering with State and local governments. To date, 26 states and the District of Columbia have set up offices for faith-based and community initiatives to perform outreach and other functions similar to those carried out by federal offices. State actions are important because the majority of social service assistance is administered through state agencies receiving federal support.

In the report entitle *The Expanding Administrative Presidency: George W. Bush and the Faith-Based Initiative*, the Roundtable on Religion and Social Welfare Policy states, "The Administration has advanced the initiative to leverage the work of caring people and private resources to supplement, not replace, the government's work." Religious and other voluntary organizations serve to strengthen families and neighborhoods. Proximity and familiarity with the people and the problems facing communities often qualifies many small faith-based grassroots organizations as the most suitable social service providers. It is very important to understand how small faith-based organizations can provide for their communities and how the government via Executive Orders or legislation can assist those religious groups. Accordingly, this Subcommittee will hear the successes and the impediments to the redevelopment of cities via services and infrastructure improvements provided by faith-based organizations.

I am eager to hear from our first witness about the changes made at HUD and the efforts underway to assist the faith-based organizations in their charitable efforts. We welcome remarks from Mr. Ryan Streeter, Director of the Office of Faith-Based and Community Initiatives at the U.S. Department of Housing and Urban Development. Our second witness, Ms. Terri Hasdorff, the Executive Director Office of Faith-Based Initiatives of Alabama Governor Riley's Office, will discuss the state's efforts to support religious groups and their community development projects.

Our second panel of witnesses will discuss the important work that they do and what we can do to help them. First, we will hear from Mr. Thomas Knox, the Chairman of the Board at We Care America. Second, we will hear from Sister Rose Wildenhaus from the St. Mary Development Corporation in Dayton, Ohio. Third, we will hear from Mr. Mark Howard, Senior Vice President from World Vision. Finally, we will hear from Reverend Michael Jones from the Friendly Temple Missionary Baptist Church in St. Louis, Missouri.

I look forward to the testimony our distinguished panel witnesses will provide today. Thank you all for your time today and welcome.

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Mr. TURNER. We will now start with the witnesses of our first panel. Each witness has kindly prepared written testimony, which will be included in the record of this hearing. The witnesses will notice that there is a timer with a light at the witness table. The green light indicates that you should begin your prepared remarks and the red light indicates that time has expired.

It is the policy of this committee that all witnesses be sworn in before they testify. If you would please rise and raise your right hands.

[Witnesses sworn.]

Mr. TURNER. Let the record show that all the witnesses responded in the affirmative. We will then begin with Mr. Streeter.

STATEMENTS OF RYAN STREETER, DIRECTOR, OFFICE OF FAITH-BASED INITIATIVES, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; AND TERRI HASDORFF, EXECUTIVE DIRECTOR, ALABAMA GOVERNOR'S OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES

STATEMENT OF RYAN STREETER

Mr. STREETER. Thank you, Mr. Chairman.

The committee has my written remarks. With your permission, I would like to offer a highlighted version of those remarks.

Mr. Chairman, thank you for the opportunity to describe the progress being made in the major initiative of President Bush and Secretary Jackson, which is improving the quality and effectiveness of government-funded social services by making faith-based and community organizations eligible to deliver those services.

President Bush has said that the Federal Government should work with those organizations that "provide hope and provide inspiration so that the American dream is available in every corner of America." Toward this end, he signed Executive orders that ensure that all faith-based and community organizations are able to compete on an equal footing for Federal financial assistance in a way that upholds the religion clause of the Constitution.

HUD is actively implementing the President's Executive orders. Successfully implementing the President's policies requires making changes inside and outside of HUD. Internally, outdated and longstanding departmental priorities have made it difficult for faith-based organizations to participate in HUD programs without fundamentally changing who they are.

One of the most significant internal changes we have made is to our regulations. Until recently, HUD had regulations governing nearly $7½ billion in grant funds that treated faith-based organizations in an unequal manner. For instance, two programs prohibited primarily religious organizations from receiving funds "for any activity, including secular activities" as a general rule with overly restrictive exceptions to that rule. HUD finalized new rules for these programs in September 2003 and provided detailed guidance on how to implement the new rules in 2004. Also in 2004, HUD finalized a rule extending equal treatment provisions to all of HUD's remaining programs. We now allow faith-based organizations engaging in eligible activities to apply for and receive funding for

those activities. We do not require a group to fundamentally change its identity.

We are also clear about what cannot be done. HUD's old regulations prohibited "religious influences," whatever those were. HUD's new regulations clearly state that faith-based organizations may not use direct Federal funds for "inherently religious activities, such as worship, religious instruction, or proselytization." A group may continue to engage in such activities so long as they are not funded with direct government funds, are separate in time or location from the government program, and are voluntary for the Federal program's beneficiaries. Furthermore, a direct grant recipient may not discriminate in the provision of services to a beneficiary based on the beneficiary's religion.

The point is this: HUD cares about results. Faith-based organizations that provide public services for the public good should not be excluded because of their faith, and our new regulations make that clear.

Another internal change at HUD involves our grant application process. All of HUD's notices of funding availability explicitly state that faith-based and community organizations are welcome applicants. HUD recognizes that larger, repeat applicants often have an advantage over smaller, new grassroots groups. In an attempt to level the playing field, HUD now awards a point in the grant scoring process to grassroots organizations, that is, small groups that are rooted in their communities, serving their neighbors on a small budget.

These internal changes at HUD are essential to fulfilling President Bush's goals for the Faith-Based and Community Initiative, but they are not sufficient on their own. That is why HUD has also placed a strong emphasis on outreach and education. One of the most significant barriers to the inclusion of faith-based and community organizations is that they are simply out of the loop, they are unfamiliar with Federal grants-in-aid that can assist their mission and work, they have been told they have no business partnering with government agencies, or they simply believed the government programs were not for them and the individuals that they serve.

In 2003, HUD responded to this problem by appointing faith-based and community liaisons in each of its 81 regional and field offices. These liaisons spend significant amounts of time educating grassroots organizations about HUD, how it works, and how its funds and other resources can be accessed.

We have not stopped there. Another significant barrier has been the lack of understanding among small organizations about what makes the grant application successful. So in 2004, HUD completed 180 2-day free grant writing seminars for faith-based and other community organizations across the Nation. More than 16,000 from more than 10,500 organizations participated in these sessions, which consisted of hands-on practical grant writing training delivered by professionals.

HUD is committed to continuing its training of grassroots groups so that the pool of competitors for HUD funds is enriched and our services improved.

President Bush and Secretary Jackson have made it clear that HUD cares about results, and we are beginning to see the fruit of our labor in the Faith-Based and Community Initiative. We saw more first-time grantees each year between 2002 and 2004, and the number of faith-based grantees and the dollars for which they have successfully competed also rose last year. And this is only the beginning. HUD is committed to making sure that the most effective organizations receive the taxpayers' dollars to serve those who really need our help.

A level playing field is the best playing field. And those who suffer in poverty and despair the best of playing fields. HUD understands this and will continue to ensure that all eligible organizations, regardless of their size, religious affiliation, or lack thereof, are able to compete fairly for HUD resources.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Streeter follows:]

WRITTEN STATEMENT OF RYAN STREETER

DIRECTOR OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FOR THE

UNITED STATES HOUSE COMMITTEE ON

GOVERNMENT REFORM,

SUBCOMMITTEE ON FEDERALISM AND THE CENSUS

JUNE 14, 2005

Thank you for the opportunity to describe the progress being made in a major initiative of President Bush and Secretary Jackson: improving the quality and effectiveness of government-funded social services by making faith-based and community organizations eligible to deliver those services.

President Bush has said that the Federal government should work with those organizations that "provide hope and provide inspiration, so that the American Dream is available in every corner in America." Toward this end, he signed Executive Orders that ensure that all eligible faith-based and community organizations are able to compete on an equal footing for federal financial assistance in a way that upholds the Religion Clause of the Constitution.

HUD is actively implementing the President's Executive Orders. We want to make sure that the very best service providers are helping all Americans realize the American Dream, and the Faith-Based and Community Initiative is a central part of that strategy.

Successfully implementing the President's policies requires making changes inside and outside of HUD. Internally, outdated and long-standing departmental priorities have made it difficult for faith-based organizations to participate in HUD programs without fundamentally changing who they are. Now, with new regulations and practices in place, we are reaching out to faith-based and other grassroots organizations so they understand HUD: how it works, how to apply for funding, and what it takes to compete successfully for the funds.

One of the most significant internal changes we have made is to our regulations. Until recently, HUD had regulations governing nearly $7.5 billion in grant funds that treated faith-based organizations in an unequal manner. For instance, two programs prohibited primarily religious organizations from receiving funds "for any activity including secular activities" as a general rule with overly restrictive exceptions to the rule. HUD finalized new rules for these programs in September 2003 and provided detailed guidance on how to implement the new rules in 2004. Also in 2004, HUD finalized a rule extending equal treatment provisions to all of HUD's remaining programs. We now allow faith-based organizations engaging in eligible activities to apply for and receive funding for those activities. We do not require a group to fundamentally change its identity.

We are also clearer about what cannot be done. HUD's old regulations prohibited "religious influences," whatever those were. HUD's new regulations clearly state that faith-based organizations may not use direct federal funds for "inherently religious activities, such as worship, religious instruction, or proselytization." A group may continue to engage in such activities so long as they are not funded with direct government funds, are separate in time or location from the government program, and are voluntary for the Federal program's beneficiaries. Furthermore, a direct-grant recipient

may not discriminate in the provision of services to a beneficiary based on the beneficiary's religion.

These changes to HUD's regulations have had a positive impact. Under HUD's old regulations, the Orange County Rescue Mission in California, an enterprising compassionate center for the homeless, had to return a $1 million grant to HUD, in part because the word "chapel" hung over the door of a meeting hall even though no HUD-funded religious activities occurred in the facility. Under HUD's new regulations, the rescue mission is re-engaged with HUD and is signing a contract that will enable HUD funds to support the excellent work they do sheltering hurting families and providing them with hope and, ultimately, a much better life.

In Baton Rouge, Louisiana, a faith-based home for victims of domestic violence was told that it could not receive HUD funds because it engaged in prayer and other religious activities – even though these activities were voluntary and completely separate from the planned government-funded activities. When HUD changed its regulations, and helped the state of Louisiana to implement the regulation correctly, the organization successfully competed for a $60,000 grant to do the good work that it had intended to do all along.

The point is this: HUD cares about results. Faith-based organizations that provide public services for the public good should not be excluded because of their faith, and our new regulations make this clear.

Another internal change at HUD involves our grant application process. All of HUD's Notices of Funding Availability explicitly state that faith-based and community organizations are welcome applicants. HUD recognizes that larger, repeat applicants often have an advantage over smaller, newer grassroots groups. In an attempt to level the playing field, HUD now awards a point in the grant scoring process to grassroots organizations, that is, small organizations that are rooted in their communities, serving their neighbors on a small budget.

These internal changes at HUD are essential to fulfilling President Bush's goals for the faith-based and community initiative, but they are not sufficient on their own. That is why HUD has also placed a strong emphasis on outreach and education.

One of the most significant barriers to the inclusion faith-based and community organizations is that they are out of the loop: they are unfamiliar with Federal grants-in-aid that can assist their mission and work, they have been told they have no business partnering with government agencies, or they have simply believed that government programs were not for them and the individuals they serve. In 2003, HUD responded to this problem by appointing faith-based and community liaisons in each of its 81 regional and

field offices. These liaisons spend significant amounts of time educating grassroots organizations about HUD, how it works, and how its funds and other resources can be accessed.

We have not stopped there, however. Another significant barrier has been the lack of understanding among small organizations about what makes a grant application successful. In 2004 HUD completed 180 free, two-day grant-writing seminars for faith-based and other community organizations all across the nation. More than 16,000 people from more than 10,500 organizations participated in these sessions, which consisted of hands-on, practical grant-writing training delivered by professionals. Of the organizations that attended the training, more than 25 percent had annual budgets under $50,000, and more than a third were three years old or less as an organization—evidence that HUD is reaching a substantial number of truly grassroots groups. The demand for more sessions is evidenced by the waiting lists that nearly each training session produced, and so HUD is continuing to offer similar training sessions in 2005.

To support the Administration's commitment to increase homeownership for all Americans, including minority homeowners, HUD trained grassroots organizations in 5 cities on effective homeownership education. And this year HUD will study effective grassroots housing partnerships in 6 cities and educate mayors nationwide on how to replicate the cities' leading practices in their own communities.

HUD is committed to continuing its training of grassroots groups so that the pool of competitors for HUD funds is enriched and our services improved.

President Bush and Secretary Jackson have made it very clear that HUD cares about results. We are beginning to see the fruit of our labor in the Faith-Based and Community Initiative. We saw more first-time grantees each year between 2002 and 2004. The number of faith-based grantees and the dollars for which they have successfully competed rose last year. And this is only the beginning. HUD is committed to making sure that the most effective organizations receive the taxpayers' dollars to serve those who really need our help.

A level playing field is the best playing field. And those who suffer in poverty and despair deserve the best of playing fields. HUD understands this and will continue to ensure that all eligible organizations – regardless of their size, religious affiliation, or lack thereof – are able to compete fairly for HUD resources.

STATEMENT OF TERRI HASDORFF

Ms. HASDORFF. Thank you, Chairman Turner and the subcommittee members and staff, for the opportunity to speak with you about the positive impact being made by faith-based organizations, as well as the work of the Alabama Governor's Office of Faith-Based and Community Initiatives [GFBCI].

Most of us are in public service because we want to make a difference in the lives of others. I have been working with the Faith-Based Initiative in Alabama for the last 2 years, and never before in my career have I seen an initiative that acts more as a catalyst for bringing about change in individuals and communities.

Alabama is in the top 10 for a number of children living in poverty. We have the lowest budget per inmate in the country and the third highest in the Nation for students caught with firearms in school, which is an indicator for at-risk youth. Substance abuse is also prevalent in our State, where heroin, marijuana, and methamphetamine use is steadily increasing.

There are parts of Alabama with great poverty and need. But even in these areas there is a resource that we are rich in. Our State is rich with faith-based organizations and people of compassion. I am amazed at the willingness of faith and community-based organizations to join together with one another, as well as those in government, to combine their strengths to confront critical issues. This initiative is a catalyst for average people to join with other average people to do extraordinary things so unique to their hometown that no government agency or political body could ever construct or mandate a solution so excellently tailored to heal individuals, families, and communities.

The GFBCI is unique in that we have combined the resources of the Corporation for National and Community Service with an Office of Faith-Based and Community Initiatives. Governor Riley made the decision to combine his Faith-Based Office with the existing State Office on Service and Volunteerism that coordinates the Alabama AmeriCorps program. After all, who is more committed to service and volunteerism in communities than faith and community-based organizations? As David Eisner, CEO of the Corporation for National Community Service, put it, "The programs of the corporation act as a vital supply line to the armies of compassion." Combining these two offices maximizes their resources and impact, and is being used to leverage ways to meet the most critical community needs facing the State.

The GFBCI was established to serve as a bridge between communities and government. This office also directs a grassroots homeland security initiative called Citizen Corps that provides training and volunteer opportunities for citizens in how to prevent, prepare, and respond to disasters. This is a natural fit since volunteers in faith and community-based groups are often the first to respond and the last to leave in disaster response situations. The Faith-Based Initiative is woven throughout everything we do and plays a critical role in connecting communities to the resources they need.

Three other important initiatives managed by the office are the Alabama Women's Commission, the Alabama Statewide Interagency Council on Homelessness, and the Faith-Based Substance

Abuse Treatment Task Force, which is working with our office and the Alabama Department of Mental Health to more effectively address the issues of substance abuse treatment in our State.

