PUBLIC ISSUES OR PRIVATE CONCERNS:
ASSESSING THE IMPACT OF CHARITABLE CHOICE ON PRIVATE DONATIONS
TO FAITH-BASED ORGANIZATIONS

A Dissertation

Presented to

The Graduate Faculty of The University of Akron

In Partial Fulfillment

of the Requirements for the degree

Doctor of Philosophy

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May, 2008
PUBLIC ISSUES OR PRIVATE CONCERNS:
ASSESSING THE IMPACT OF CHARITABLE CHOICE ON PRIVATE DONATIONS
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Dissertation

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ABSTRACT

This dissertation assesses the impact of government funding, resulting from the passage of the charitable choice provision, on private donations to faith-based organizations (FBOs). It tests the tenets of the crowding-out hypothesis—which posits that government funding to nonprofit organizations (including FBOs) decreases or “crowds-out” private donations—in forty FBOs in Ohio. The study’s main research questions are as follows:

1. To what extent does government funding to FBOs, as supported by the charitable choice provision, affect the overall level of private charitable donations to these organizations?

2. Is there a difference between the mean level of private donations in government funded and non-government funded FBOs?

3. What factors do FBOs consider when deciding whether to receive government funding (and take advantage of charitable choice)? and

4. What mechanisms, if any, do FBOs employ to disseminate information to their donors regarding their organizations’ funding sources?

A mixed research methods approach was employed in this project, which included the use of the cross-sectional, longitudinal, and case study research designs to collect and analyze the data and interpret the results of the statistical analyses. Primary research data consisted of responses to face-to-face interviews with FBO administrators. Secondary data consisted of financial data for a seven year period (1999-2005) as reported by FBOs.
to the Internal Revenue Service on the *Return of Organization Exempt from Income Tax*—Form 990.

The results of the case study show that fundraising activities enable FBOs to fulfill the mission of their organizations. Also, they suggest that FBOs are likely to provide direct services to homeless people or administer homeless prevention programs. Additionally, they indicate that public subsidies are generally associated with bureaucracy and seen as a threat to FBOs’ faith related activities. The quantitative results do not support the crowding-out hypothesis, as they indicate that the relationship between government funding and private donations is not statistically significant. They also show that there are no statistically significant differences between government and non-government funded FBOs based on private donations. The conclusion is that public subsidies do not diminish the level of donations FBOs receive from private donors.
DEDICATION

I dedicate this dissertation to my husband, Wilson Mollfulleda, for his unconditional love and support. Undoubtedly, his encouragement and patience made this undertaking so much more bearable and fulfilling. I know I could not have done it without him. Thank you so very much. I love you!
ACKNOWLEDGEMENTS

I first considered the prospect of earning a doctorate in the late 1980s while attending the University of Puerto Rico. Today, after seven long years of hard work and sacrifices, I can finally rejoice, relax, and, most importantly, take the time to express my deepest gratitude to the wonderful people who helped me meet my objective. I want to specially thank my dissertation committee members—Dr. Lucinda M. Deason, Dr. Jennifer K. Alexander, Dr. Kathryn Feltey, Dr. Ramona Ortega-Liston; and Dr. Gregory Plagens—for their guidance and assistance. I also wish to acknowledge all of my professors while in the doctoral program—Dr. Julia Beckett, Dr. Raymond W. Cox, III, Dr. Francois Doamekpor, Dr. Amy Shriver Dreussi, Dr. Peter Leahy, and the late Dr. Douglas Shaw—for collectively enriching this journey. Additionally, I want to express my sincere gratitude to Joyce A. Lott and Theresa Naska, former and current administrative assistants in the Department of Public Administration and Urban Studies, for their patience and timely assistance.

I am deeply indebted to my parents, Ramón Colón La Santa and Josefina Cruz; my sisters, Waleska Colón de Pepén and Gloribel Raye (Colón); and my brothers, Ramón and Moisés Colón, for their love and unwavering support. In addition to my sisters, Waleska and Gloribel who are my biggest fans and cheerleaders, I also want to acknowledge a few special people in my life: Marcia Harris, Dr. Robert L. Lawson, Felícita (Feli) Solá-Carter, David A. Stevens, and Desireé M. Stout.
Feli, David and Desireé have always believed in me and my abilities and have sincerely celebrated my academic and professional accomplishments to date. Our individual and collective desire to succeed—in anything and everything we do—keep our minds connected and our friendship strong. Marcia has also challenged me to go the extra mile and I want to tell her how much I appreciate her enthusiasm and positive attitude. She introduced me to Dr. Robert L. Lawson, professor, writer, and professional motivational speaker. Bob (as he is known among his family and friends) has been a coach, a friend, and a source of inspiration from the moment we met.

A big thank you goes to Rosemary Britton, Gloria J. Murphy, and Dr. Bob L. Lawson for taking the time to carefully read this manuscript. Their superb attention to detail, useful comments, and suggestions facilitated the timely completion of this project. My most sincere appreciation also goes to all of my friends and colleagues who are not mentioned here by name, but whose support and encouragement have not gone unacknowledged in my heart.

