

September 2002

## CHARITABLE CHOICE - CONGRESSIONAL ACTION

Charitable Choice is the privatization of federally funded welfare services through faith-based organizations. Charitable Choice provisions were first included in the federal welfare reform measure, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This law authorized states to administer and provide temporary assistance for needy families (TANF) services or benefits through contracts with nongovernmental entities or to provide TANF recipients with certificates or vouchers redeemable with private entities. The law allowed states to contract with religious organizations to provide federally funded services on specifically named programs on the same basis as any other nongovernmental provider without impairing the religious character of the organizations or the religious freedom of recipients.

In 2001 President Bush recommended expanding Charitable Choice by more involvement of faith-based organizations in the provision of government-funded services. Two bills are being considered by Congress, House Resolution (H.R.) 7, the Community Solutions Act, which has passed the House of Representatives and Senate Bill 1924, the Care Act, which is anticipated to be considered by the full Senate in September 2002.

Major provisions of H.R.7 are:

1. Nonitemizing taxpayers are allowed to deduct charitable donations.
2. Faith-based organizations are allowed to compete on an equal basis to provide certain programs administered by state or local governments, including juvenile justice and delinquency programs, crime prevention programs, housing programs, Workforce Investment Act

programs, Older Americans Act programs, child care development block grant programs, community development programs, domestic violence programs, and hunger relief activities.

3. To be eligible to participate in a program, a faith-based organization does not have to alter its form of internal government or remove religious art or symbols.
4. A faith-based organization may require that its employees adhere to its religious practices.
5. If an individual receiving services objects to the religious character of the faith-based organization, the appropriate federal, state, or local government entity must provide the recipient within a reasonable time an alternative, including a nonreligious alternative, that is accessible to the individual.

Major provisions included in Senate Bill 1924 are:

1. An "EZ Pass" program is created. "EZ Pass" is a simplified method of allowing faith-based organizations to become a 501-C-3 organization in order to compete on an equal basis with other private providers contracting with a state or local government to provide services.
2. Nonitemizing taxpayers are allowed to deduct charitable donations.
3. A compassion capital fund is established which includes funding of \$100 million to be granted to states or nongovernmental organizations for providing technical assistance to community-based organizations, including those that are faith-based.