Alabama has had a very productive relationship with both the White House Office of Faith-Based and Community Initiatives and the faith-based liaisons within the Federal agencies. The staff of the White House Office provided much needed guidance and resources as Governor Riley established plans for the GFBCI, and they continue to provide resources and pertinent information.

Other agency faith-based liaisons have been invaluable to our work. David Caprara, director of the Faith-Based Center at the Corporation for National and Community Service, has worked extensively with our office, and last year our office partnered with the Department of Housing and Urban Development Faith Center to host the 2004 Alabama Faith and Community-Based Development Conference, where HUD was a major participant. The conference was a great success because Federal and State government partnered with financial institutions, for-profit and nonprofit groups to provide training for faith-based organizations who are striving to revitalize their communities.

One of the great enablers for faith-based organizations are financial and technical resources. Unfortunately, the lack of those resources is also one of the greatest barriers to their success. More funding is needed for capacity-building Federal grants like the Compassion Capitol Fund. Other enables are the faith center in the Federal agencies who provide up-to-date information on the latest grants and funding opportunities, and act as an information resource for faith and community-based organizations.

Barriers to overcome are the lack of funding for State offices and a lack of clear understanding from the State agencies and some faith-based groups regarding the charitable choice laws, and what the initiative is and what it is not, such as that it is not a new pot of money and it is not an affirmative action for faith-based organizations. Helping these groups understand that the government can fund compassion, but it cannot fund conversion, is one of the biggest parts of what we do.

Our office receives frequent calls from social service providers in need of guidance as they attempt to navigate the Federal grant application process. The faith-based liaisons within the Federal agencies are greatly needed for the State liaisons to be able to call upon them for assistance. And as the initiative continues to grow, the demand for this will only increase. I urge Congress to consider sustaining these offices.

Thank you for your time and attention. I am grateful for the opportunity to speak with you today and share with you how the Faith-Based Initiative is making a difference in the lives of Alabamians. I cannot overstate my support of this initiative, because I see on a daily basis how it draws diverse groups into incredibly innovative partnerships that can truly transform lives, communities, and perhaps even a Nation. I feel very blessed to have the opportunity to serve in my current position, and how would be happy to answer any questions.

[The prepared statement of Ms. Hasdorff follows:]

Prepared Statement of

Terri Hasdorff
Executive Director
Alabama Governor's Office of Faith-Based and Community Initiatives

"Revitalizing Communities: Are Faith-Based Organizations Getting the Federal Assistance They Need?"

Before the House Government Reform Committee
Subcommittee on
Federalism and the Census

US House of Representatives

14 June 2005

Good Morning. I would like to thank Chairman Turner, Ranking Member Clay, and the Subcommittee on Federalism and the Census for the opportunity to speak with you today about faith-based organizations and community revitalization. This morning I welcome the opportunity to share with you the positive impact being made by faith-based organizations as well as the work of the Alabama Governor's Office of Faith-Based and Community Initiatives (GFBCI). I will offer testimony on 1) The establishment and purpose of the Governor's Office of Faith-Based and Community Initiatives, 2) Interaction between state and federal offices of Faith-Based and Community Initiatives, 3) Enablers and barriers to success for faith-based organizations and 4) Potential impact of HR 1054 for faith-based organizations (FBOs).

I would like to begin by telling you briefly about some of my experiences while working with the Faith-Based Initiative and the people that bring this initiative to life. Most of us are in public service because we want to make a difference in the lives of others. I have been working with the Faith-Based Initiative in Alabama for the last two years and never before in my career have I seen an initiative that has made such an impact on individuals and communities. I am amazed at the

willingness of faith and community based organizations to join together with one another as well as private and public sector agencies in order to combine their strengths to confront critical issues. Stated from a policy perspective, when properly implemented the Faith-Based Initiative brings together unique collaborative partners who design and deliver effective and efficient social service delivery systems. To say it more simply, when properly implemented the Faith-Based Initiative frees average people to join with other average people to do extraordinary things in their neighborhoods...extraordinary things that are so unique to their hometown that no government agency or political body could ever construct or mandate a solution so exquisitely tailored to heal individuals, families and communities.

As Governor Riley stated, "I see this as a bold new approach to government's role in helping those in need. To often the government has ignored or hindered the efforts of faith-based and community organizations through bureaucratic red tape and restrictions."

The people of Alabama have a lot of needs, but we are blessed because our state is rich in natural resources like compassion, decency, love and the desire to serve others. By partnering with the state and federal government, as well as the private sector, faith and community based organizations can greatly expand their ability to provide vital services like mentoring children of prisoners, working with the homeless and the hungry, helping ex-offenders re-enter society, substance abuse treatment, and transitioning people from welfare to work.

The Alabama Governor's Office of Faith-Based and Community Initiatives

Background

The Alabama Governor's Office of Faith-Based and Community Initiatives was previously The Alabama Governor's Office on National & Community Service. The primary source of funding for the office was from The Corporation for National & Community Service (CNCS), a federal agency that funds similar offices in approximately 46 states. CNCS refers to these offices as State Service Commissions. The majority of the federal funds received from CNCS are designed to promote an ethic of service and volunteerism within the State of Alabama and to administer the AmeriCorps program, a service program of the Corporation for National and Community Service. Alabama AmeriCorps members serve a vital role in meeting needs in communities across the state ranging from working with special needs populations, literacy training and disaster preparedness. In many cases these individuals would have no other provider of these services if not for AmeriCorps members.

In 2003 the White House issued a letter to every Governor encouraging them to establish an Office of Faith-Based & Community Initiatives. Governor Riley made the decision to combine the Faith and Community-Based office with the existing office on service and volunteerism. After all, who is more committed to service and volunteerism in communities than faith & community based organizations? As the CEO of the Corporation for National & Community Service David Eisner put it, "The programs of the Corporation act as a vital supply line to the armies of compassion." Combining these two offices maximized the resources & impact of both and is being used to leverage ways to meet the most critical community needs facing the State of Alabama.

By issuing Executive Order 21 (06-22-2004) which established the Alabama Governor's Office of Faith-Based and Community Initiatives, Governor Riley made Alabama the first state in the nation to create an office that combined the resources of the Corporation for National & Community Service (CNCS) with the Faith-Based Initiative. David Eisner has been extremely supportive of this model and praised Governor Riley's innovative approach during the press conference to announce the launch of the office.

Purpose

The GFBCI works to 1.) increase an ethic of service and volunteerism in the State of Alabama, 2.) increase the capacity of faith & community based organizations within the state to better compete for funding opportunities and 3.) increase collaboration among the people and organizations that are trying to meet the greatest social service needs of our state.

The GFBCI was established to serve as a bridge between communities and government. We strive to partner Faith and Community Based Organizations, with private as well as public organizations in order to utilize all existing resources to address pressing social issues. We connect information seekers with educators and trainers while also connecting social service providers to potential local, state and federal partners. The office also partners with state & national providers, and nonprofit groups to provide high quality training and technical assistance such as capacity building, grant writing, fund raising and board development via workshops and seminars.

In addition to managing the Faith-Based Initiative and the AmeriCorps program, the GFBCI directs the Citizen Corps program. Citizen Corps is a grassroots Homeland Security initiative that provides training and volunteer opportunities for citizens. Individuals are taught how to prevent, prepare and respond to any natural disaster, terrorist act or emergency. Volunteers and faith and community based groups are often the first to respond and the last to leave in disaster response situations so it is a natural fit for the GFBCI to manage this program. In early 2004, only 14% of Alabamians were receiving the education and training

provided as part of Citizen Corps. Currently over 60% of our population is provided training by a local Citizen Corps Council and the numbers are steadily increasing. One of the primary contributors to our success is the strong partnership between the GFBCI, the Alabama Department of Homeland Security (ADHS) and the Alabama Emergency Management Agency (AEMA). Governor Riley along with Jim Walker, Director of the ADHS and Bruce Baughman, Director of the AEMA are committed to preparing Alabama's citizens and each understand the important role that volunteers and faith-based organizations play in preventing and responding to any disaster.

Three other important initiatives are managed in the GFBCI. The Alabama Women's Commission is a bipartisan group that serves to address pertinent issues facing the women of Alabama. The GFBCI is the lead agency in the state for the Alabama Statewide Interagency Council on Homelessness which is working to establish a strategic plan to end chronic homelessness in Alabama. The GFBCI has also convened a small advisory group comprised of faith-based substance abuse treatment providers with strong performance records who are currently working with our office and the Alabama Department of Mental Health to increase collaboration and partnership opportunities to more effectively address the issue of substance abuse treatment in our State.

The Governor's Office of FBCI is committed to taking deliberate steps to become more outcome driven in all aspects of the office. The GFBCI has partnered with an internationally recognized team of experts in corporate ROI (Return on Investment) evaluation. The ROI Institute™ has committed to work with us to develop a public sector model for outcome measures of our AmeriCorps and Citizen Corps Programs as well as the faith and community based programs. It is the objective of the ROI Institute and the GFBCI to not only give these organizations the capacity to serve society but also the capacity to measure success. The data collected from various surveys will serve to document the greatest areas of need in the state that could be better served by faith and community based organizations.

Youth at risk, homelessness, recidivism, and substance abuse are all significant issues that negatively impact our society. Alabama is number four within the US on measures of child well-being and in the top ten for number of children living in poverty.[1] Recent statistics compiled by the Alabama Department of Corrections show that Alabama has the highest ratio of inmates to officers than neighboring states and the smallest budget for Corrections. Additionally, Alabama has the lowest budget per inmate in the country. Alabama was ranked third highest in the nation students bearing firearms in school, an indicator for youth-at-risk.[2]

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[1] Alabama Kids Count, 2004; Alabama Vital Statistics, 2002.
[2] Source: Report on the Implementation of the Gun-Free Schools Act in the States and Outlying Areas; School Year 2000-2001.

Substance abuse is prevalent and Alabama is listed among the few states where heroin, marijuana, and methamphetamine use is steadily increasing.[3]

In order to correct issues of recidivism, substance abuse, child poverty, homelessness, and other like issues, Alabama relies on the assistance of faith-based organizations located within the communities. In order for these faith-based organizations to be more effective in meeting their objectives of serving the communities, they need to build capacity within their own organization through leadership development, organization development, program/services development, funding, and community engagement.

Governor Riley has been working with Bob Woodson of the National Center for Neighborhood Enterprise & David Caprara of CNCS to address the issues of rural poverty in Lowndes County, Alabama. As part of the Black Belt Region of our state, named for its rich dark soil, this is one of most impoverished and rural areas of Alabama. Through the collaborative efforts of this project 10 VISTA members are now working to assist with capacity building and addressing the needs of the most poor, funds have been granted from the Department of Labor, the Economic Development Administration and the Corporation for National & Community Service, and this project is now being considered as one of the top models in the nation for addressing rural poverty needs. This is featured on the NCNE website www.ncne.com under the heading Alabama Rural Initiative.

FBOs have limited funds by which to address these issues. Leadership development, organizational development, programs and services development and community engagement can assist FBOs in enhancing their productivity, the quality of the programs they administer, and reduce costs and efficiency.

Alabama will no longer be a state that ranks 47th on indicators of children's well being. By engaging grassroots organizations and providing them with the organizational skills necessary to build and sustain viable programs the face of Alabama's social service delivery system will be vastly improved.

Interaction Between State and Federal Offices of Faith-Based and Community Initiatives

Alabama has had an extremely productive partnership with both the White House Office of Faith-Based and Community Initiatives and also with the Faith-Based liaisons within the Federal Agencies. The White House Office of Faith-Based and Community Initiatives provided much needed guidance and resources as Governor Riley established plans for the structure and purpose of Alabama's office. They continue to provide resources and pertinent information on the goals and progress of the initiative through conferences and personal contact. The

[3] Crisis Counseling, 2004.

staff in the White House Office has not only been responsive to our requests but have always offered their guidance with the clear understanding that the Alabama Faith-Based Office should be designed to specifically address Alabama's needs.

Other agency Faith Centers have been invaluable to our work. David Caprara, Director of Faith-Based & Community Initiatives at the Corporation for National & Community Service and Frank Trinity, Legal Counsel at CNCS have worked extensively with our office to make certain that the Executive Order and the structure of the GFBCI is in full compliance with CNCS guidelines and regulations while allowing us to fully implement the Alabama Faith & Community Based Initiative. In addition to attending the press conference to announce the creation of the AL GFBCI, the CEO of CNCS, David Eisner has communicated his strong support of the structure of the GFBCI both in writing to the Governor as well as verbally to the Executive Committee members of the AL Commission.

One promising partnership between Alabama and the Department of Housing and Urban Development occurred during the 2004 Alabama Faith and Community-Based Development Conference where HUD was a major partner and participant. Cheryl Appline from HUD's Office of Faith-Based & Community Initiatives came to Alabama and spoke at the conference. Ryan Streeter has always provided helpful follow up information to many of the groups who contact us with questions following these types of conferences. The conference was a success because federal and state government partnered with financial institutions and for-profit and non-profit groups to provide training for Alabama's faith-based organizations who are striving to revitalize their communities. These community healers utilize HUD funding to strengthen their neighborhoods often one family or even one member at a time.

Strategies To Elevate People (STEP) is a faith-based organization currently utilizing HUD dollars to change lives in Alabama. Their Family Violence Prevention Program has been implemented for over four years at McKee Middle School in Montgomery, Alabama. Over 71% of the students from McKee Middle School receive free or reduced price lunches. Through STEP over 800 children receive anger management, conflict resolution, peer pressure resistance and empathy training during school and follow up home visits if needed. Although the curriculum is planned on an annual basis, the day-to-day implementation is flexible in order to address the daily needs of these students, many of whom live with frequent personal crisis and loss. Initial evaluations of the program have received very high marks from both students and educators. Results from an independent evaluation will be made available in August of 2005.

Enablers and Barriers to Success for Faith-Based Organizations

Many of Alabama's faith-based organizations are striving to meet the critical social service needs of our most vulnerable populations. So many of the people involved in these organizations are motivated by a pure desire to help others in their moments of greatest need and often these groups are the most effective and efficient providers. In my experience the greatest enablers at the state level for faith-based organizations are financial and technical resources. Unfortunately the same is true in regard to barriers in that the lack of financial and technical resources is often the greatest barrier to a faith or community based organizations success.

Some of the greatest enablers to the initiative are the efforts of groups like We Care America who is providing training and very valuable resources to the heads of the various Offices of Faith-Based & Community Initiatives offices across the country. In addition the FASTEN network is working to recognize the work of FBO's & CBO's and the difference they are making in their communities. By allowing the message to get out about the good works that are happening across the nation through this initiative it is my hope that some of the fear of its critics will finally be assuaged.

Other barriers we have had to face and overcome are the lack of funding for state offices, and the lack of clear understanding from the state and even some federal agencies regarding the charitable choice laws and what this initiative is and what it is not, such as that it's not a new pot of money and it's not an affirmative action for faith-based organizations – helping both groups understand that the government can fund compassion but it cannot fund conversion is a big part of what we do.

Groups which serve the hurting through strong social service programs with the ability to access *and* properly administer federal, state and private funds have the power to tremendously impact individuals and communities. Making sure that FBO's and CBO's are trained properly to do just that is one of the greatest roles that Offices of Faith-Based & Community Initiatives on the state and federal level can play.