Finally, I wish to thank the administrators of the eight organizations included in the qualitative section of this study. They graciously accepted my invitation to participate in this project and took time from their busy schedules to meet with me. Our discussions broadened my perspective on the issues of private giving and government funding and renewed my admiration for their involvement in addressing the needs of our Ohioans in need. I value their commitment, time, and openness and thank them for their contribution to the realization of this dissertation.
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CHAPTER I
INTRODUCTION

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996—better known as the Welfare Reform Act of 1996—revolutionized the historical relationship between the public sector and the religious community. Particularly, charitable choice, one of the provisions of the Welfare Reform Act, expands the involvement of the religious community in the delivery of government-supported social services (Campbell, 2002; Cnaan & Boddie, 2002; Gosset & Pynes, 2003; Kennedy, 2001). Although churches and other faith-based organizations (FBOs) have played an important role in the nation’s delivery of social services to date, they were ineligible to receive federal funding for community services before President Clinton signed charitable choice into law on August 22, 1996. Until then, faith-based community services typically relied on private contributions to fund their activities, except in cases where they established a nonprofit subsidiary under Section 501(c)(3) of the United States tax code (Small, 2002).

This chapter establishes the purpose of the study, its relevance, and its contribution to gaining a better understanding of the relationship between public subsidies and private giving patterns. This section defines the key words and terms that will be utilized throughout this dissertation and grounds the discussion of charitable
choice, private giving, and government assistance to FBOs in the existing body of literature.

The charitable choice provision enables faith-based organizations (FBOs) to accept certificates, vouchers, or other forms of funding on the same basis as any other nongovernmental provider without impairing their religious character and without diminishing the religious freedom of those who receive their services (in Cnaan & Boddie, 2002, p. 224). The new idea represented by charitable choice is not the involvement of faith communities in the social service arena, as religious organizations have a long history of involvement in such services. Nor is government funding of religious social service providers itself an innovation, as organizations with religious affiliations have long received government funds to carry out their work. The change involves the fact that charitable choice has significantly broadened the scope and extent of government financial collaboration with FBOs (Rogers, 2001, p. 307).

The purpose of this dissertation is to examine what happens to private charitable donations to FBOs when the government subsidizes the nonprofit activities they perform. This original study assesses the relationship between government funding and private donations to FBOs based on the assumption that public subsidies decrease (or crowd-out) private giving. The goal is to contribute to the body of literature by identifying the factors FBO administrators consider when deciding to accept (refuse) government funds, comparing and contrasting funding levels in FBOs, as well as identifying the tools FBOs use to communicate with private donors to gain their support.

The existing body of literature centers on the involvement of nonprofit organizations, including secular and pervasive sectarian organizations, in the delivery of
social services in the United States from three different, but related perspectives: public administration, public policy, and (nonprofit) economics—as shown in Table 1.1. Thus, more empirical research is needed to assert—or rule out—whether public subsidies increase or decrease private donations to FBOs.

As illustrated in Table 1.1, scholars interested in charitable choice from a public administration perspective are generally concerned about the separation of church and state, as they fear the misuse of public funds to finance inherently religious activities such as worship, sectarian education and proselytization (Carlson-Thies, 2001; Chaves & Tsitsos, 2001; Cnaan, 1999; Dilulio, 2001; Donaldson & Carlson-Thies, 2003; Salamon, 1995). They are also interested in FBO organizational characteristics (Ebaugh, Pipes, Saltzman, & Daniels, 2003; Jeavons, 1998; Sider & Unruh, 2004; Smith & Sossin, 2001) and organizational performance (Gossett & Pynes, 2003; Twombly, 2002). By and large, they are interested in (1) comparing faith-based and secular agencies; (2) identifying the main organizational dimensions of religious organizations; (3) exploring the ways in which religion manifests in nonprofit entities; (4) evaluating the relationship between faith and an organization’s resources, decision making, and culture; and (5) examining human resource management issues.

Scholars who study charitable choice from the public policy viewpoint usually focus on the implementation and program evaluation process (Carlson-Thies, 2004; Van Slyke, Horne, & Thomas, 2005). Similarly, those interested in nonprofit economics have primarily examined the relationship between government funding and private giving patterns (see Table 1.1). For instance, Horne, Johnson, & Van Slyke (2005) evaluate the relationship between donors’ knowledge about government funding and their giving
patterns by assessing donors’ understanding of their beneficiary nonprofit organizations’ revenue sources.

Table 1.1 Selected Journal Articles Addressing the Issues of Charitable Choice, Government Funding and Private Giving Patterns

