Increasing the Involvement of Faith-Based and Community-Based Organizations
1/19/00 DRAFT

The President believes we should increase the involvement of faith-based and community-based organizations in after school, housing, community development, criminal justice, welfare reform, teen pregnancy prevention, [and juvenile justice] programs and should encourage more Americans to make donations to these organizations. In particular, he proposes:

After-School: The President will propose that up to $100 million in funds for after-school programs will be made available to community-based organizations, including faith-based groups, to run school-based after-school programs as part of the 21st Century Community Learning Centers. [Note: this initiative would allow both community-based and religiously affiliated organizations access to funds that can now only go to schools. The initiative would use existing Dept. of Education religious guidelines, which I understand have been extensively vetted, and which I will include in fax.]

Housing and Community Development: The President's budget will contain $20 million in competitive grants and targeted technical assistance to increase the role of faith-based and community-based organizations in supplying and maintaining affordable housing, creating economic opportunity, providing assistance for families to become self sufficient, and participating in the wide range of HUD programs in high poverty areas. [Note: this initiative would allow both community-based and religiously affiliated organizations equal access to these technical assistance funds. OMB's counsel's office has been vetting this with OLC, and based on informal comments, the technical assistance funds which were originally targeted only to faith-based groups now are available to all nonprofits. The initiative would use existing HUD religious guidelines, which I will include in my fax.]

Criminal Justice Programs: The President's budget will improve public safety and lower recidivism among inmates leaving prison through a new ex-offender initiative which will create community partnerships including faith-based groups and civic organizations to monitor offenders returning to the community from prison or jail, provide employment and other services, and increase the number of probation and parole officers to supervise ex-offenders. The budget provides $60 million in funds through the Department of Justice and $75 million through the Department of Labor. [Note: The DOJ partnerships would include faith-based organizations, which would not receive any federal funds directly but would participate jointly in efforts with organizations that did. This apparently is similar to what other DOJ programs have done.]

Fathers Work/Families Win and Welfare-to-Work Grants: Community-based and faith-based organizations are expected to play a key role in the new $255 million in Fathers Work/Families Win competitive grants proposed by the President to promote responsible fatherhood and support working families, critical next steps in reforming welfare and reducing child poverty. This effort will build upon the involvement of many faith- and community-based organizations in Welfare-to-Work and TANF programs. [This initiative would allow religiously affiliated non-profits, such as Catholic Charities, as well as other non-profits, be program subcontractors. The initiative does not propose to use the "charitable choice" provision of the TANF program created by the 1996 welfare reform law. We've asked DOL if they have any written guidelines and are awaiting a response.]

Second Chance Homes: The budget includes $25 million in new funds to support adult-supervised and supportive living arrangements, often called second chance homes, for unmarried teen parents and their children who cannot live at home or with other relatives. States will be able to use these funds, as they can other Social Services Block Grant funds, to support services provided by faith-based and community-based organizations. Overall, the budget increases SSBG funds by $75 million. [Note: This initiative would follow current policy for the Social Services Block Grant. We've asked HHS if they have any written guidelines and are awaiting a response.]

[**Juvenile Justice Programs**: The budget will propose to allow state and local governments to contract with faith-based organizations in existing juvenile justice grants.] [Note: this policy is still in development. We've asked DOJ for information about any such grants, and in what ways it would be permissible to have more involvement of faith-based groups, and are awaiting a response.]

Incentives for All Taxpayers to Contribute to Charity: Currently, 70 percent of taxpayers do not itemize and cannot get a tax credit for their charitable giving. The budget will allow all taxpayers to claim a deduction for charitable contributions above $500 a year. This proposal will give charitable organizations much needed support, and improve tax fairness by giving households who do not itemize a similar opportunity to deduct charitable contributions as higher income itemizers. [Note: this is a straightforward tax proposal which allows individuals who do not take an itemized deduction to take a deduction for donations over $500 a year. The deduction would apply to all types of charitable donations currently allowed under tax law. Because there is some evidence that lower income Americans (who cannot now deduct) are more likely to give charitable donations to community- and faith-based organizations (rather than say, universities or museums) this proposal is expected to increase donations to community- and faith-based groups.]

Allow More Foundation Funds to Reach Those in Need: This proposal will simplify the current two-tier excise tax on private foundations, increasing funds available for donations to community- and faith-based groups. [Note: this is a straightforward tax proposal which would reduce the excise tax for most private foundations.]

Encourage Donations of Appreciated Stock. Currently, the tax laws place more stringent limits on deductions to private foundations and for gifts of appreciated property such as stocks than for other charitable organizations. The budget eases these limitations to encourage individuals to donate more to charity. . [Note: this is a straightforward tax proposal which would allow a larger deduction for donations of certain property.]