Although there has been improvement at the federal level, some barriers still exist. Many agencies have increased their outreach to faith and community-based organizations. The following examples demonstrate this point:

- HHS, HUD, Justice, Labor, and Education reported a 20% increase in FY04 from FY05 in the number of grants to faith-based organizations with 334 more grants awarded to faith-based organizations. (White House)
- The number of first-time faith-based grantees from HHS, HUD, Justice, Labor, and Education was 331 in FY 04 - representing a 20% increase from FY 03. (White House)

- CNCS awarded nearly 14 percent of agency funds to FBO's last year and has encouraged partnerships between State Service Commissions and faith-based groups to serve children of prisoners.
- AmeriCorps is encouraging states to conduct barrier assessments like the ones conducted at the federal level pursuant to President Bush's executive orders. CNCS is also providing technical assistance to State Service Commissions for this purpose.

Potential Impact of HR 1054 for Faith-Based Organizations

The Faith-Based Initiative provides a sound framework for faith and community-based groups to leverage more resources for their vital programs but it is only a start. Much more needs to be done to educate both providers and recipients of options available to them. Legislation would be the most effective way to ensure that current progress is maintained and advanced.

Our office receives frequent calls from social service providers in need of guidance as they attempt to navigate the federal grant application and administration process. The Faith-Based liaisons within the federal agencies, as well as the state offices of Faith-based and Community Initiatives, are currently providing valuable and much needed training and technical assistance to these social service providers. As the initiative continues to grow the demand for this type of assistance has only increased and therefore I am strongly urging Congress to codify these offices and their roles to ensure that the quality of treatment and services continues to grow.

Government must continue to break down the barriers faced by these organizations. Not only because we should not discriminate based on religion but primarily because these caring groups are comprised of people with servant's hearts and may be our best and brightest hope to heal us from some of the most persistent and plaguing social problems we face.

Conclusion

Thank you for your time and attention. I am grateful for the opportunity to speak to you today and share with you how the Faith-Based Initiative is making a difference in the lives of Alabamians. I cannot overstate my support of this initiative because I see on a daily basis how it draws diverse groups into incredibly innovative partnerships that can truly transform lives, communities and perhaps even a nation.

I am very blessed to have the opportunity to serve in my current position. There are so many bright moments I could relay to you but in closing I would like to share with you – and hopefully leave you with a mental image – of what it's like to participate in the meetings of the Alabama Faith-Based Substance Abuse Task Force. As groups like these work together as a team they are becoming an

agent for change in many positive ways within our State. State employees and others who seemed to have hardened themselves to thinking this was just the way things would always be and we would never be able to really change are beginning to have hope that we can work together to truly heal our state.

Usually the Faith-Based Substance Abuse Task Force group size is around 15 with 4 or 5 of the members representing state agencies. The others are men and women of average means who travel anywhere from 15 minutes to over three hours in order to attend. Each person is committed to restoring the lives of others who have fallen into the trap of substance abuse. Some of them have left highly successful careers in the private sector to pursue what they consider their calling. The motivation of these individuals is to truly change peoples lives and they are looking for ways to meet the enormous demands that exist in our state for these types of services without compromising what they believe is at the center of their programs...their faith. Their focus is never on growing larger and more successful but always on healing the people and families they treat.

Inevitably a new person will attend and become discouraged or even overwhelmed with the rules and regulations they face in trying to access federal or state funds. Every single time this happens one of the more seasoned members will take our newest addition aside and offer words of encouragement, their personal contact information and a commitment to mentorship. This is caring in its finest moment. The need to elevate ourselves and our organizations subjugated to the need to serve others. This is the mental image that I call up when I think of the potential of the Faith-Based Initiative.

Thank you for your time and attention. I am grateful for the opportunity to speak to you today and share with you how the Faith-Based Initiative is making a difference in the lives of Alabamians. I cannot overstate my support of this initiative because I see on a daily basis how it draws diverse groups into incredibly innovative partnerships that can truly transform lives, communities and perhaps even a nation. I feel very blessed to have the opportunity to serve in my current position and now would be happy to answer any questions.

Mr. DENT [presiding]. Well, thank you both for your testimony.

I have a question that I hope you can answer. Mr. Streeter, in my district we have organizations like the Conference of Churches, Jewish Family Services, Lutheran Ministries, Catholic Social Agency. To what extent, to your knowledge, have those organizations been embracing the administration's Faith-Based Initiative program?

Mr. STREETER. Thank you for the question, Mr. Congressman. We have reached out to a broad group of organizations around the Nation, large organizations such as those you mentioned, as well as smaller ones, and we found a great receptivity to what we are trying to do. When organizations have concerns with what we are trying to do, we have been receptive to meeting with them and discussing differences.

I think that we have found a great level of receptivity among some of the larger organizations to what we are basically trying to do in terms of creating a level playing field. To date, I have made with representatives at one level or another of many of the organizations that you have met, either in our offices or when we have been traveling, and have found that whatever differences there might be with respect to specific policy proposals that the administration might be forwarding, that the general spirit and direction of the Faith-Based Initiative is something that they support.

Mr. DENT. Thank you. And how has your office and your efforts progressed since your first time after its establishment in 2001?

Mr. STREETER. I think we have made good progress. Since its establishment in 2001, the office, like all the other offices across the Federal Government have been focused on a couple of very large objectives. One is leveling the playing field and making sure that faith-based groups and other smaller grassroots organizations are treated equally and fairly in the Federal grants application process and in Federal programs.

So we have made quite a lot of progress in changing our regulations. You might be aware that HUD has had a history of relatively prohibitive regulations with regard to primarily religious organizations, and through a couple of waves of regulatory reform we have made sure that the entire set of programs at HUD are covered by equal treatment provisions in our regulations.

We have also addressed another major objective of the initiative, which is to make sure that organizations that have not been exposed to Federal programming and have not played a role in Federal programming to date have had an opportunity to learn from Federal professionals on how these programs work and how to access the funds. So as I mentioned in my prepared remarks, we have done lots of grant writing training and technical assistance workshops around the country, 180 last year, which reaches 16,000 people.

And what I would also like to point out about that training is that these organizations were, by and large, very small; about a third of them had budgets under $100,000 and fewer than three staff. So we think we are really reaching these organizations that are doing the kinds of things the Federal Government pays for, but have not been included to date.

Mr. DENT. A followup on that question really to both of you. Again, as you mentioned in your testimony, HUD and Governor Riley's FBCI office hold conferences that do instruct small faith-based organizations on writing these grants, as just mentioned. Has the number of first-time HUD grantees increased as a result of this? And how effectively are faith-based organizations getting the Federal dollars they need to help disadvantaged Americans?

Mr. STREETER. For starters, I will say that as we have been tracking them the last couple of grant cycles, first-time grantees, being those grantees that have not previously been awarded funds under a program at HUD, have increased about 100 percent in the last 2 years. So we see that as a good first step. The data requires a lot of mining to come up with those numbers, and we have confidence that in the last couple of years we have seen the numbers increase by that amount, 100 percent from 2002 to 2004.

Ms. HASDORFF. And I would have to echo that. We have seen a definite increase in the State of Alabama with the partnerships that are being formed with faith-based organizations and the number that are getting the grants. There are still some barriers in place, and I think that is something that we are working to address through more education and training, especially with the local governments, of what the initiative is and the nuances of working with faith-based organizations.

Mr. DENT. And again a question to both of you. After the establishment of the FBCI offices and the changes in regulation, what more could be done to assist the smaller faith-based groups across the country that focus on community development?

Ms. HASDORFF. I will start. The offices I believe have a great need for more capacity-building resources. That is one of the biggest things that I face. On a weekly basis I am contacted by a number of faith-based organizations that are looking to partner. I know that our State Department of Economic and Community Affairs is contacted quite frequently as well. They are the agency in our State that handles all of the community development funds.

And there is definitely a tremendous increase in interest. It is just a matter of providing the organizations with the training that they need to be strong enough to compete for those funds and properly administer them, and then also the capacity-building resources for the organizations.

Mr. STREETER. Mr. Congressman, I will add to that and just say that I think the President has spoken very clearly about getting charitable choice provisions throughout all Federal statutes, and I think that is particularly important in this particular instance. I think that Federal resources that support community and economic development ought to have a clear statement within them, provisional clause that basically protects their equal rights in terms of their ability to participate in the Federal programs much like we have in the charitable choice provisions, and I think expanding those throughout Federal programs is definitely a step that we need to take.

Mr. DENT. Mr. Streeter, I have another question. How many not-for-profit organizations have you recruited so far to help them become HUD-approved housing counseling agencies?

Mr. STREETER. I don't have exact numbers on the ones we have directly assisted. We have done a lot of outreach around the country on that particular issue. We have had several hundred of them consult with HUD about the requirements that they need to start building up in their portfolio. But as you may be aware, it takes some time to become a HUD-approved housing counseling agency; there are certain things that you have to be doing, like providing those services for a year and reaching so many people. I do know that we have provided assistance in one form or another to more than 500 organizations over the last 3 years to get them the educational resources they need about becoming HUD-approved.

Mr. DENT. And does HUD intend to make any further regulatory changes to assist religious grassroots organizations involved in community development?

Mr. STREETER. At this point, we don't have any regulatory reform proposals on the docket. We have done the first wave of reform in 2003. We changed eight programs within the Office of Community Planning and Development that had explicit, we thought, outdated provisions on religious organizations in eight programs. We changed those. We created a general rule extending those basic provisions to all HUD programs in 2004, and then we also did a separate rule for HUD's Indian programs, since those required a separate rulemaking process. So to date we have made the regulatory changes that we have needed to make to ensure that all of HUD's programs are covered.

Mr. DENT. And again, Mr. Streeter, how does your office facilitate cooperation between faith-based organizations and State and local government offices? What type of cooperation has there been and have you helped facilitate that cooperation with these private groups and organizations?

Mr. STREETER. We do it through direct contact with organizations like Terri's on an as-needed basis when there is an organization in her jurisdiction that has HUD-related issues. We also have faith-based and community liaisons in all of HUD's 81 regional and field offices, which is just a tremendous asset for this initiative. I think that we have done a good thing by appointing those liaisons and creating this outreach structure. So our local liaisons play a major role in facilitation. They have been building solid relationships with a wide swath of faith-based and community groups in their communities, and they often take the lead on ensuring that those faith-based organizations are connected with the local unit of government that they need to be to get their needs addressed and their questions answered.

Mr. DENT. And again, Mr. Streeter, which State FBCI office would you grade the highest and why?

Mr. STREETER. State FBCI office?

Mr. DENT. Correct.

Mr. STREETER. We have several that are high performers. It would be difficult for me at this point to say which ones are performing better than others. One stated objective of the President's initiative over the next couple of years is to increase our cooperation and coordination with the State offices. So we are, internally, right now consulting with the White House Office of Faith-Based and Community Initiatives developing a basic State checklist that

we want States to take a look at, that they would be able to measure themselves against. And when that work is done, we will be more than happy to share it with you. Until we have that work done, I would be hesitant to say which offices I thought were performing better than others.

Mr. DENT. OK. And before I turn the gavel back to the chairman, I would just like to ask Ms. Hasdorff does Alabama give out State grants to faith-based groups that are involved in community development?

Ms. HASDORFF. We do. They are given out through the local governments and the HUD funds that come to the faith-based groups. We are not presently tracking, but we are working with the State agencies within Alabama to put in measures in place so that we can begin to track that. And as soon as that data is available, I would be happy to share that with the committee.

Mr. DENT. Thank you. We would appreciate that.

With that, I will return the gavel to the chairman.

Mr. TURNER [presiding]. Pardon me for not only exiting, but also not having been present for your answers to the previous questions. I am certain there is going to be some redundancy here. But I want to go to the issue with faith-based groups, as they start to get capacity and expertise in working in areas where either before they had been prohibited or before had not targeted for receiving funding for social service efforts, I wonder to what extent if people raised the issue of measures of success, that they are either going to be impacted because they are startups or if we already are hearing some anecdotal information about their level of success compared to other programs. Could you talk a moment, both of you, about what you are seeing either in discussions of measurements of success that might be applied; the impact of the fact that these organizations are going to, in part, be startups and how it might impact, they might need some lead-time to be able to show significant success; or, three, if you already have some evidence or anecdotal data that shows the success of these organizations? Mr. Streeter.

Mr. STREETER. Thank you, Mr. Chairman. I am happy to respond to that. We have been noticing a level of growth in both interest and ability among smaller organizations, grassroots groups, faith-based and otherwise, that haven't been involved in our programs until now. We will be, in conjunction with the White House Office of Faith-Based and Community Initiatives, over the next year, collecting even more of these anecdotal pictures of that success, because we are starting to see some penetration by groups that were not formally involved in Federal programs.

What I would like to point to is that in the grant writing training that we conducted through HUD around the Nation, 180 2-day sessions which were free to the public last year—and we are doing more of those this year—we did a participant survey and we looked at what that survey showed us, and we saw that we were definitely reaching a small organization with not a lot of experience. I think one in four of the faith-based organizations in that training had not ever applied for a Federal grant before, and one-third of those organizations were smaller than $100,000 a year in terms of their overall budget. So we had a large representation from smaller organiza-

tions. We also had larger, very experienced organizations there as well.

After that was completed last year, we did a rough survey of participants that had been involved, and there were thousands of organizations involved around the country. But we were able to track down nearly 100 organizations last year that had received funding that they attributed to something that they had taken away from the training, that built a capacity within them to successfully complete. Together, that total of funding was nearly $45 million; not just HUD funding, but a variety of sources of funding, other Federal agencies, some private sector funding, as well as State agencies. That, to us, was a signifier that we are headed in the right direction.

I think we are seeing organizations that did not have the knowledge and, in some cases, the confidence to partner with other organizations in their community to approach either the Federal Government or a State or local office that managed Federal funding to get in the game, so to speak. We think those are initial signifiers of success, and we look forward to producing similar results as we move forward.

Ms. HASDORFF. Mr. Chairman, one of the things that we have been working on in Alabama is looking at a performance outcome driven aspect to our office and to working with faith-based organizations. We are very fortunate in Alabama that we have a team of internationally known experts on return on investment [ROI]. They work in the corporate world but also have been applying what they do to the public sector as well. We have contacted them and they have committed to work with our office on implementing outcome measures for all of our programs. We are also developing outcome measures that can be used for faith-based organizations.

And as I go out and speak across the State to faith-based organizations that are training for capacity-building resources, one of the first things that I always encourage them to do is implement outcome measures from the ground up as they are starting these programs, to start them with that in place so that they have some system in place to measure what their successes are. We have found that is very important and critical to the work that we are doing, and we are also putting surveys and data collection in place so that can be measured more effectively in Alabama.

Mr. TURNER. Well, it would seem, certainly as many of the faith-based organizations have a theological basis for wanting to engage in the very types of outreach and social services that many of the grant programs are trying to direct, you are harnessing a level of energy and commitment that would certainly seem to add to the likelihood of success, or at least certainly the energy and enthusiasm.

Let us say there is a faith-based organization out there who has not yet participated in the programs that HUD has had on grant writing sessions, who sees a need in their community and wants to begin the process of looking at how their organization can participate in receiving funding to assist in social services outreach. What advice would you have for them today as they begin to look out in their community and then look to both the Federal Govern-

ment and the State and local governments for assistance? Mr. Streeter.

Mr. STREETER. That is a good question, Mr. Chairman. I would begin by first of all saying that you want to make sure your mission is clearly defined and you are true to that mission. The most successful organizations all say the same thing: "we never change our mission to pursue the dollars; we pursue dollars to the extent that it buttresses and supports our mission." That is the first thing. The second thing would be to make sure that your community partnerships are solid and strong, that you partner judiciously with other organizations that have certain contributions to make to your mission-critical aspects of your organization.

After you have done that, I think you are in a good position to start consulting around the community on what the best opportunities are for you in terms of funding.