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<thead>
<tr>
<th>Area/Field of Study</th>
<th>Author(s) Year of Publication</th>
<th>Themes</th>
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<td>Public Administration</td>
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<td>Chaves &amp; Tsitsos (2001)</td>
<td>Religion and Social Welfare</td>
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<td>Small (2002)</td>
<td>FBOs</td>
<td>Political and legal issues associated with social justice and FBOs.</td>
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<td>Smith &amp; Sossin (2001)</td>
<td>FBO Typology</td>
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<td>Vanderwoerd (2004)</td>
<td>Secularization of FBOs</td>
<td>The influence of government funding on the religious characteristics of FBOs.</td>
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<td>Public Policy</td>
<td>Carlson-Thies (2004)</td>
<td>Public Policy</td>
<td>The implementation of faith-based initiatives resulting from the passage of the charitable choice provision.</td>
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<td>Gibelman &amp; Gelman (2002)</td>
<td>FBOs</td>
<td>The identification and analysis of arguments in support of faith-based social services.</td>
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<tr>
<td>Area/Field of Study</td>
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<td>Kennedy &amp; Bielefeld (2002)</td>
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<td>Ebaugh et al. (2005)</td>
<td>FBOs and Government Funding</td>
<td>The relationship between government funding and organizational size, professionalism, religiosity, and social activism respectively.</td>
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It is believed that government subsidies to nonprofit organizations (including FBOs) decreases or “crowds-out” private donations (Bolton & Katok, 1998; Brooks, 2000, 2003, 2004; Ebaugh, Chafetz, & Pipes, 2005; Eckel et al, 2005; Horne et al, 2005; Jeavons, 2004). The crowding-out hypothesis—commonly associated with nonprofit economics, purports that the “…, public will to support a nonprofit organization might be diminished if the government increases responsibility for the organization’s funding” (Brooks, 2004, p. 172). Even though a few studies consider, or promote the notion that government funding might leverage or “crowd-in” private donations, Brooks (2000) asserts that crowding-out and crowding-in are not incompatible, as low levels of public funds might be effective in attracting private donations.

Critics of the crowding-out hypothesis observe that “[o]nly where government has completely taken over a function that nonprofits pioneered do we find private philanthropists abandoning a field or endeavor that they have strongly supported” (Jeavons, 2004, p. 95). The conventional theory assumes that private donors react, in a measurable way, to government funding levels. Ironically, “crowding-in” and “crowding-out” research has not yet explored whether this reasoning resounds with private donors. Rather than focusing on donor behavior and giving patterns, empirical research has centered on other factors that influence giving, including such demographic characteristics as personal values, religiosity, social status, income, and personal experiences with charitable organizations (in Horne et al., 2005).

For the purpose of this study, FBOs are defined as incorporated religious organizations—registered with the Internal Revenue Service (IRS) as (501(c)(3) public charities (Cnaan, 2002), exhibiting one or more of the following five characteristics: (1)
public face, referring to the organization’s overt use of religious words and/or symbols in their name, logo, or slogan; (2) religious or spiritual reference in the organization’s mission or value statement; (3) religious or spiritual elements in an organization’s history. That is, whether the organization was founded by a religious order or for an expressed religious purpose, or was established and staffed by people of faith; (4) explicit religious affiliation; and (5) the presence of religious activities or elements in the content of services that are provided, which may involve the study of religious texts, worship, or religious services (Montiel & Wright, 2006, p. 3). These FBOs characteristics were adapted based on research conducted by a number of scholars including Jeavons, 1998, 2004; Sider & Unruh, 2004; and Smith & Sossin, 2001.

This investigation centers on public charities registered with the IRS, which were formally involved in the delivery of social services as well as eligible for public funding before the implementation of charitable choice. This study focuses on FBOs established prior to the enactment of the Welfare Reform Act of 1996 that are currently providing social services—with the exception of church congregations. Since religious congregations are not required to register with the IRS, they will be excluded from this investigation.

Private donations, private giving, and private philanthropy are defined as donations made by private citizens to public charities (including FBOs) and are used interchangeably throughout. Government funding and public subsidies refer to the direct assistance FBOs receive from the federal government in the form of grants and contracts and are also used interchangeably in this project.
This chapter discusses the historical background of the charitable choice provision. It introduces the topics of federalism (or devolution), separation of church and state, welfare reform and religious beliefs, and nonprofit economics. It also includes the dissertation’s major research questions as well as an overview of the methodology, which will be employed to test the study’s hypotheses. It concludes with an outline of the material to be presented in this dissertation.

Charitable Choice

The charitable choice idea came from Carl Esbeck, a law professor in Missouri, who had worked extensively on First Amendment issues as well as with evangelical social service groups. Esbeck’s remedy for government restrictions on faith-based social services was the main feature of a short welfare reform bill that Senator Ashcroft proposed in 1995 and President Clinton signed into law on August 22, 1996 as part of the Personal Responsibility and Work Opportunity Reconciliation Act (Donaldson & Carlson-Thies, 2003).

Charitable choice provides a set of rules about how state government buys social services and creates a level playing field between secular, and religious organizations that want to compete for government contracts to support their community social service efforts (Wilson, 2003). Charitable choice can be described as follows: (1) it requires government officials not to discriminate against churches and faith-based nonprofits when deciding which organization can receive grants or contracts to provide social services; (2) it obligates the government to respect the religious character of faith-based providers that accept government money by protecting the providers’ right to maintain a religious environment and to select staff on a religious basis; (3) it protects the religious
liberty of people needing help by ensuring that they will be helped without religious
discrimination and are not coerced into religious observance, and by requiring
government to provide an alternative to people who do not want to be served by a faith-
based provider; and (4) it fulfills constitutional guidelines by requiring that government
funds be used to provide welfare services and not be diverted to support inherently
religious activities such as evangelization and worship (Donaldson & Carlson-Thies,
2003, p. 53).