As it relates to HUD, when an organization has an interest in HUD-related activities and HUD funding, the first thing that I would advise them to do is to be in touch with one of our local liaisons. As I mentioned earlier, we have liaisons for the Faith-Based and Community Initiative in each of HUD's 81 regional and field offices. We think that is a great asset to our organization. It certainly gives people a point of contact very close to home. And our HUD offices are also very well connected and known by the local agencies, either the city or State agencies that manage HUD funding. They are the first point of contact and will always be able to meet with an organization to help them identify where they have particular needs and what types of HUD opportunities might support those needs. That is the best place to start.

When an organization runs into some particular problem and they need some headquarters mediation, then they always call us. But our liaisons have been a great front line of activity for us. They achieve a lot. They meet with organizations, and the portfolio of organizations they are working with really grows every day.

Ms. HASDORFF. I would echo that. Basically what we have is quite a few of those types of groups that come to our office on a regular basis, and one of the first things that I say to them is to not be the Wal-Mart of social services, to isolate one or two areas of focus, make those an area that you have a passion for, that you would do whether or not you had any kind of government assistance in doing them or not. And then we have three Cs that we encourage them to keep in mind: capacity building, which is obviously one of the most important, making sure that they have the right board structure, the right 501(c)(3) setup, all of that; making sure that they have collaboration, partners that they can work with who can help them not reinvent the wheel, that they can work with to build those types of programs they are looking to develop without duplicating services. Then the third thing that we try and make them understand is that the government can fund compassion, but not conversion, and to keep that aspect structured properly from the beginning in how they are building their programs so that you can isolate out certain portions for Federal fundings if that is what you are looking to do.

Mr. TURNER. As you are looking to assist faith-based organizations, are you finding that there are still impediments either within

HUD or within other organizations or agencies in rules and regulations that HUD must deal with that are outside of your control that provide an impediment for faith-based organizations to access funding and partner?

Mr. STREETER. One thing, Mr. Chairman, that comes to mind is that an organization will sometimes find that its local unit of government has particular procedures and practices which are at odds with what we are doing, our particular local ordinances or other rules that are in conflict with the principles that we have articulated in our regulations. And when we come across a situation like that, we deal with that on a case-by-case basis. We try to be as responsive as we can. We involve our counsel's office and build a relationship with the local unit of government, if we need to, to intervene in that way. So that is one thing that organizations may run into.

I think that increasingly the impediments are less having to do with our regulations, since we have changed those. I think they are finding a greater receptivity in HUD-funded programs because of what we have done with the regulations, and more simply the need to build their knowledge base of how to access those funds. So I think ongoing education, a stronger relationship with Governors' offices like the one that Terri runs, and a continuing role for our liaisons in the field is the best way to overcome that knowledge gap.

Ms. HASDORFF. And I would agree with that and basically just add that I think a lot of times in local governments, especially, there is a fear of partnering with faith-based because they don't understand how the initiative is structured, and sort of the separation of church and State concern. Once we sit down with them and explain a lot of times how the initiative actually works, that alleviates a lot of that concern. But it is something that there is a real need. That, I guess, is probably one of the largest impediments. And what we have said earlier about the capacity-building side of things. The organizations a lot of times have a passion for what they want to do, but they have not been working in this long enough to have the proper structure in place. So making sure that they are a little bit more sophisticated and able to compete before they approach a funder like that for a grant is typically the two largest impediments that we have found.

Mr. TURNER. In my next question I want to acknowledge my predecessor, Tony Hall, who was the Congressman from the Third District of Ohio, who now is the U.S. Ambassador to the U.N. Food Program, who in 2001 was the co-author and co-sponsor of H.R. 7, that was an attempt to legislatively expand the opportunities in this area for faith-based groups and organizations. And recognizing that we are currently operating under Executive order, I wanted your thoughts, Mr. Streeter and Ms. Hasdorff, as to our needs to make certain that, as we begin this process, that we have one that can have longevity. As we look to the investment that we are making in capacity building for faith-based organizations, I know many are concerned that if there is a change of administrations that does not have the same view on this issue, that faith-based organizations might have the rug pulled out from them. I would like your

thoughts as to how we might proceed and what needs there might be in that area.

Mr. STREETER. Thank you for the question, Mr. Chairman. I think that, for starters, making sure that charitable choice provisions and equal treatment language, statutorily speaking, are adopted in as many programs as possible. The President has made a commitment to making sure we have charitable choice legislation that guarantees the equal treatment of faith-based organizations, and I think that is a top priority of this administration. I think, as well, the continuing capacity-building. Resources is a real need in the Compassion Capitol Fund. It would be better if it were fully funded, and the work that it is doing is great and provides resources to grassroots organizations all around the country to help them get their organizations up to speed, and a continuing commitment there I think is also essential.

I also would say that the goal of our center is to make sure that as many of HUD's program offices as possible are operating with proper guidance on how to implement our regulations, and we have produced guidance to that effect. I am confident that, with the ongoing adoption of the guidance that we have provided throughout our offices, that our program offices themselves will operate in a way that is truly fair and equitable to faith-based groups and other inexperienced grassroots organizations.

Ms. HASDORFF. And I know that for myself personally—and I would say that this would probably be true of many of my colleagues in other States that have Offices of Faith-Based and Community Initiatives—if there weren't these types of offices on the Federal level or in the White House, I think that there would be a real deficit, because you have so many groups that come to you and many times have questions that they need clarification on or that you are looking for assistance in locating specific grants that they want information on. Having someone who is a liaison within the agencies to be able to call is invaluable.

The other thing, if you weren't to have an Office of Faith-Based and Community Initiatives in the White House or in the agencies, you would still have the charitable choice laws in place, but you just wouldn't have quite as much of a mechanism for education and training for the faith-based organizations on how to properly implement that. So I would strongly urge legislation to try and move that forward.

And I have to echo what Ryan said about the CCF, the Compassion Capitol Fund. I think that is so critical to this initiative, because there really is a need for that to be fully funded. That is one of the largest needs that our office has as a State faith-based office.

Mr. TURNER. I have one more question before we turn to my colleague, Mr. Clay, for his questions. In all of the presentations that we have today, even the testimony that is coming in the second panel, there is a great deal of effort and focus on the issue of funding faith-based organizations, social service activities is not funding religious activities. And I think, Ms. Hasdorff, you made the issue of we are not funding activities of conversion. And I applaud the White House's efforts and HUD's efforts and the faith-based groups and organizations that have tried to make certain that the sensitiv-

ity of providing social services to individuals, versus providing religious instruction or other activities not be funded.

But there is the reverse of this also, which I would like for you to talk about for a moment, and that is the issue that was somewhat prevalent in the situation we were in before the efforts to include faith-based organizations, and that is the conversion of religious organizations to non-religious organizations, the actual constraining or restricting religious organizations in, for example, the presentation of religious symbols, limiting the types of activities that can occur in various spaces and places. That balance is, of course, obviously very important, because as we try to harness that love for trying to provide social services to others through a religious or a theological view, you don't want to suppress that ability for a religious organization to identify itself as a religious organization.

Could you speak to that for a moment and your efforts to ensure that this is not a burdensome restriction on religious organizations as we encourage them to undertake this process?

Mr. STREETER. Yes. We have made it very clear in our regulatory language that faith-based organizations retain their independence as faith-based organizations. If you take the faith out, they are no longer faith-based and they lose a critical part of who they are. There are certain things that are important to maintaining their level of commitment to their faith and being able to operate with government funds: one, they want to make sure that they are able to look and feel like the faith-based organization that they are. Many of them want to be able to hire people who share their fundamental religious views. Many of them want to make sure that the motivation that is provided, that it gives the impetus to their staff is something that is able to be maintained. We have made it very clear that independence is protected. And the view of this administration is that the religious nature of an organization ought not be compromised.

At the same time, we have made it very clear that they need to be able to conduct their religious activities in a way that is separate from the government-funded activities; needs to be separate in time or location, those activities need to be voluntary for anyone assisted with the Federal funds. And I think we have been clearer than previous rules and regulations have been. There is a myth out there that we are blurring the line between church and State. In fact, I think we have made the line much clearer. I think that in our regulatory language we have spoken very clearly about what constitutes inherently religious activities.

And I would also like to say that the many hundreds and thousands of faith-based organizations that we have dealt with in conferences and in workshops, that have dealt with our liaisons or visited us in our office, are very comfortable with those changes. Many of them are very well educated about what they can and cannot do, and none of them have the intent of using government funds to promote their religious mission. It is ultimately up to them. They need to be able to decide whether or not it is worth it to take the strings that are attached to Federal funds to be able to carry out their mission. We just think there should be a level playing field. And we found a great receptivity to the nature of the

changes that we have made and a great appreciation for the degree we have gone to protect the religious identity of the organizations involved.

Mr. TURNER. Ms. Hasdorff.

Ms. HASDORFF. This has been an issue that has come up a lot on the State level as well, and I think that one of the things that I have encouraged the different State agency folks that have talked to me about this is to understand that we are looking for the best providers of social services across the board. If faith-based organizations can compete for that and are given a seat at the table, and they come in as the top provider for that social service under the grant guidelines, then they need to be the one who is considered being awarded that. But, on the same token, we try and structure things in such a way so that they are not being unfairly burdened to try and change their program so much that it is not going to be the same program once you get through with the funding being given to them.

I think one area to really consider looking at, though, more in depth on this is the voucher issue. I know the President's Access to Recovery Grant has been something that our State has applied for and did not receive this last go-round, but we hope that there will be additional opportunities to apply for grants like that, because I see that as a real way to effectively address this issue and protect both interests.

Mr. CLAY. Thank you, Mr. Chairman. Let me also thank you for conducting this hearing on such an important subject.

I will be brief, since we are in the middle of votes on the floor.

For Mr. Streeter, since the implementation of the Executive order in 2002, has HUD been forced to address cases of employment discrimination or instances where beneficiaries felt they were forced to play a role in religious activities from faith-based organizations?

Mr. STREETER. It is a great question, Congressman Clay. Thank you for the question. I am happy to respond. We have had surprisingly little activity in this area. We have, in a case-by-case basis, addressed certain complaints that might arise, either through a grantee or through a local State office where they feel as though there is a problem in one of those areas. To date, we have not had any particular situations where the employment discrimination issue has involved our involvement. There have been a couple of instances where we have received calls from a local grantee that believes that some faith-based organization is upholding some type of religious foil in terms of how it serves its beneficiaries, and we have intervened and usually made sure there is clarity on that. And in each case it has been resolved to the satisfaction of all involved, including our general counsel's office.

Mr. CLAY. So you address the issue as it comes up.

Mr. STREETER. Right. We address this on a case-by-case basis as these complaints and questions come to us about issues related to either the nature and condition of employment of a faith-based organization or the requirements placed upon the people being served.

I should say we have found really virtually no problems, though, with respect to faith-based organizations placing religious condi-

tions on the people that they serve. They are there to serve their communities, and it doesn't matter to them. And those who receive HUD funds especially it does not matter to them what the religious persuasion, or lack thereof, is on the people that they are serving.

Mr. CLAY. Would it be possible for you to provide this committee with some kind of data on how many complaints and what types?

Mr. STREETER. I would be happy to do that.

Mr. CLAY. Thank you very much.

And my last question, Mr. Chairman, to Ms. Hasdorff, is since the Executive order was issued, can you indicate whether there has been an increase or decrease in the number of faith-based providers in your State, and if there has been an increase, has the sharp increase in Federal funds under this administration allowed for more participation by faith-based groups in your State?

Ms. HASDORFF. Yes, sir, I would say that there has been an increase, and I believe that the President's emphasis on this initiative and the charitable choice legislation has paved the way for that to be something that is infiltrating into the faith-based community. I think that more and more are becoming aware of the opportunities that are now available to them. It is amazing how every time this is mentioned in a speech or something like that, our office is continuously contacted after that. So, yes, I would say there is a definite increase in faith-based organizations.

Mr. CLAY. Do you see the government depending more on faith-based organizations to do the work that was traditionally done by the government?

Ms. HASDORFF. I see the government picking partners who can most effectively deliver those social services in the best way possible. And I think that there is an increase in partnerships. In some ways that may shift to more work being spread around, but I think that what it is is looking for the most tailored solutions to communities. And this seems to be an initiative that is a catalyst for building a lot of energy into communities that may not have looked to those resources in the past.

Mr. CLAY. Well, thank you for your response.

Mr. TURNER. Thank you. They have called a vote, so that is why you see the Members leaving. So we are going to recess for the Members to vote. We are finished with panel one. I want to thank you for your time here. And if there is anything else that you would like to add in your testimony as a result of what you have heard today, feel free to present that to the committee and we will add it and supplement the record with your additional comments.

So we will recess this portion. When we come back, we will convene the business meeting to handle legislation, and then we will reconvene for panel two.

Thank you all for being here today.

Mr. STREETER. Thank you, Mr. Chairman.

Ms. HASDORFF. Thank you.

[Recess.]

Mr. TURNER. I would like to bring to order the Subcommittee on Federalism and the Census and reconvene our hearing on "Revitalizing Communities: Are Faith-Based Organizations Getting the Federal Assistance They Need?"

We are now going to introduce our second panel. But before we do so, I would like to ask you all to rise to be sworn in.

[Witnesses sworn.]

Mr. TURNER. Let the record show that all witnesses have responded in the affirmative. Our four panelists for this panel are Mr. Thomas Knox, chairman of the board of We Care America; Sister Rose Wilenhaus, St. Mary Development Corp.; Mr. Mark Howard, senior vice president for World Vision; and Reverend Michael Jones, Friendly Temple Missionary Baptist Church, in cooperation with Robert Fulton Development, Inc.

I would like to now turn to Mr. Clay for a statement.

Mr. CLAY. Thank you, Mr. Chairman.

I want to say I am proud to welcome a constituent, Pastor Michael Jones of Friendly Temple Missionary Baptist Church of St. Louis. I have had the pleasure of visiting Friendly Temple and am very impressed with the work that congregation does in St. Louis. Pastor Jones leads an organization that is based in the heart of the inner city of St. Louis, serving an area with the highest incidence of poverty throughout the region. Some of the major issues Pastor Jones and his members seek to remedy on a daily basis include high unemployment, reducing the number of children living in poverty, poor housing quality, and the extensive needs of the elderly and the infirm.

It gives me great pleasure to welcome him before our panel, and thank you for yielding.

[The prepared statement of Hon. Wm. Lacy Clay follows:]

STATEMENT OF WM. LACY CLAY, JR.
SUBCOMMITTEE ON FEDERALISM & CENSUS
JUNE 14, 2005

Thank you, Mr. Chairman, for holding today's hearing on faith-based organizations. I welcome our witnesses from both panels. In particular, I welcome my friend, Pastor Jones from the Friendly Temple Baptist Church in my hometown of St. Louis, and thank him for graciously accepting our invitation to testify.

For years, the social service community has been aided through the compassion and dedication of religious organizations that unfailingly serve our nation's poor, hungry and infirm. Their contributions are a pillar in the foundation of what constitutes a just and equitable society. Whenever I think of our national safety net, faith-based organizations such as Catholic Charities, the Salvation Army, and United Jewish Communities immediately come to mind.

The ability for faith-based organizations to expand their services increased during the past decade, beginning with the 1996 Welfare Reform Act, and through the establishment of the White House Office of Faith-Based and Community Initiatives. Since then, funding for faith-based government programs has risen dramatically, totaling approximately $2 billion throughout 151 federal programs in FY 2004. Within HUD alone, there are eight separate community

development programs for faith-based organizations to compete for resources.

Unlike some policymakers, I do not advocate a uniform ban on all faith-based activities within federally funded programs. I remain weary, however, of current rules that enable a faith-based group to discriminate in their employment practices on religious grounds, along with regulations allowing groups to indirectly bind their services with religious content against the wishes of beneficiaries. I believe past policies requiring faith-based organizations to establish a secular sister organization for the provision of these services was optimal for all parties. Such rules allow religious groups to provide social services without violating the individual beliefs of those in need.

It is my hope that today's hearing will allow us to further understand the legal and moral issues concerning the faith-based community, and provide greater understanding for those seeking new alternatives to strengthen our social safety net. I yield back, and ask that my written statement be included in the record.

Mr. TURNER. Thank you, Mr. Clay.

This committee looks forward to receiving your testimony.

We will begin with Mr. Knox.

STATEMENTS OF THOMAS KNOX, CHAIRMAN OF THE BOARD, WE CARE AMERICA; SISTER ROSE WILENHAUS, ST. MARY DEVELOPMENT CORP.; MARK HOWARD, SENIOR VICE PRESIDENT, WORLD VISION; AND REVEREND MICHAEL JONES, FRIENDLY TEMPLE MISSIONARY BAPTIST CHURCH, IN COOPERATION WITH THE ROBERT FULTON DEVELOPMENT, INC.

STATEMENT OF THOMAS KNOX

Mr. KNOX. Thank you very much, Mr. Chairman. And I thank you for the privilege of testifying today before the committee. My name is Tom Knox. I am chairman of the board of We Care America, a faith-based nonprofit, and I am bringing you greetings from the entire leadership team who is actually in California right now, all of them providing technical assistance to 115 different community and faith-based groups as part of the Compassion Capitol Fund Grant.

Dave Donaldson was the founder of this organization. He started it in 2001. And he started it because of a personal experience where his father was killed by a drunk driver and his mother was badly injured, and Dave and his family had to rely on the compassion of the government, local churches, community groups, and even corporations that provided everything from food, clothing, companionship, and even mentoring Dave and his family.

Dave's goal in starting We Care America was to provide guidance and expertise to similar organizations that helped him, who were small, didn't have the capacity and ability to do things on a large scale, but were extremely influential in his own life. And our continuing mission at We Care America is to unite the efforts of leaders, churches, organizations, government, and corporations to provide effective solutions and bring lasting change to spiritual and social crises that affect so many.

We Care America continues to be a strong supporter of the administration's Faith-Based and Community Initiative. We see this initiative as taking a step to the "Shining City on a Hill" so eloquently described by President Reagan. And it is a combination of public resources with the love and compassion of faith-based and community organizations, and it is powerful and transformative. And we have been able already, in just a short time, to help more than 140 non-profits garner first-time funding from the Federal Government and have disbursed more than $10 million to these groups. In southern California, our region for the Compassion Capitol Fund, we have more than 40 ministries we are helping and have trained more than 4,000 groups to date on capacity-building to drastically increase their reach and scope.

One transformative agency partnering with We Care America is Templo Calvario, the largest Hispanic church in America. It is located right next to an empowerment zone in Santa Ana, CA, an area which 80 percent of the residents are foreign-born and live in poverty. And when you go out there, you just see them as an oasis

in this chaotic area. To answer some of the needs of its neighbors, Reverend Dan DeLeon started Obras De Amor, Works of Love, a benevolence program which each week provides groceries, clothing, furniture, counseling, referrals, and emergency assistance to 250 families. In addition, Works of Love operates after-school centers for elementary school children, sponsors teenagers at summer camp, donates backpacks loaded with school supplies, and distributes Christmas toys to 4,000 children.

Works of Love, of course, cannot meet every need and, as a result, must leverage itself with other organizations. In addition to delivering its own services, it provides groceries, clothing, furniture, and occasional funding to a network of now 60 other churches and community-based organizations called the Kingdom Coalition. In turn, those members extend from Los Angeles to San Diego and are now providing food, counseling, after-school centers, and furniture to more than 80,000 people a month. And when you see their operation, extremely sophisticated in what it does.

Food and shelter, of course, are essential for sustaining life, but they are not the only essential elements. Shelter is necessary. And here is where the partnership of Templo Calvario, We Care America, and now the Federal Government is bearing much fruit. The Church, aided by Federal dollars through the Compassion Capitol Fund, in 2002 started Templo Calvario Community Development Corp. This community development corporation [CDC] focuses on six core things: affordable housing; business and job creation; education; youth programs; a Senior Service Enterprise that provides home care, transportation, and other services to seniors; and a community fair for more than 100 community organizations.

We Care America provides technical assistance to the CDC through a 3-year Compassion Capitol Fund grant, Templo has about 20 organizations that it, in turn, is helping to grow with We Care's help.

Although the administration has at least temporarily removed many barriers to public funding of faith-based and community organizations, some barriers still remain. Just this past week, Reverend DeLeon, when he was in town, recounted to one of our staffers that he faces barriers frequently at the State and local level. Reverend DeLeon said he needs to educate the State and local officials regularly that it is OK for them to partner with a 501(c)(3) and provide services to the most vulnerable in his community.

Even locally there is an organization called Beach Care within the last 2 years is providing soup kitchens, thrift shops, counseling centers, and after-school programs, and I watch with the $35,000 capacity building grant they have created a board and gotten their budgets in place and are now able to increase what they are doing, but spend their time on fundraising instead of having the funds allocated to do more good work.

At We Care, we are proud to partner with ministries and community organizations that do a lot to provide solutions in their neighborhood. Barriers, however, still remain. The simple fact that we can't rattle off at this point hundreds of examples is an example of detractors that have had a chilling effect on providing a level playing field for the faith-based organizations to provide social services.

Through the Compassion Capitol Fund, the capacity of many charities on the front lines has been raised, and the charities are delivering more aid, with more accountability, to our Nation's poor and needy. As their capacity increases, these neighborhood charities will increase the competition for public funds, which should help the taxpayer in the long run, in addition to the poor and needy.

However, whether it is in the housing market, providing substance abuse treatment, or even after-school programs, there must be a concerted effort to communicate the principles of the faith and community-based initiative down to the State and local level without the fear of litigation that stops providers from being successful. And that hiring rights are long-held historic traditions in all faith communities in this Nation and that voucherizing social services may be the most effective way to navigate the current landscape.

Thank you again for the opportunity to address the committee.

[The prepared statement of Mr. Knox follows:]

Testimony of Tom Knox
Chairman of the Board for We Care America
June 14, 2005

Good Morning Mr. Chairman. Thank you for the privilege of testifying today before your Committee. I'm Tom Knox, Chairman of the Board for We Care America, a faith-based nonprofit. I bring you greetings from the entire senior leadership team of We Care America, all of whom are in California, providing technical assistance to 115 community-and faith-based groups as part of our Compassion Capitol Fund Grant.

Dave Donaldson started We Care America in 2001. Dave started We Care America, as well as another nonprofit called Convoy of Hope, because he saw first hand the power of love provided by local people of faith. Dave's father was tragically killed by a drunk driver early in his life. His mother, though seriously injured, struggled mightily to sustain Dave and his siblings. Her heroic efforts were greatly aided by the safety net of government, local churches, community groups and even corporations that provided the food, clothing, companionship and mentoring Dave and his family so desperately needed. Dave's goal in starting We Care America was to provide guidance and expertise to similar organizations with the same capacity to love, but which lacked the resources and capacity of large non-profits. Our continuing mission at We Care America is to unite the efforts of leaders, churches, organizations, government and corporations to provide effective solutions and bring lasting change to spiritual and social crises that affect so many.

We Care America continues to be a strong supporter of the Administration's Faith-Based and Community Initiative. We see this Initiative as taking a step to the "Shining City on a Hill" so eloquently described by President Reagan. Its combination of public resources with the love and compassion of faith-based and community organizations is powerful, and transformative. We have helped more than 140 non profits garner first time funding from the federal government and disbursed more than 10 million dollars to these groups. In southern California – our region for the Compassion Capitol Fund, we help more than 40 ministries and have trained more than 4000 groups to date on capacity-building issues.

One transformative agency partnering with We Care America is Templo Calvario, the largest Hispanic church in America. Templo Calvario is located right next to an empowerment zone in Santa Ana, California, an area in which 80% of the residents are foreign-born and live in poverty. To answer some of the needs of his neighbors, Rev. Danny DeLeon started Obras De Amor – Works of Love – a benevolence program that provides groceries, clothing, furniture, counseling, referrals and emergency assistance to 250 families. In addition, Obras de Amor operates after-school centers for elementary school children, sponsors teenagers at summer camp, donates

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backpacks loaded with school supplies, and distributes Christmas toys to 4,000 children.

Obras de Amor, of course, cannot meet every need in southern California by itself. Cooperation with other groups is essential. Therefore, in addition to delivering its own services, Obras de Amor provides groceries, clothing, furniture and occasional funding to a network of 60 churches and community-based organizations called the Kingdom Coalition. In turn, members of the Kingdom Coalition – extending from Los Angeles to San Diego- provide food, counseling, after school centers and furniture to 80,000 people a month.

Food and shelter are, of course, essential for sustaining life, but they are not the only essential elements. Economic development is also necessary. The partnership between Templo Calvario, We Care America and the federal government bares much fruit. The Church, aided by federal dollars through the Compassion Capital Fund, in 2002 started Templo Calvario Community Development Corporation. This community development corporation ("CDC") focuses on:

- Affordable housing;
- Business and job creation;
- Education (a charter school in partnership with the Santa Ana Unified School District);
- Youth programs;
- A Senior Service Enterprise that provides home care, transportation and other services to seniors;
- A community fair for more than 100 community organizations

We Care America provides technical assistance to the Templo Calvario CDC. Through a three year Compassion Capitol Fund grant, Templo has about 20 organizations that it, in turn, is helping to grow with We Care's help.

Although the Administration has at least temporarily removed many barriers to public funding of faith-based and community organizations, some barriers still remain. Just this past week, Rev. DeLeon was in town and recounted to one of our staffers that he faces barriers frequently at the state and local level. Rev. DeLeon said that he needs to "educate" state and local officials regularly that it is okay for them to partner with a 501(c)(3) and provide services to the most vulnerable in his community.

At We Care we are proud to partner with ministries and community organizations that do a lot to provide solutions in their neighborhoods. Barriers, however, remain. The simple fact that we can't rattle off a hundred examples is evidence

that the Initiative's detractors have had a chilling effect on providing a level playing field for faith-based organizations to provide social services.

Through the Compassion Capitol Fund, the capacity of many charities on the front lines has been raised, and the charities are delivering more aid, with more accountability, to our nation's poor and needy. As their capacity increases, these neighborhood charities will increase the competition for public funds, which should help the taxpayer in addition to the poor and needy.

However, whether it's in the housing market, providing substance abuse treatment or even after-school programs; there must be a concerted effort to communicate the principles of the faith and community-based initiative down to the state and local level that the Sword of Damocles should not be fear of litigation that stops providers from being successful. And that hiring rights are long held historic traditions in all faith communities in this nation and that voucherizing social services may be the most effective way to navigate the current landscape.

Thank you again for the opportunity to address the Committee.

WCA

Mr. TURNER. Thank you, Mr. Knox.
Sister Wilenhaus.

STATEMENT OF SISTER ROSE WILENHAUS

Sister WILENHAUS. Good morning. St. Mary Development Corp. was started in 1989 in Dayton, OH, in Montgomery County. Our mission is to provide community development and provide housing and holistic services to low-income residents.

We began our work when we were prompted by seeing the look of hopelessness in the eyes of the residents in a depressed neighborhood in East Dayton. We try to bring hope to the declining neighborhoods by empowering people to do all that they are capable of doing, and to create an environment where all things are possible.

We focus our efforts around these guiding principles: faith in God, firm commitment to the community, development and empowerment of the people, and persistence in purpose.

Throughout our 15 year history, we have expanded our programming to include Southeast Dayton Housing to serve as a general contractor to provide single-family homes and rehab homes, specifically, many times for senior citizens.

Another one of our primary goals is the creation of affordable housing as a catalyst for neighborhood development. We currently have five senior buildings that is home to over 600 independent living seniors of low to moderate-income. We provide a unique quality of life at an affordable price for low and moderate-income seniors.

St. Mary Development places a high priority on collaboration with other non-profits with the city, State, Federal Governments. We rely on partners for assistance with transportation, health care services, nutritional counseling, and senior fitness programs. One of our senior buildings even has an in-house grocery store for the convenience of in-bound residents.

We partner with colleges, the transportation agency, NeighborWorks of America, Ohio Capital Corp. for Housing, and we do all of this in complete partnership; otherwise, our organization would be able to do very little. The local churches provide residents with spiritual needs. We have neighborhood prayer breakfasts, gospel choirs, weekly visits from ministers, and residents' Bible study groups, that nourish not only the body, but the soul and keep hope and love alive in our residents.

St. Mary's has also created a Home Ownership Center of Greater Dayton. Its mission is to educate and empower residents of Greater Dayton area to achieve and sustain home ownership and financial success. We provide training in many areas, particularly right now we are focusing on assistance to victims of predatory lending.

St. Mary's has also been committed to the education not only of children, but adults. We began with the GED program with the Dayton public schools. We have Head Start programs with Miami Valley Child Development, and we are also partnering with Richard Allen Academy Charter School areas. Children in poor areas and parents need education in order to achieve what they always wanted.

In spite of these achievements, we know we have lots to do. Cities don't deteriorate over night, and rebuilding neighborhoods and

restoring hope to their people is a lengthy process. SMDC has barely scratched the surface, and the resources are not available to address all of the present needs. We continue to search for funding to help achieve our mission.

Federal grants to faith-based organizations like St. Mary are essential if we are to continue our work. Unfortunately, Federal grants are often intimidating and create impossible barriers for small organizations. We just finished a 202 project that took four people 5 weeks to do, and all of the other work that they would have done had to be put on hold. We would like to see that changed. We would like to have Federal agencies help with grants to underwrite performance-driven programs that deliver positive, measurable effects. Faith-based organizations are usually grassroots and are close to and trusted by the neighborhood organizations and residents. They have the advantage of knowing first-hand the needs and priorities of the communities they serve.

We really appreciate this opportunity to share our experience with you. We are fortunate to have developed into a vital, resourceful organization that is now large enough to deal with significant programs that will favorably impact the people we serve. We are looking forward to continuing to practice our mission and serving a diverse population in a caring and dignified manner.

We thank you.

[The prepared statement of Sister Wilenhaus follows:]

This testimony is given by
Sister Rose Wildenhaus, Vice President and co-founder of
St. Mary Development Corporation

"Building faith-based holistic communities"

St. Mary Development Corporation (SMDC) is an independent, faith-based 501 (c) (3) not-for-profit corporation with offices located at 713 W. Grand Avenue, Dayton, Ohio 45406 and 519 Xenia Avenue, Dayton, Ohio 45410. SMDC's annual report is available for viewing on its web site at www.stmarydevelopment.org or by request. SMDC publishes a quarterly newsletter that is also available upon request. SMDC may be reached by calling (937) 277-8149 or by fax (937) 277-8230.

For the past 15 years, Dick McBride and I have worked together to build a strong mission-driven community development organization. Our goal is to provide housing and holistic services to low-income residents in Dayton and the surrounding Montgomery County.

We began our work prompted by the look of hopelessness we saw in the eyes of residents of depressed neighborhoods in East Dayton. SMDC tries to bring hope to declining neighborhoods by empowering people to do all that they're capable of doing ...to create an environment where all things are possible.

We focus our efforts around these guiding principles: faith in God, firm commitment to the community, development and empowerment of the people, and persistence in purpose. If we feel we're called by the spirit of God to build a store or house, we believe God will give us what's necessary to do it, or we wouldn't be led in that direction.

Throughout its 15 year history, SMDC has extended its outreach and expanded its programming to meet growing needs among Dayton's poorest. We established Southeast Dayton Housing (SEDH) to serve as general contractor for SMDC construction and rehab projects. It has provided single-family homes, rehab and in-fill housing.