The basic goal of charitable choice is to privatize and communalize welfare
responsibility in order to increase the efficiency and effectiveness of welfare efforts. The
premise is that indigence is not a result of the social structure, but a personality trait.
Religious organizations are believed to have the tools needed to initiate the personal
transformation of those who aspire to self-sufficiency (Nagel, 2006).

Devolution and Faith-Based Nonprofit Organizations

Prior to the 1960s, the delivery of social services in America was a shared
responsibility between the voluntary sector and state or local governments (Salamon,
1995). Although the federal government entered the social welfare field in the 1930s
during the New Deal era, in the thirty years that followed, Washington concentrated
almost exclusively on providing financial support to state and local governments
providing services to orphans, the disabled and the needy elderly (pp. 69-70). This
government support has been generally distributed using three methods: (1) direct
financial relationships between the federal government and nonprofit organizations; (2)
federal grants to state and local governments, which then contract out to nonprofit
providers as in the case of block grants; and (3) federal in-kind assistance to individuals,
who are free to purchase services from nonprofit organizations, as in the case of college student assistance and Medicare (pp. 70-71).

Although religious organizations have been involved in the delivery of public services for a long time, since the Reagan era the religious community has taken center stage in national, state, and local policy and program development circles. This trend was triggered, in part, by two factors: (1) Reagan’s emphasis on the good works of the religious community and the demonization of government programs in the rhetoric that shaped policy making and development as well as (2) the increased involvement of religious organizations in social and community service provision, which was correlated with the decrease in federal welfare spending (Cnaan, 1999, p. 7).

According to Chaves (2001, p. 295), there is enthusiasm about the role that religious organizations may be able to play in our social welfare system as well as considerable interest in expanding that role and creating new kinds of partnerships between government and religious organizations. This enthusiasm is reflected in President Bush’s message in Rallying the Armies of Compassion, the official plan for the White House Office on Faith-Based and Community Initiatives. In his message, President Bush indicates that charities cannot replace government activities, but should be active partners in the delivery of social services. Successful government social programs, according to Bush, work in fruitful partnership with community-serving organizations and FBOs whether run by Methodists, Mormons, or good people of no faith at all (White House, 2001).

Cnaan (1999) is less optimistic about the partnership between the government and religious organizations. He recognizes that the religious community’s active
participation is needed to address the nation’s social problems, but resents the way in which they have been suddenly cast as the last hope for social services delivery. This is of particular interest, as he believes that they lack the resources and are not yet ready to meet their growing community needs. Wineburg (2001) also rejects the common assumption held by many politicians on both sides of the aisle that religious charities and congregations have the capacity and desire to pick up the slack in service provision and the notion that religious organizations are the answer to the nation’s social problems.

Charitable Choice and the Separation of Church and State

Charitable choice allows both religious and secular community-serving organizations to seek and receive federal support on the same basis as any other nongovernmental—for-profit or not-for-profit—organization providing social services (Dilulio, 2001). The charitable choice provision allows any state or county to contract with a religious-based organization to provide services in the following areas: food (such as subsidized meals, food pantry, nutrition education, or soup kitchen); work (such as job skills training, on-the-job training, vocational education, GED, and English as a Second Language programs); medical and health services (such as abstinence education, drug-and-alcohol-treatment centers, health clinics, wellness centers, and immunization programs); and maternity homes (such as residential care, second-chance homes, and supervised community housing) (Cnaan, 1999, p. 281).

There are two types of social service programs offered by the religious community. On one hand, there are religiously affiliated entities created by religious communities to act on their theological obligation to help the poor and needy. These organizations do not proselytize, engage in worship, or promote religious education, nor
do they discriminate in whom they serve or hire. On the other hand, are churches, synagogues, and mosques that proselytize, engage in worship, promote religious education, and discriminate in whom they serve or hire as long as they are not funded with government money (Saperstein, 2001, p. 301).

Critics of charitable choice contend that even those religious organizations that form 501(c)(3) entities could have problems ensuring that their federal funds are not used “for sectarian worship, instruction, or proselytization”—as there is no effective way to separate fiscal accounts in order to avoid leaks between Bible studies and soup kitchens. They argue that direct government funding is bad for religion because government money comes tied to government rules, regulations, restrictions, audits, monitoring, and interference, which can exert a secular influence on FBOs (DiIulio, 2001). They also believe that charitable choice will do little to help and will undoubtedly harm recipients of social services by diverting money from successful programs to pervasively sectarian programs and by compromising the religious rights of recipients (Saperstein, 2001, p. 302). Furthermore, they point out that charitable choice preserves a “hiring loophole” under section 702, Title VII, of the Civil Rights Act of 1964, which permits religious organizations to discriminate in employment decisions on the basis of religion.

Conservative evangelical Christian communities worry that religious bodies receiving government funding will become dependent on that money. Others suppose that hatemongering organizations and individuals that call themselves religious will suddenly become eligible for federal funding under charitable choice (DiIulio, 2001, pp. 277-280).