One of our primary goals is the creation of affordable senior housing as a catalyst for neighborhood development. We currently operate five independent-living residences that are home to nearly 600 seniors. Two of our residences are in predominately African-American neighborhoods, and two in largely Appalachian communities. Each building has a generous amount of common space and offers activities that enrich the body, mind and spirit. Our buildings are safe, attractive and homelike. We provide a unique quality of life at an affordable price for low- and middle-income seniors.

To date SMDC has provided more than 2,200 units of affordable housing through rehabilitation and construction of single-family homes and multi-family residences.

In addition to meeting the need for affordable housing, we also focus on providing human services. In 1998 we established East End Community Service Corporation. Its mission is to facilitate opportunities for individuals and families in East Dayton to become and remain educationally competent, physically and socially healthy, and economically stable. The Dayton Daily News, in a Feb. 24, 2002 editorial, stated, "The redevelopment that has gone on (in East Dayton) has been substantive, creative and empowering. The East End Services Corp. has been central to helping improve the neighborhood and the lives of the people who live there." Today EECSC is an independent nonprofit organization.

St. Mary Development places a high priority on collaboration with other nonprofit organizations and with city, state, county and federal agencies. We rely on these partners for assistance with transportation, health care services, nutritional counseling and senior fitness programs. One of the senior facilities even has an in-house grocery store for the convenience of homebound residents.

Partners include Regional Transportation Authority (RTA), Sinclair Community College, NeighborWorks® America, Ohio Capital Corporation for Housing, and several city government agencies. Local churches work with us to provide for residents' spiritual needs. Neighborhood prayer breakfasts, gospel choirs, weekly visits from ministers and residents' Bible study groups all nourish the soul and keep hope and love alive in our residents.

SMDC created the HomeOwnership Center of Greater Dayton. Its mission is to educate and empower residents of Greater Dayton to achieve and sustain homeownership and financial success. To accomplish this mission, the HomeOwnership Center provides a variety of services including:

- Homebuyer Training
- Credit/Budget Counseling
- Home Maintenance Classes
- Financial Fitness Training
- Links to Loans
- Down Payment Assistance
- Reverse Mortgage Counseling
- Assistance to Victims of Predatory Lending
- Referrals to local homeownership programs and resources.

SMDC has been committed to the education of children and adults. Beginning with GED classes and a Head Start program, we have provided facilities for elementary education, adult life skills, adult job training and are cooperating with trade training organizations.

In spite of these achievements, SMDC still has a lot of work to do. Cities don't deteriorate overnight and rebuilding neighborhoods and restoring hope to their people is a lengthy process. SMDC has barely scratched the surface and the resources are not available to address all the present needs. SMDC continues to search for funding to help

achieve its mission. Federal grants to faith-based organizations like SMDC are essential if they are to continue to carry on their work.

Unfortunately, federal grant programs are often intimidating and create impossible barriers for small organizations. Applicants for federal support encounter a dizzying array of statutory and regulatory requirements. Federal grant solicitations are repetitive and long. Immediate reform is required to make the federal grant process welcoming to faith-based organizations.

Federal agencies should use grants to underwrite performance-driven programs that deliver positive, measurable results. Faith-based organizations are usually grassroots and are close to and trusted by neighborhood organizations and neighborhood residents. They have the advantage of knowing firsthand the needs and priorities of the communities they serve.

We appreciate this opportunity to share our experience with you. We thank you for your interest and support. We are fortunate to have developed into a vital, resourceful organization that is large enough to deal with significant programs that favorably impact the people we serve. We look forward to continuing to practice our mission and serving a diverse population in a caring and dignified manner.

Mr. TURNER. Mr. Howard.

STATEMENT OF MARK HOWARD

Mr. HOWARD. Good morning. Thank you, Mr. Chairman. Thank you, Member Clay and other members of the committee, for inviting World Vision to testify before your committee today. My name is Mark Howard, and I serve as the general counsel for World Vision, and I have served in this role for the past 15 years.

World Vision is a Christian relief and development organization operating in nearly 100 countries, with an overall budget worldwide of about $1½ billion. In 2004, World Vision in the United States contributed $800 million to this total, of which $285 million came from the U.S. Government. World Vision has over 1 million private donors from every State and congressional district in the United States.

Motivated by our faith in Jesus, World Vision serves the poor, regardless of a person's religion, race, ethnicity, or gender, as a demonstration of God's unconditional love for all people. We understand and respect the cultures in which we work, and we do not proselytize.

Within the United States, World Vision works in collaboration with thousands of local faith and community-based organizations. In 2004, World Vision assisted more than 1½ million American children and adults. Here in Washington, DC, World Vision is working with at-risk youth on the streets and in the schools in Wards 7, 8, and in Prince George's County. World Vision is working on a cutting edge program in northern Virginia to break the vicious cycle of gang violence.

And World Vision is one of the largest non-commercial providers of school supplies both here in Washington, DC, and across the Nation through our gifts-in-kind program.

While the majority of World Vision's grants from the U.S. Government are for international programs, we have been growing our domestic programs with both private and public resources. The domestic portfolio currently includes funding from the Department of Health and Human Services, the Department of Justice, the D.C. Appropriations bill, and the Department of Housing and Urban Development. World Vision has applied for and won two HUD rural capacity building grants for a combined total of $600,000 to be disbursed over the next 5 years.

World Vision would like to thank President Bush and the U.S. Congress for its support of the many faith-based and community initiatives. These numerous efforts have begun to reduce the barriers for faith-based organizations, with the goal of bringing a level playing field for all organizations, both faith-based and secular. However, for World Vision and other faith-based organizations, the reforms have not gone far enough. While we are invited to participate and apply for all programs, in many cases the price of participation, especially on U.S. domestic programs, is too high. We are asked to forfeit our right to hire staff that share our faith, which we refuse to do.

Religious staffing is essential to the character of our organization, and is protected by the exemptions set out in Section 702 of the Civil Rights Act of 1964.

Some of the programs World Vision and other faith-based organizations are being invited to participate in do not recognize this key religious staffing freedom. The Youthbuild and Youth Offender Reentry opportunities are two such programs. Both of these programs carry Workforce Investment Act stipulations that roll in at the local level. These stipulations would require World Vision to forfeit our religious hiring requirement in order to participate. Each program is from an agency World Vision has accepted funds from in the past without any restrictions in religious hiring.

In particular, Section 188(a), subparagraph (2) of the Workforce Investment Act prohibits organizations from hiring employees based on religion. While the funding for Youthbuild programs comes directly from HUD, the fact that any Youthbuild grantee must be a mandatory partner in a One-Stop Center pulls over the Workforce Investment Act requirement and effectively prevents World Vision from accessing such funding, since World Vision will not forego our hiring based on religion.

In evaluating this grant opportunity, World Vision's ability to engage in a timely conversation with the faith-based office of HUD was essential. The faith-based office assisted in detailed fact-checking of our internal legal review. The knowledgeable input we received from the HUD faith-based office confirmed our own legal review and reinforced that the appropriate decision for World Vision was not to submit a proposal. The faith-based offices are aware of these issues and World Vision hopes Congress will change these statutory restrictions to conform to the exemption containing the Civil Rights Act of 1964.

World Vision strongly supports H.R. 1054. Not only should the Office of Faith-Based and Community Initiatives be codified, but also expanded so that organizations, particularly those without the resources and staff of World Vision, can get the guidance and assistance that they need.

World Vision believes that religious staffing is essential to the religious integrity and autonomy of faith-based organizations. The White House Faith-Based and Community Initiative Offices have played an integral role over the past few years in educating and advising grassroots faith-based and community organizations. Although the playing field is far from level, the ability to access these offices ensures that issues of concern to organizations like World Vision will receive the attention they deserve.

I would be glad to entertain any questions you have. Thank you for allowing us to testify.

[The prepared statement of Mr. Howard follows:]

Working with The Department of Housing and Urban Development and the White House Faith-based and Community Initiative Offices

Testimony from:
Mark Howard, General Counsel
World Vision
June 14, 2005

Testimony for:
Subcommittee on Federalism and the Census
Committee on Government Reform
U.S. House of Representatives

Introduction

Congressman Turner, thank you for inviting World Vision to testify before your committee today. My name is Mark Howard. I serve as the General Counsel for World Vision and have been in this role for the past 15 years.

World Vision is Christian relief and development organization operating in nearly 100 countries with an overall budget of about $1.5 billion. In 2004, World Vision US contributed $800 million to this total of which $285 million came from the U.S. Government and the rest through the private sector. World Vision has over 1 million private donors from every State and Congressional District in the United States

Motivated by our faith in Jesus, World Vision serves the poor -- regardless of a person's religion, race, ethnicity, or gender – as a demonstration of God's unconditional love for all people.

Within the United States, World Vision works in collaboration with thousands of local faith and community-based organizations. In 2004, World Vision assisted more then 1.5 million American children and adults. And here in Washington DC, World Vision is working with at risk youth on the streets and in the schools in Wards 7, 8 and Prince George's County. World Vision is working on a cutting edge program in Northern Virginia to break the vicious cycle of gang violence.

Finally, World Vision is the largest non-commercial provider of school supplies both here in Washington, DC and across the nation through our gifts-in-kind program.

Grant Portfolio

While the majority of World Vision's grants from the US Government are for international programs, we have been increasing our domestic programs with both private and public resources. For example, the domestic portfolio currently includes funding from the Department of Health and Human Services (HHS), the Department of Justice (DOJ), the DC Appropriations bill, and the Department of Housing Urban Development (HUD). As this hearing is specifically on the faith-based programs through HUD, World Vision has applied for and won two HUD Rural Capacity Building grants for a combined total of $600,000 to be dispersed over 5 years.[1]

[1] The first grant was a 2 year cycle and World Vision is currently finalizing the close out procedures, the second grant began this year and will be in effect for up to 36 months.

World Vision Domestic Programs

The Storehouse initiative maintains an expanding network of warehouses stocked by gifts-in-kind donations, which provide everything from school and building supplies to personal care items for communities and families in need. In FY 2004, corporate partners donated approximately $32 million in materials and supplies to support World Vision's 7,716 faith-based and community partners, who distributed them to families in need. [2]

The *Vision Youth* initiative is a community-based project designed to provide youth, ages 5 to 18, with the tools needed to make productive life choices and lead fulfilling lives. Currently, these mentors are impacting the lives of 4,274 young people in eight regions of the United States.[3]

Tools for Transformation is a comprehensive training and technical assistance program, which builds the capacity of local faith and community-based organizations. To date, more than 1,800 faith-based and community organizations have benefited from Tools for Transformation nationwide.[4]

The Faith-based Initiative

World Vision would like to thank President Bush and the U.S. Congress for its support of the many faith-based and community initiatives. These numerous efforts have begun to reduce the barriers with the goal of bringing a level playing field for all organizations – faith-based and secular. However, for World Vision, the reforms have not gone far enough. Although we are welcomed to participate and apply for all programs, in many cases the price of participation – especially on U.S. domestic programs -- is to high. We are asked to forfeit our religious hiring requirement, which we refuse to do. Therefore, we do not apply for the grant.

Religious staffing is essential to the character of our organization and is protected by the Title VII exemption of the 1964 Civil Rights Act. World Vision serves the worlds poor regardless of a person's religion, race, ethnicity, or gender. We understand and respect the cultures in which we work, and we do not proselytize.

Some of the programs World Vision and other faith-based organizations are being invited to participate in do not honor this precious religious staffing freedom. The Youthbuild and Youth Offender Re-entry opportunities are two such programs. Both of these programs carry Workforce Investment Act (WIA) stipulations that roll in at the localized level. In addition each program is from an agency World Vision has accepted funds from in the past. The language is so onerous World Vision is precluded from submitting a proposal.

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[2] Partially funded by HUD grants
[3] Partially funded by DOJ and DOED grants
[4] Partially funded by DOJ grants

The specific language which deterred World Vision from submitting a proposal is found in 70 Fed. Reg. 13980- (2005), III. Eligibility Information, C. Other, 3. Program Requirements, f. "Participation in Local Workforce Investment Act (WIA) One-Stop Center. Youthbuild grantees are mandatory partners in one-stop centers authorized by the Workforce Investment Act of 1998 (Public Law 105-220)."

Section 188 (a), (2) of the WIA prohibits organizations from hiring employees based on religion. While this funding comes directly from HUD, the fact that any Youthbuild grantee would be a mandatory partner in a One-Stop Center pulls over the requirement and prevents World Vision from accessing such funding. Since World Vision would need to be a "mandatory partner" as a grantee, and not just on the list as a resource to beneficiaries outside of the One-Stop system, World Vision would not be eligible under the program requirements, since World Vision would not forgo our ability to hire based on religion.[5]

World Vision's ability to engage in a timely conversation with the Faith-Based Offices was essential. The knowledgeable second opinion was necessary to make the appropriate decision for World Vision, which in these cases was not to submit a proposal. The Faith-Based offices assisted in detailed fact checking of our internal legal review. The Faith-Based Offices are aware of these issues and World Vision hopes Congress will change these statutory restrictions to conform to the Title VII exemption of the 1964 Civil Rights Act.

Recommendations

World Vision would request further reforms in particular; to eliminate the restriction on religious staffing in Workforce Investment Act. This would enable the welcome, which Congress and the Administration had hoped for, to in fact become more welcoming.

World Vision strongly supports H.R. 1054. Not only should the Office of Faith-Based and Community Initiatives be codified, but also expanded so that organizations, particularly those without the resources and staff of World Vision can get the guidance and assistance they need.

Conclusion

World Vision believes that religious staffing is essential to the religious integrity and autonomy of our organization. The White House Faith-Based and Community Initiative Offices' have played an integral role over the past few years in educating and advising grassroots, faith-based and community organizations. Although the playing field is far from level, the ability to access these Office's ensures issues of concern to organizations like World Vision receive the attention they deserve.

I would be glad to entertain any questions you have for World Vision. Thank you again for allowing me to testify.

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[5] It is important to note these same issues exist in other funding streams such as the Youth Offender Reentry out of the Department of Labor and AmeriCorps out of the Corporation for National and Community Service.

Mr. TURNER. Thank you.
Pastor Jones.

STATEMENT OF REVEREND MICHAEL JONES

Reverend JONES. Thank you, Chairman Turner, Ranking Member Clay, and other subcommittee members, for this opportunity to share with you Friendly Temple's accomplishment with community revitalization.

Friendly Temple Church, also known as FTMBC, is a faith-based organization committed to leveraging its resources and building relationships to revitalize its community surrounding. With the establishment of nonprofit corporations, development of several properties, coordination of congregational members, and the collaboration with various community partners, FTMBC has been able to make a significant impact on the community it serves.

Friendly, also known as FTMBC, is located in the heart of the inner city of St. Louis, MO. Our surrounding area is characterized as one of the areas in the city of St. Louis with the highest incident of poverty. We have, for example, one of the highest incidents of unemployment; census tracts with the highest proportion of persons living in poverty; highest percentage of children living in poverty; poor housing; many tracks of vacant, abandoned, and boarded up homes; also a high incident of crime.

We are located in an area that many of you are all too familiar with, that represents America's disinvested community.

Because of the needs, our congregation wanted to make a difference in the lives of people around FTMBC, so we created a nonprofit organization called Robert Fulton Development, Inc. Many of FTMBC's outreach efforts are managed through Robert Fulton, established in 1996, named in honor of our founding pastor, Robert Fulton Davis. The mission of Robert Fulton is to revitalize the community by maximizing the potential of all community members through a holistic approach, focusing on six areas: one is children and youth development; education; health services; counseling; food and clothing; and affordable housing. Through these six focus areas, with the dedication of a strong volunteer base, Robert Fulton has been able to serve the community with a number of initiatives from feeding the hungry to tutoring school-aged children. These services operate through and from FTMBC facilities and depend strongly on the dedication of its members. FTMBC invests in the world of Robert Fulton Inc.