People who care about religious liberty and the provision of effective social services disagree about the constitutionality and advisability of the charitable choice
provision. They believe that by allowing government funds to flow to pervasively religious entities like houses of worship, or to religiously affiliated programs, charitable choice unconstitutionally and unwisely opens the door to government advancement of religion, excessive entanglement with religion, government support of religious discrimination, and a weakening of religious autonomy (Rogers, 2001, p. 308). The question is whether President Bush sincerely believes that he can change lives by funding religious organizations, and at the same time maintain the stance that he is not funding religion (Wilson, 2003, p. 36).

Both critics and supporters of charitable choice fear the most common problems associated with the partnership between government and the nonprofit sector: namely, (1) loss of autonomy or independence, particularly the dilution of the nonprofit sector’s advocacy role; (2) “vendorism”, which refers to the distortion of agency mission in pursuit of available government funding; and (3) bureaucratization or overprofessionalization coupled with the loss of the flexibility and local control that are considered the sector’s greatest strengths (Salamon, 1995).

Donaldson & Carlson-Thies (2003, p.168) point to the issue of vendorism, or the distortion of agency mission. They state that the single most important factor for FBOs to consider when deciding whether to seek government money is the mission of the organization. They contend that faithfulness requires something more than avoiding too much government money or working with a good lawyer to find and reject improper religious restrictions. Faithfulness requires clarity of mission and clarity about how that mission should shape the staff and the programs to be delivered. It requires persistence and care to ensure that there is no deviation from the mission as new people are hired,
programs are expanded, or new methods are employed. Ultimately, faithfulness requires a leadership that does not get overwhelmed by details and is not overly impressed by success stories and praise but constantly asks what the organization should be doing and how it can be accomplished better.

Public Policy—Welfare Reform and Religious Beliefs

In the book *Lifting Up the Poor: A Dialogue on Religion, Poverty, and Welfare Reform* Mary Jo Bane and Lawrence M. Mead (2003) discuss poverty and welfare reform—two issues that are directly related to the involvement of the religious community in the delivery of public services. Their book addresses the issue of poverty and public policy from two mainstream views—the Catholic tradition and the Protestant perspective respectively. Their discussion identifies and assesses the assumptions underlying the implementation of the legislative changes resulting from the passage of the Welfare Reform Act—including the implementation of charitable choice.

Bane (who describes herself as a “Catholic policy analyst”) believes that the challenge of poverty in America lies in the fact that some Americans lack income, opportunities to work, or opportunities to participate fully in society. She advocates the Catholic social teachings which promote the equal dignity of all men and women as children of God; the belief that all God’s gifts are to be used for the good of all humanity; a special concern and love for the poor and the oppressed; and a commitment to social justice (p. 15). Mead (who identifies himself as a Protestant) argues that nonworking adults are the predominant group among the poor, that unemployment is the reason for their poverty, and that their nonworking results from certain cultural features rather than from the absence of opportunities. He observes that Jesus commands his followers to
help the needy, but believes that people should not be undemanding toward those they assist. Jesus’ interaction with people in the gospels promotes sustenance, community, as well as autonomy—not dependency (p. 71).

Although both scholars agree on the need for a national antipoverty policy, Bane opposes the 1996 welfare law partly based on serious concerns about fair treatment by states and on the conviction that care for the poor is a national responsibility that ought to be shared by all. She contends that a higher level of government is necessary to ensure the fair and effective provision of assistance to the needy (p. 44). In Bane’s opinion, a community is obligated to provide basic levels of sustenance, health care, and education for all its members and believes that this obligation puts a special burden on the rich (p. 114).

Mead observes that one of the problems with “entitlement” programs such as the Aid to Families with Dependent Children (AFDC) is that no official interest was taken to determine whether recipients attempt to overcome their problems. Hence, he supports work enforcement programs, such as the Temporary Assistance to Needy Families (TANF), partly because they increase the involvement with mainstream society. He also favors antipoverty programs that promote personal accountability and toughen the sanctions for noncompliance.

Methodology

Changes in private giving patterns to public charities—including FBOs—are generally (directly and indirectly) associated with a number of economic, social, demographic, and even political factors. Although they are relevant to this study, I am mainly interested in assessing the relationship between government funding and private
giving patterns from an economic standpoint. To this end, I will use quantitative and qualitative research methods as well as the cross-sectional, longitudinal, and case study research designs to address the following four main research questions:

1. To what extent does government funding to FBOs, as supported by the charitable choice provision, affect the overall level of private charitable donations to these organizations?

2. Is there a difference between the mean level of private donations in government funded and non-government funded FBOs?

3. What factors do FBOs consider when deciding whether to receive government funding (and take advantage of charitable choice)? and

4. What mechanisms, if any, do FBOs employ to disseminate information to their donors regarding their organizations’ funding sources?

The first hypothesis affirms that the higher the level of public subsidies received by FBOs, the lower the level of donations they will receive from private donors. The second hypothesis maintains that there is a statistically significant difference in the mean level of private donations between FBOs receiving government funding and those not receiving government funding. These two hypotheses will be tested through the use of quantitative methods.