The members of our church have contributed various skills and talents to serve the needs of the community. There are a number of individuals gifted with skills in areas like organizational development, management, food preparation, carpentry, general maintenance, and child care, key skills needed in the delivery of the many outreach services offered through the church. With just as much commitment there are also a number of professionals who donate so much of their time and efforts toward fulfilling the church's outreach mission. They represent professionals such as education, counseling, law, accounting, social work, computer science, engineering, and architecture.

In addition to utilizing the skills and talents available through the congregation, our church has also been successful at building

community partnerships with government entities, Federal and local, corporations, other churches, colleges, universities, and other community organizations. These partnerships have enabled Friendly Temple to increase the impact of its work by serving more people and developing projects at a larger scope. Through the leveraging of resources and building of relationships, we have been able to do much. For example, we serve at least 4,000 individuals annually through our various outreach programs; we have been able to also develop 10 housing units for low to moderate-income families through the renovation of decaying properties; develop our first senior housing project; we also renovated a 40,000 square foot building, now known as our Family Life Center; we have been given, granted, awarded, a 202 project and now the second one is in the works; we also operate a VITA project as well; and through the development of our corporation in the last 5 years, we have been able to produce projects totaling at least $15 million in gross abilities.

And because of the Executive Order 13279, many of our faith-based organizations were pleased to hear that this opportunity was made affordable unto us, and I will say that our opportunity to share and to serve with HUD has been a wonderful relationship with us, not only with our initial 202 program, but we have the second one coming, and they have provided wonderful resources in support of our 202 programs as well.

I think my time is up.

[The prepared statement of Reverend Jones follows:]

Testimony of Reverend Michael Jones
Senior Pastor
Friendly Temple M. B. Church
St. Louis, MO

On "Revitalizing Communities:
Are Faith-Based Organizations Getting the Federal Assistance They Need?"

For the Subcommittee on Federalism and the Census
Committee on Government Reform
House of Representatives
June 14, 2005

Introduction and Overview

Thank you, Chairman Turner, Ranking Member Clay, and Subcommittee members for this opportunity to share with you Friendly Temple's accomplishments with community revitalization.

Friendly Temple M. B. Church (FTMBC) is a faith-based organization committed to leveraging it resources and building relationships to revitalize its surrounding community. With the establishment of non-profit corporations, development of several properties, coordination of congregation members, and collaboration with various community partners, FTMBC has been able to make a significant impact on the community it serves.

FTMBC is located in the heart of the inner city of St. Louis, Missouri. Our surrounding area is characterized as one of the areas in the City of St. Louis with the highest incidence of poverty. We have:

- One of the highest incidence of unemployment
- Census tracts with the highest proportion of persons living in poverty
- Highest percentage of children living in poverty
- Poor housing quality
- Many tracts of vacant, abandoned and boarded up homes
- High incidence of crime

We are located in an area that many of you are all too familiar with, one that represents American's disinvested community.

Because of the needs, our congregation wanted to make a difference in the lives of the people around FTMBC, so we created a nonprofit organization, called the ***Robert Fulton Development, Inc.*** Many of FTMBC's outreach efforts are managed through Robert Fulton Development, Inc., established in 1996 and named in honor of the founding Pastor of FTMBC, Robert Fulton Davis. The mission of Robert Fulton is to revitalize the community by maximizing the potential of all community members through a holistic approach focusing on (1) Children and Youth Development, (2) Education, (3) Health Services, (4) Counseling, (5) Food and Clothing, and (6) Affordable Housing. Through these six focus areas and with the dedication of a strong volunteer base, Robert Fulton has been able to serve the community with a number of initiatives from feeding the hungry to tutoring school-aged children. These services operate from FTMBC facilities and depend strongly on the dedication of FTMBC members. FTMBC invests in the work of Robert Fulton Development, Inc.

The members of FTMBC have contributed various skills and talents to serve the needs of the community. There are a number of individuals gifted with skills in areas like organizational development, management, food preparation, carpentry, general maintenance, and child care—key skills needed in the delivery of the many outreach services offered through the church. With just as much commitment, there are also a number of professionals who have donated so much of their time and efforts toward fulfilling the church's outreach mission. They represent professions such as education, counseling, law, accounting, social work, computer science, engineering, and architecture.

In addition to utilizing the skills and talents available through the congregation, FTMBC has also been successful at building community partnerships with government entities (local and federal), corporations, other churches, colleges and universities, and community organizations. These partnerships have enabled FTMBC to increase the impact of its work by serving more people and developing projects larger in scope.

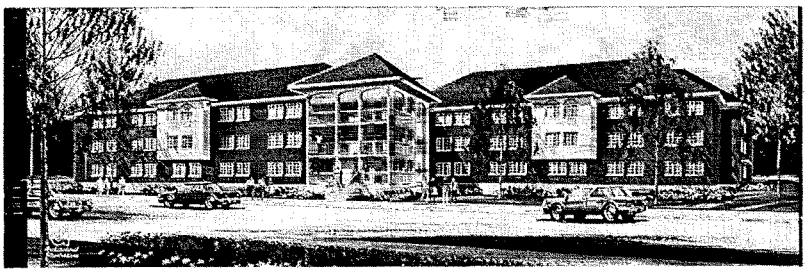
Through the leveraging of resources and building of relationships, FTMBC has been able to:

- Serve over 4,000 individuals annually through its various outreach programs
- Develop and manage 10 housing units for low- to moderate-income families through the renovation of decaying properties
- Develop its first senior housing project—a duplex built by members of the congregation offering rent-free housing to very low income seniors in the congregation
- Design and renovate a derelict 40,000 square-foot warehouse into what is now known as the Friendly Family Life and Worship Center which includes a full-size gymnasium, classrooms, community meeting space, office space, and more
- Partner with the U.S. Department of Housing and Urban Development (HUD) to develop two HUD 202: Supportive Housing for Seniors projects, providing nearly 100 apartment units to very low income seniors in the St. Louis community
- Operate the one of the largest Volunteer Income Tax Assistance (VITA) sites in the St. Louis area, preparing more than 1,500 tax returns in 2005 generating $900,000 in Earned Income and Child Tax Credits, and $350,000 in state property tax credits for seniors and people with disabilities
- The development projects represent new investments in a disinvested area valued at over $15 million in the past five years

Impact of Federal Assistance

When the Executive Order 13279 was issued in 2002 requiring federal departments to treat all organizations fairly and without regard to religion in federal programs, many in the faith community were excited by the prospect of this opportunity which would enable them to expand their work in the community. The idea that the contribution that faith-based organizations was valued was commendable. FTMBC's experience with federal programs has been with the U.S. Department of Housing and Urban Development (HUD). We have found this entity to be exemplary of the standards established by the Faith-Based Initiative.

In the Fall of 2000, FTMBC was awarded its first HUD 202 grant for $5.3 million to construct a three-story building to house 58 one-bedroom units for very low-income seniors, and 1 two-bedroom unit for a resident manager. The site for this project, located on the corner of Wells Avenue and Burd Avenue in North St. Louis City, is adjacent to the Youth Worship Center and near the Friendly Family Life and Worship Center which provides many supportive services that will be available to the residents. Although the residents have access to transportation services from FTMBC, major bus stops are within 200 yards of the project so the residents have easy access to shopping and medical facilities. This project was completed in the Summer of 2002 and named Friendly Village Apartments.



Rendering of Friendly Village Apartments—FTMBC's HUD 202 Project

FTMBC received its second award from the HUD 202 program in the Fall of 2004 to expand Friendly Village Apartments to house 42 one-bedroom units. Friendly Village Apartments—East is currently in the pre-development phase and is scheduled to be complete by the Summer of 2005.

The process for applying for funding from HUD was not as difficult as anticipated. As an organization that had no experience with writing government grants or working with Federal Government agencies, there was some apprehension. However, once FTMBC was connected with the local HUD office, we found the staff to be accommodating and very helpful. The Multifamily Division provided informative workshops regarding the application process, responded to questions in a prompt and concise manner, and encouraged participation. It was

apparent that the staff felt that faith-based organizations could be strong partners in revitalizing and serving communities.

This relationship with HUD continues to grow. FTMBC was presented with the HUD St. Louis Field Office Shining Star Award in 2003 for its uniquely-design senior housing development in north St. Louis. The local faith-based initiative director, Mr. James Hurd, has been instrumental in providing information about funding opportunities. Additionally, we are currently looking at partnerships with national organizations such as The Enterprise Foundation to provide necessary capacity building funds to help us to grow and evolve as a community development organization.

How the Faith-Based Initiative Could Strengthen the Relationship with the Federal Government and Faith-Based Organizations

While FTMBC has had a successful relationship with HUD over the past 5 years and has benefited from the principles set forth by the Faith-Based Initiative, there are some strategies worth considering for strengthening the relationship between Federal Government agencies and faith-based organizations.

1. Having an identified point of entry or contact into each government agency who is available to assist faith-based organizations with navigating through the application process and the system of operations would be extremely helpful—particularly for those who have a demonstrated commitment to community development but may not have the capacity needed to initiate these processes.

2. Providing technical assistance that is sensitive to the varying needs of faith-based organization; an understanding that there are different tiers of organizations would also be beneficial to those who need to build their capacity. This technical assistance may address strategic planning, infrastructure development, and the need for the diversification of resources.

These strategies would be beneficial to faith-based organizations regardless of whether government funds are needed to expand programs or create new initiatives.

In closing, let me just say that the collaboration of the work between faith-based groups, the federal government and other national nonprofits is what is needed to make a difference in the lives of low-income families. As faith-based groups continue to galvanize the expertise through its congregation, we need continued support from the government to actualize the vision. This initiative helps us to actualize the vision. We need your continued support.

Thank you.

Mr. TURNER. Well, first off, I want to thank each of you for participating today. I know it took a tremendous amount of time for your participation and for your attendance. But also I want to thank you for your dedication to your communities and to the people whose lives you are trying to impact, because as part of your ministry, this is certainly a giving effort, and it is one that makes a big difference to our country and to our neighborhoods. When we look at issues of community development and community capacity building, we always find people who are giving, taking time away from their professions or the lives of their families, and I know with each of you that this is a love that can be transforming for communities.

It is great to have a hearing where people talk, in terms of social services, in the context of love, because so many times the issues of outcomes can overshadow the most effective delivery system we have, which is, of course, through love.

As you heard from the beginning panel that we had, panel one, we focused on the changes that occurred that allowed greater entry and access for faith-based organizations. We also discussed a little bit the issue of the ease of access and what needs to happen in capacity-building, and then we also talked about whether there needs to be changes in the current structure or status with need for legislation either to lower additional impediments that may be present or to codify what currently is there so that groups and organizations like yours do not have your rug pulled out from underneath you. And then also we talked about the issue of the reverse conversion of the fear of government imposing upon you the conversion from religious organizations, religious-focused organizations to secular organizations.

I would like to start our discussion really focusing on those four things, but with the first question of looking at faith-based organizations and the access to Federal funds, both from your own perspective and what you see from assisting other faith-based organizations, what help do you or they need currently in facilitating the access to these Federal funds? Mr. Knox.

Mr. KNOX. Well, I appreciate the question. I think in We Care's case, the greatest impact it has made, even today training 115 organizations, is the technical training to understand how to access the funds. I think a couple years ago, when this all came about, there was a great groundswell in interest, and at the We Care offices the phone was ringing off the hook: how do I access it; what do I do? People thought the floodgates were going to open. They quickly realized two things: No. 1, there was a fear developed about taking the money, which is a good thing. People ought to know it is the right thing for their organization. But, second, like the distinguished lady next to me said, people spend months working on grants; they take existing staff, because they can't afford new staff, and pull them away from current projects to work on different grants.

And I think that making the funds available for training and also equipping organizations like We Care and other faith-based organizations who are helping educate the ability to have technical training on call to increase their Web tools, to increase allow the smaller organizations—a lot of them are budgets of $100,000,

$200,000 $300,000, maybe even less—to access technology to be able to increase their capabilities to access the funds. And I think the education, the technical assistance is extremely important in that regard. Otherwise, people get frustrated 3 or 4 months in and stop, and will never ever attempt to access it again.

Mr. TURNER. Sister Rose.

Sister WILENHAUS. He said it perfectly. It is the technical training and the ability to hire staff that can carry that out.

Mr. TURNER. Mr. Howard.

Mr. HOWARD. I think a common theme you have heard, both in the earlier testimony and in what you are hearing here, is capacity-building is a huge issue for smaller grassroots organizations, something World Vision has been working on as well. As Pastor DeLeon was referenced in the earlier testimony from Mr. Knox, the other issue is the education of State and local officials about the faith-based initiative and the impact of the imposition of local ordinances and regulations on faith-based organizations when it is tied to the use of Federal funds. I think that would be of huge assistance.

Mr. TURNER. Reverend Jones.

Reverend JONES. Thank you, Mr. Chairman. I also agree with capacity-building. Our organization has really been working for a number of years in this area and has also talented and gifted people who volunteer much of their time and services to our work. If we had the ability to bring those people on, it could really increase our opportunities of expansion, and growth as well. Second, I would also mention that I think it would be helpful, as we have had, an entry point of contact within the organization such as HUD. We have always had someone to facilitate us, to oversee us, and to really support our work as well, and I think that point of contact is critical as well.

Mr. TURNER. Very good.

At this point I am going to defer to Mr. Clay.

Mr. CLAY. Thank you very much, Mr. Chairman.

Let me start with Sister Wilenhaus.

Sister WILENHAUS. Yes.

Mr. CLAY. Welcome.

Sister WILENHAUS. Thank you.

Mr. CLAY. Let me say, as a faith-based nonprofit organization, how have the recent charitable choice rules improved the climate for St. Mary's to provide social services? Specifically, Catholic Charities has been utilizing government funds for years, so how have these changes improved your ability to provide services?

Sister WILENHAUS. Thank you. We probably would have never thought to apply for a Federal grant if this change had not come about. So that was a big start for our organization. We have also been able to think about partnering with other agencies that we didn't believe we would be able to do. So that is extremely important to a small nonprofit, to be able to hold hands with a bigger organization.

Mr. CLAY. Thank you for that response.

Mr. Howard, in your experience, has the self-imposed restriction on religious hiring requirements limited the number of persons qualified to work for World Vision? Do you find a shortage of qualified workers with restrictions such as this? And wouldn't religious

restrictions hinder the quality of work, since you don't always have the best people to provide services?

Mr. HOWARD. Thank you, Mr. Clay. We haven't had that experience to be true in the United States. We have always been able to find highly qualified people who are willing to make a change in their lifestyle to come to work for a nonprofit organization, even one that imposes the kind of faith restrictions that we have. We have not found that to be difficult.

Mr. CLAY. OK. You mentioned Youthbuild, which I am very high on; I think it is a great program that helps young people transition to world of work.

Mr. HOWARD. Absolutely.

Mr. CLAY. What is the difference in having someone with a religious affiliation or with a nonsectarian affiliation teach those kids?

Mr. HOWARD. For us it goes to the fundamental issue of people who share our concerns and our mission. It is not so much the technical capabilities that drives the issue around religious hiring restrictions, it is those who share our passion, who share our faith, who shares what drives us. We do what we do because of who we are. We don't do what we do because we can do it, we do it because of who we are as Christians.

Mr. CLAY. OK. Well, thank you for that response.

Pastor Jones, welcome. Generally speaking, Pastor, what are the areas of greatest need in the St. Louis community, are they housing related or are there other pressing needs, such as social services, emergency shelter, day care programs, that need to be addressed? What do you see as the greatest need?