The factors FBOs consider when deciding whether to receive government funding (and take advantage of charitable choice) as well as the mechanisms they employ to disseminate information to their donors about their organizations’ funding sources will be explored with the use of qualitative data. The qualitative data will also be used to expound on the results of the quantitative analysis and provide a better understanding of the relationship between government funding and private giving patterns.
The data collection process will include the use of primary and secondary data sources. Primary data will be gathered through face-to-face interviews with FBO administrators. Secondary data will be collected from Guide Star, a national database that maintains FBO financial data as reported to IRS on the Return of Organization Exempt from Income Tax form (also known as Form 990). The data analysis process will involve the use of descriptive statistics—including an independent samples $t$–test—as well as regression analysis.

Dissertation Outline

This dissertation is organized into five chapters: Chapter I states the purpose of the study and its significance. It also introduces the research questions to be addressed in this investigation. Chapter II identifies and discusses the existing literature on charitable choice, welfare reform, FBOs, nonprofit-government partnerships, economics, and private giving. Chapter III presents the research design, including methods of data collection and analysis. Chapter IV discusses the results of the investigation and summarizes the study’s major findings. Lastly, Chapter V explores the potential implications of this study for politicians, policy makers, public administrators, and scholars interested in the relationship between public subsidies and private giving and the provision of social services by religious nonprofit organizations in America.
CHAPTER II
THEORETICAL BACKGROUND

Introduction

The emergence of FBOs in the nation’s social landscape has created opportunities—and challenges—for policy makers, politicians, scholars, and nonprofit organizations’ administrators alike. It has also produced new funding venues, developed and expanded social service programs, and generated research activities that otherwise might not have existed. While fascinated with FBOs, policymakers and politicians appear to be remarkably unaware of their characteristics, daily activities, and organizational structure as well as about their actual—or potential—contributions toward society at large. Interestingly, even scholars who study the nonprofit sector do not yet fully understand what FBOs are, where they fit into the American political economy, or what differentiates the various kinds of entities operating under religious convictions (Jeavons, 2003). This chapter identifies the challenges—and benefits—associated with the involvement of FBOs in the delivery of social services in America from a political, administrative, and religious perspective correspondingly. It also addresses the topics of government funding to nonprofit organizations, private philanthropy, public policy, and social welfare reform.

Grounded in the public administration, public policy and economics body of literature, this chapter traces the evolution of FBOs, reviews the literature on FBO
typology, and assesses the role FBOs have played in the delivery of social services in America. It also discusses the FBO-government partnership and examines some of the challenges associated with the implementation of charitable choice. The chapter concludes with a discussion on nonprofit economics that focuses on the relationship between government funding and private donations to nonprofit organizations (including FBOs).

Nonprofit Organizations in America

To better understand the growth and role of FBOs within the American social, economic and political landscape, a general understanding of the nonprofit sector is needed—that is, why and how it was created as well as how it currently operates. Generally, the role of these organizations is to provide a service, as they deliver much of the hospital care, higher education, social services, cultural entertainment, employment and training, low-income housing, community development, and emergency aid services available in America (Salamon, 2002).

Smith (2002) asserts that nonprofit organizations involved in the delivery of social services can be broadly categorized into three groups: (1) informal, community-based groups and organizations, (2) traditional agencies, and (3) recent additions. Informal groups typically lack legal status and depend on small cash and in-kind donations to support their activities. Some charge fees for services depending on their circumstances. Examples include self-help groups, support groups, soup kitchens, and homeless shelters many of which are part of local churches and do not exist apart from the church.
Traditional agencies are often affiliated with United Way and have a diversified base of funding that may include sizeable private donations, endowment funds and public subsidies. This group includes some well known organizations such as the Boys and Girls Club, YWCA, American Red Cross, and Salvation Army. Similarly, the recent additions group is comprised of small nonprofit agencies with small boards and few volunteers, which tend to rely on government funding to address a variety of social needs. This group is generally involved in providing services in the areas of Acquired Immune Deficiency Syndrome (AIDS), domestic violence, drug and alcohol abuse treatment, mental health care, and rape crisis assistance (Smith, 2002).

Nonprofit organizations defined by section 501(c)(3) of the national tax code form the core of what is generally regarded as the charitable nonprofit sector. This group of organizations is comprised of foundations, hospitals, museums, private schools, religious congregations, orchestras, public television and radio stations, soup kitchens, and other entities that are not principally established to earn a profit. Nonprofit organizations enjoy the privilege of receiving charitable gifts for which private donors can claim a deduction on their own income taxes (Salamon, 1997, pp. 15-16) and are classified into eight major groups including the arts, culture, and humanities; health and services; and religion (Independent Sector, 2007) as shown in Table 2.1.

There are approximately 1.4 million nonprofit organizations registered with the IRS, which account for 5.2 percent of gross domestic product and 8.3 percent of the salaries in the United States. In the state of Ohio there are 12,465 nonprofit organizations, or the equivalent of 10.9 public charities per 10,000 residents according to The Urban Institute (2007). Despite their longevity and unique characteristics, there is
still considerable disagreement as to the appropriate terms to use to refer to these organizations. Even though in the United States the term nonprofit organization is the most neutral, they are also called charities or charitable organizations, voluntary organizations, and most recently, they are seen as part of what a number of scholars and practitioners refer to as the independent, or third sector (Salamon, 1997).