Reverend JONES. Congressman, I see probably all of the above. We try and reach out in many areas of the mentioned areas that you have listed there, and housing is critical, especially in our area. Outreach services, once a person lives and moves within a community, they then will need additional resources to work and additional resources for their children, additional resources for other capacities as well. So I see a combination of all the above as we try and reach the entire individual as well.

Mr. CLAY. Having visited your offices in November of last year, I saw first-hand that you are a well deserved recipient of the 2003 HUD St. Louis Field Office Shining Star Award. You obviously know how to design and implement a program from its creation to completion. As you work with other faith-based and nonprofit social service groups, what practices can you share to help them become more effective and efficient in their operations, and are there universal managerial practices that you consider key to fulfilling a project's goal?

Reverend JONES. Yes. Thank you, Congressman. We have, in our area, established a coalition of churches, religious leaders who are working together to try and achieve similar goals, and in and with this organization we think that there are skills and talents within the framework of the organization where we can share with each other strengths and weaknesses, and try and improve upon the weaknesses and share the strengths within, which creates an opportunity for effective service to the community and effective application of resources, a disbursement of resources efficiently within the community as well.

Our experience within this organization, there are some smaller churches who have not the experience that maybe we have, and we have an opportunity to share with them, to help educate them, to train them within and enable them to put them in position to do work as we do it as well.

Mr. CLAY. Someone like mentoring.

And my final question, Mr. Chairman, as a faith-based community development organization, have you encountered resistance from other foundations or private funding sources to partner with because of your religious affiliation?

Reverend JONES. I can't say directly that we have. We have been blessed with many opportunities, but I will tell you that primarily our organization and our church has really funded itself through its own resources. We have been assisted greatly by the resources that the Federal Government has given us, but we always would like to be partners, bringing our portion to the table and working with individuals. So since we have something to bring to the table, we typically are not rejected, often, when we are applying.

Mr. CLAY. Thank you. Thank you for your responses.

I thank the entire table for their responses. I appreciate it, Mr. Chairman. Thank you.

Mr. TURNER. Pastor Jones, I would love to hear your thoughts on the issue of being a faith-based organization, being required to hire those individuals who have no faith, or even individuals who might be antagonistic to faith, what impact, if any, that might have on your faith-based organization.

Reverend JONES. Well, interesting for us, we are in a unique position. Our membership totals over 4,000, and we have a great wealth of talented pool of people who are qualified and would love to share in our work and in our ministry as well. But even when we have had the opportunity to hire from without, we typically don't see any problems, if you will, with hiring individuals such as those who may not share the same faith or the same religious commitment that we have. We have done it. We have partnerships, we have relationships with them and it has worked well.

Mr. TURNER. I want to congratulate you on your success. Mr. Clay was commenting on the size of your organization and your effective outreach program. So that is certainly a sign of excellent success, and the numbers of people that you are reaching.

I want to turn back to the topics that we had in the first panel, and if you could talk about current restrictions that still might be an impediment. We have talked about local ordinances. If there are others that you know of that we need to take into consideration, it would be great to hear those from you.

Mr. KNOX. Well, I think one of the things I notice from a little bit more of a global board perspective of working with We Care America is the perception and the fear of organizations who could leverage faith-based organizations to a new level, a fear of getting involved. For instance, I feel like the corporate sector, which traditionally gives a larger amount of money, only maybe 2 to 3 percent of that money goes to faith-based organizations because there is a perception of what that may entail. And I think the education of the corporate community, understanding what the Federal Govern-

ment is doing to bring down those walls, can leverage, maybe even double some of the funds that are coming into these organizations.

The second thing that I think is more of a knowledge basis across the country of best practices, and I think that one of the things that needs to be done, if possible, is to track the performance of organizations that have received funds, how they have done it professionally, how the accountability brought on by receiving Federal funds has helped in their growth, and allow other organizations to grow in that.

So they can probably answer a little more directly on some of the restrictions. Again, we train people on what those restrictions are, but I think that a lot of it also is in the perception and allowing others to get involved.

Mr. TURNER. Sister Rose.

Sister WILENHAUS. I also agree that it is the perception of what a not-for-profit faith-based organization is doing that sometimes causes other groups not to want to fund or to give you the assistance that you might need. Maybe some of that is our own fault, as faith-based organizations, that we don't speak to what we really do strong enough and loud enough in the community.

Mr. TURNER. Mr. Howard.

Mr. HOWARD. We have already spoken to the regulations. I think to go through and look at all the various programs that faith-based organizations could quality for domestically and just ensure the charitable choice and all the provisions of the faith-based initiatives are instituted in all those programs across, the stipulations are removed from the restrictions. As I stated earlier, I think the next big issue that we are going to be facing is the implementation at the State and local level of Federal block grant funds, and working with local and State officials like the lady from Alabama who shared this morning, a great example of a State that is taking a proactive stance, trying to facilitate that. Not all States are doing that, and certainly very few municipalities and localities.

Mr. TURNER. Pastor Jones.

Reverend JONES. Thank you, Chairman. As we stated earlier, I think the restrictions or the limitations are with the capacity-building and some of the other supportive areas that we could benefit from. I also think that communication within not only our circle, but from the government's point of view. Often, I think that when people hear faith-based initiative or faith-based, they think immediately money, they think that there are dollars that are going to just be freely given. And I think that in the training and in the dialog, it is critical to communicate clearly the qualifications and what is expected of each organization as we apply and pursue these kinds of deals or opportunities.

Mr. TURNER. I have a couple more questions that are not necessarily for the whole panel, so I am just going to break for a moment and call this the commercial section of the testimony. You all have had the opportunity to talk about what you have done in the past, and I would like for you for a moment, if you will, to just tell me for the record some of the things that you have on the board, some of the things that you foresee that you want to accomplish, your dream and vision of where you are going as we partner together in the faith-based initiative.

Pastor Jones, you are smiling the biggest, so I will let you start.

Reverend JONES. Well, I smiled first, chairman, because I am a preacher and we have limited time. But we are encouraged by our community work and our partnerships within our community. We mentioned earlier our second 202 project which has been funded will have over 100 units within this community; and we are looking to build market rate homes. We are acquiring apartments to provide housing for individuals in our community; youth worship center, youth recreational centers; strip mall, which would also demand commercial development as well within our organization, we are looking to do that; an additional school that we are hoping to do as well.

So we have a variety, a myriad of things that we are looking forward to doing. And the support that we receive, we must admit and I must admit, enables us to really pool our resources in a different way in order that we can maximize our resources. So we have a lot we are doing, and this has just provided those kind of opportunities for us.

Mr. HOWARD. World Vision is working presently in about eight metropolitan areas in the inner city. Our focus is mostly on at-risk youth and on substandard housing. We would like to expand that to more cities. We would like to be able to expand our ability to help develop capacity for other organizations. When you say what would you like to do in the future, what we really need is have one of our program folks here who can talk to when you see a kid who has been in and out of the juvenile justice system, and you see the change that you can make by getting them out of that system and giving them positive role models, and putting them together with people in his community or her community that make a difference, and you have the opportunity to expand that across a broader area, you would grab every chance you could.

So those are the three principal areas we work in, is trying to build capacity, working with at-risk youth, and then making contributions of both gifts-in-kind from the corporations, but also from the U.S. Government, available on as broad a basis as possible.

Sister WILENHAUS. St. Mary Development is, of course, working hard on that 202 project that we want to do. Specifically, we would like to do the housing on the Veterans Administration grounds, and we would hope that many of our future residents would be veterans ourselves. We have partnered and done tax credits, single-family homes, and now our part of the work begins, and that is the education of the families who will be moving in. St. Mary's says a lot of people can put a roof over someone's house. We say we want to keep the people in that house. And we intend to do that through education, and we will also do that through hand-holding, which takes a lot of staff and a lot of special time.

We would like to work with Trotwood, OH and their grandiose plan of changing the Salem Dayton Mall into a new face and a new use, and that will be a new venture for us. We are going to open early childhood classes in the fall, and this will be working with children 3, 4, and 5, because, again, we believe that the sooner you can educate someone, the better chance they have. So we want to work not only with the children, but with their parents.

Dayton is also experiencing a strong influx of Hispanic families, so since I know nothing in Spanish, you know there is something I have to learn and our staff will have to learn, because we believe that we are there to help them become acclimated to Dayton and make Dayton a better place.

Mr. KNOX. I think a couple of things that We Care America will be focusing on is one I touched on earlier, is as this whole process evolves and money is being accessed and faith-based organizations are growing and it is becoming more commonplace, we are seeing a greater interest in the corporate community, so what we are trying to do is create a new thrust within the organization to meet with the corporate community organizations and large Fortune 500 companies who have never given to faith-based organizations.

And with the credibility of also working and receiving funds from the Federal Government, coming to them and saying why don't we leverage this money together in your community, and we are getting great feedback on that. So what we are seeing is kind of a coalition of the government, faith-based organizations, and the corporate community.

Second is centers in major cities, and actually the CCF, which is the Capitol Fund, is also starting the process of starting centers in individual cities where we can bring together the best practices. We Care America doesn't actually perform the work on the ground, it empowers and helps other organizations to do it. And if there were centers where local smaller, non-profit, faith-based organizations come to and receive information on the best practices, what is working for after-school programs, mentoring programs, drug rehab programs, to bring it into practice in your own organization, and maybe receiving money from the Federal Government and from corporations, but to have a local entity that can do that.

And I think the third thing is to help these organizations—I had mentioned earlier in my testimony, just a local organization I am not affiliated with in southeastern Virginia, received $38,000, but what it did was, as part of that grant process, it professionalized their organization; it made them hire a real board, it got their budgets together, they hired key personnel. And they grew from $100,000 to $300,000, $350,000 just by making those changes, without receiving further money. But now they have the capacity for more. So I think accessing whatever can be done for those organizations to help them grow.

And the last thing is when you go to these training programs, people are seeing a new faith in their government, I think, because they are there and the government is paying them to train how to professionalize their organization, but not only that, training them on how to access funds, their tax dollars. And that is an empowering thought. And I think by changing this from an Executive order and creating legislation, hopefully that will continue the faith in that process and people will feel like they should continue to invest in learning how to do it, because it is not going to go away.

Mr. TURNER. Mr. Howard, next I have a question that is exclusively for you, and before I ask it I want to make a note for the record that the entire membership of panel two are individuals who are individuals of faith, representing faith-based organizations, and Mr. Howard being general counsel, as an attorney, is certainly an

example that the legal profession and people of faith are not mutually exclusive.

Mr. HOWARD. Thank you, Mr. Chairman.

Mr. TURNER. And being a lawyer, that is an important distinction for me to make. But the question that I want to return to from the first panel is that there is a concern, obviously, about the issue of faith-based organizations advancing faith versus advancing social services, and there is a tremendous effort, both through the regulations and through the actual practice, to ensure that what the Federal Government is funding is social service provision and not religious provision. On the converse side, there is also a significant amount of concern from faith-based organizations that by entering this realm, they may be subjecting themselves to regulation or rules and laws that diminish their ability to operate as religious or faith-based organizations.

My staff gave me a copy of a case, *Catholic Charities of Sacramento* v. *Department of Managed Health Care* in California, where the Catholic Charities sought relief from a law that they believed would cause them to have to operate in a way that violated their religious principles or philosophy. And the court applied from that law a four-part test to determine whether or not they should be excluded from it as a religious group or not, and the four-part test was: was the corporate purpose the direct inculcation of religious values; does it primarily employ persons of its religious beliefs; does it serve people of all faiths and backgrounds; and is it a 501(c)(3), all of which are tests many times that you are required to be able to pass in order to receiving funding.

So you are both setting up a test and requiring people to satisfy it to access funding, and then using the same test to determine that you are no longer a religious organization; therefore, we can fully and completely regulate you without any restriction that might impact your religious beliefs or faith's operation. Would you want to comment on that?

Mr. HOWARD. Well, I would be curious to know if that is California State court or if that is a Federal court. That does make a little bit different——

Mr. TURNER. It is California.

Mr. HOWARD. It is California courts?

Mr. TURNER. Yes. California Supreme Court, I believe. Yes, Supreme Court of California.

Mr. HOWARD. Supreme Court of California. I have not read that case, but based on the four tests that you have set out, World Vision wouldn't have any difficulty meeting those four tests. We do work with churches, we do work with pastors in our programming, and we do what we do because of our faith, and that is our motivation. You can't separate that out. The reason we do something, you can't separate it out from the actual provision of the service.

We would never say in order to receive this benefit, this support that is federally funded, that you have to sit through a sermon or participate in a Bible study or convert to a different religion. That is not what we do. We don't proselytize. When we do work with churches and local pastors—for instance, when we want to raise the capacity of local pastors to minister to their community, so we might put together a pastor's resource center—we make sure that

is funded with private funds, separate in time and location from the work that we do that is federally funded. We have been doing that for 30 years on the international side. When we work with local missionaries and local pastors to help build their capacities in the country, we make sure that is funded separately from any funds that we receive from the U.S. Agency for International Development.

We do give the benefit of what we do to everybody who comes. In fact, the majority of our beneficiaries around the world are not Christians, they are mostly Muslims and Buddhists and Agamous. So we don't make that kind of discrimination, so we wouldn't have any difficulty with that.

Mr. TURNER. Mr. Howard, I want you to comment, though, on is the reverse of your concerns of once you're complying with the——

Mr. HOWARD. Once we receive the funds?

Mr. TURNER. Yes. You are complying by not crossing the line to providing religious services versus social services.

Mr. HOWARD. Right.

Mr. TURNER. But now you may have opened yourself to regulation and the impact of laws that might go to the issue of impacting your religious beliefs or your operations violate those tenets. Do you, as I have heard from others, as faith-based organizations, have a concern that process might result in a back door, if you will, of regulating practices of faith?

Mr. HOWARD. Well, that risk always exists. You know, the old song is the ability to tax is the ability to destroy, and the ability to withdraw funds or to compel funds or to compel complaints with that is always a risk for anyone who receives Federal funding. We look for each program that we are going to propose for our grant very carefully, and if we were concerned that we thought there might be a creeping imposition on us, we would choose not to. Our Board of Directors, which comes from all works of life from all over the United States, has made it very clear that if at any point in time Federal funding would restrict our ability to maintain our religious activities, we would stop taking Federal funds, plain and simple.

Mr. TURNER. At this point I would like to open it for any closing comments that you might have as a result of having heard others or other thoughts that you might want to include in the record before we conclude.

Mr. Knox. Sister Rose.

Sister WILENHAUS. I would certainly like to partner with everybody at the table. I am in Dayton, OH. Be sure you look at that.

Mr. TURNER. I was going to suggest that everyone exchange cards before this is over.

Mr. HOWARD. One other thought. One of the programs—the Empowerment Zone—is one other issue where there are restrictions on religious staffing issues that you might have your staff look into. One of the issues facing the inner city, of course, is incredible poverty, and what we can do, what we can't to help facilitate the growth of local and small business through Empowerment Zone funding. We would love to participate in that, but have been precluded from doing so so far.

Mr. TURNER. Anyone else? If not, I want to thank you all for participating. I appreciate the time that you have spent in preparing. It is certainly important to recognize the compassionate work and praiseworthy results achieved by faith-based organizations. Regardless of religious affiliation, these organizations strengthen American families and neighborhoods. I am pleased to hear of the efforts underway at HUD to assist these groups, and I hope that Congress will continue to support the President's initiative in community development efforts carried out by faith-based organizations.

In the event there are any additional questions that we did not have time for today, the record shall remain open for 2 weeks for the submission of questions and answers. Thank you all.

We will be adjourned.

[Whereupon, at 12:35 p.m., the subcommittee was adjourned.]

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