Table 2.1 Eight Major Categories of 501(c)(3) Organizations in the United States

<table>
<thead>
<tr>
<th>501(c)(3) Categories</th>
<th>Types of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts, Culture and Humanities</td>
<td>Museums, symphonies, orchestras and community theaters.</td>
</tr>
<tr>
<td>Education and Research</td>
<td>Private colleges and universities, independent elementary and secondary schools, noncommercial research institutions.</td>
</tr>
<tr>
<td>Environmental and Animals</td>
<td>Zoos, bird sanctuaries, wildlife organizations, and land protection groups.</td>
</tr>
<tr>
<td>Health Services</td>
<td>Hospitals, public clinics, and nursing facilities</td>
</tr>
<tr>
<td>Human Services</td>
<td>Housing and shelter, organizers of sports and recreation programs and youth programs.</td>
</tr>
<tr>
<td>International and Foreign Affairs</td>
<td>Overseas relief and development assistance.</td>
</tr>
<tr>
<td>Public and Societal Benefits</td>
<td>Private and community foundations, civil rights organizations, civic, social, and fraternal organizations.</td>
</tr>
<tr>
<td>Religion</td>
<td>Worship and their related auxiliary services.</td>
</tr>
</tbody>
</table>


Salamon & Anheier (1997) argue that nonprofit organizations comprise the “third sector”, as they occupy a distinctive social space outside of the market and the state, or the private and public sectors. Nonprofit organizations serve as advocates by identifying unaddressed problems and bringing them to public attention; by protecting basic human rights; and by giving voice to a wide assortment of social, political, environmental, ethic, and community interests and concerns. They serve as vehicles through which an enormous variety of other sentiments and impulses are expressed. Also, they help establish connections among individuals as well as help nurture and sustain the principles
of individualism—the notion that people should have freedom to act on matters they care about—and solidarity—the notion that people have responsibilities to themselves and others (Salamon, 2002, p. 11).

In recent years a specific group of nonprofit organizations, those identified as faith-based, have received more political attention and economic support. This is due, in part, to the passage of the charitable choice provision of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the implementation of the Bush administration’s faith-based initiatives. Both of these changes support a more prominent role of religious groups in the provision of social services in America (Smith, 2002).

Faith-Based Organizations

The recent discussion about faith-based social services is part of a larger debate about the future of civil society in America, which centers on the quality of our life together as citizens. At its core, is a debate about inequality that questions “…whether civil society only works well for the affluent middle class or whether it also works well for lower income families” (Wuthnow, 2004, p. 2). The passage of the Welfare Reform Act of 1996 furthered the discourse on civil society and inequality as well as influenced future legislative changes developed and implemented to improve the needs of the poor.

By terminating his party’s longstanding support for the welfare program, President Clinton significantly reduced the number of people on the welfare rolls, but did not adequately address income inequality. Welfare caseloads decreased from 14 million persons in 1993 to less than 6 million at the end of 2000, which simply moved people from one group to another: from “welfare poor” to “working poor” without improving their living standards (Dreir, Mollenkopf, & Swanstrom, 2004). In the midst of low
unemployment rates and the creation of new market initiatives designed to improve the housing market and the housing conditions of the poor, poverty during the Clinton era persisted. In 1999, there were still 32.3 million Americans (11.8 percent of the population) living in poverty (p. 144). Similarly, between 1991 and 1999, the gap between the demand and the supply of low-rent housing widened, as the number of apartments affordable to low income families fell by 940,000 units nationwide (p. 145).

President Bush’s first attempt to address inequality and meet the needs of the poor is seen in his plan to redirect federal funds for social programs like homeless shelters, food banks, and drug rehabilitation programs to agencies sponsored by FBOs (Dreir et al., 2004, p. 147). Although his faith based initiatives seem to take a less rigorous and seemingly uncaring approach to the welfare reform policies initiated during the Clinton era, his executive orders jumped started the implementation of his administration’s initiatives by promoting the involvement of religious entities in federally funded social service programs (Canada & Ackerman, 2003).

Overall, President George W. Bush’s faith-based initiatives are predicated on three main assumptions: the inadequacy of the service delivery systems of the past; the idealized service delivery system of the future; and the appropriate role of government and charitable organizations in the nation (Gibelman & Gelman, 2002). Executive Order 13198 issued on January 29, 2001 established the White House’s Office of Faith-Based and Community Initiatives, which became responsible for creating policies, priorities and objectives to enlist, equip, enable, empower, and expand the work of FBOs and other community organizations. This order also established five executive department centers for faith-based initiatives in five federal agencies—including the Departments of
Education; Justice; Labor; Health and Human Services; and Housing and Urban Development—to coordinate the national effort to expand opportunities for FBOs as well as to strengthen their capacity to better serve the needy (White House, 2001). Executive Order 13280 issued on December 16th, 2002 established executive departments for faith-based initiatives in two additional federal agencies, the Department of Agriculture and the Agency for International Development (Ackerman & Canada, 2003).

FBOs are attractive to policymakers because they appear to emphasize thrift, individual responsibility, less government, responsiveness, and flexibility in the provision of social services (Smith & Sossin, 2001, p. 651). However, their magnetism is constantly challenged and therefore, severely weakened by the lack of a clear definition of what it means to be faith-based (Ebaugh, Pipes, Chafetz, & Daniels, 2006; Jeavons, 2003, 2004; Sider & Unruh, 2004; Smith & Sossin, 2001; Wuthnow, 2004). Some interpret the term to include the broadest possible number of agencies with any and all connection to religion whereas others see it as excluding all but those agencies that are religious in a narrow sense (in Sider & Unruh, 2004).

Under charitable choice religious organizations are typically termed “faith-based” to underline their right to maintain their faith characteristics and offer programs that exemplify a religious perspective (Carlson-Thies, 2001, p. 121). The predominance of Christian and even evangelical churches and their leaders might have had something to do with the selection of the term faith rather than the more academic and distant term religion (Wuthnow, 2004). Thus far, religious researchers have simply assumed that an organization’s religious character can be easily identified, as in the case of most congregations, denominations, seminaries, church councils, and national ecclesiastical
bodies whose “religiousness” is rather evident. In the case of social service agencies, local civic groups, and other voluntary associations just knowing the name of the organization, its purpose, or its public persona is generally not sufficient to identify it as faith-based (Ebaugh et al., 2003, p. 412).

Currently, there are a few taxonomic models specific to “faith-based” organizations, but no agreement among scholars as to which is the most comprehensive and appropriate one to use. This ambiguity creates problems for studying, funding as well as developing and implementing social service policies involving these organizations (Sider & Unruh, 2004). Moreover, this lack of consensus has resulted in the classification of congregations as faith-based organizations. In spite of congregations’ ability to bring communities of worship together and their active participation in a wide range of social services, they cannot be categorized as service agencies. Service is an expression of their faith or religion, which is taught, nurtured and celebrated in worship, as “[b]eing a worshipping community is the central purpose of virtually all congregations” (Jeavons, 2003, p. 27).

Sider & Unruh (2004) offer a typology that identifies and assesses FBOs’ religious characteristics as they are expressed in observable and explicit phenomena such as language, symbols, policies, and activities. Their typology distinguishes between faith-based organizations and programs parting from the premise that the religious characteristics of an organization may differ from the programs it operates. Their model includes five categories of faith-based organizations or programs—faith-permeated, faith-centered, faith-affiliated, faith-background, and faith-secular partnerships (see Table 2.2).
Faith-permeated organizations have a clear connection to religious faith as expressed in their mission, staffing, governance, and support. Faith-permeated programs include those that extensively integrate religious content as an essential part of the program’s effectiveness. Likewise, faith-centered organizations are founded for religious purposes and remain strongly connected with the religious community through funding sources and affiliation. Faith-centered programs incorporate explicitly religious messages and activities. Similarly, faith-affiliated organizations retain some religious characteristics, but do not require staff to affirm religious beliefs or practices. Faith-affiliated programs incorporate little or no explicitly religious content (pp. 119-120).

Conversely, faith-background organizations tend to look and act secular, even though they have a historical relation to a faith-tradition. Faith-background programs have no explicitly religious content, but may be located in a religious setting. Finally, faith-secular partnerships generally present special cases where a secular (or faith-background) entity joins a congregation or other explicitly religious organization. Their programming typically has no explicitly religious content; however, volunteers and staff may offer optional religious resources and activities (p. 120).

Ebaugh et al. (2003) address the FBO identity crisis by comparing and contrasting faith-based to secular organizations on key organizational characteristics including organizational goals, funding sources, programmatic priorities, agency culture, and manner of providing social services. As shown in Table 2.2, their study illustrates the fact that FBOs can usually be identified by one or more religious components such as (1) the use of religious phraseology in their mission statement or the overt use of religious symbols—identity; (2) their tendency to rely more on volunteers than on paid workers, or
be comprised of religiously committed people motivated to work for religious reasons—
staffing; (3) the amount of support they receive from congregations and other religious
organizations—funding sources; (4) their proclivity to deliver religious services as “part
and parcel” of their social service delivery—culture; and (5) their use of spiritual
expertise to reach management decisions—organizational practices (p. 423).

Smith & Sossin (2001, p. 653) argue that faith-related is a better designation than
faith-based and suggest that service organizations can be examined in terms of their ties
to religion. As depicted in Table 2.2., their typology includes four main components or
dimensions: resource dependency, authority, culture, and religious coupling. Resource
dependency theory is traditionally applied to market and market-like relations. Based on
this premise, an agency is more fully linked to faith when it receives a higher proportion
of resources from a religious organization and less closely tied to faith when resources
flow from secular sources (p. 654). The classic bureaucratic view of organizations
supports an authority-based perspective, which, in the case of faith-related agencies, is
linked to resources and to the association to (or separation from) a specific religious
denomination. Faith-related agencies will achieve (or fail to develop) their own authority
to the extent that they separate from (or stay connected to) a denominational hierarchy
(pp. 654-655).

Smith & Sossin’s analysis of culture in faith-related agencies considers the
association between religion as an institution and as an individual practice. Their
argument is that faith-related agencies choose their cultures of faith strategically by the
way in which they select the outside organizations with which they interact. Thus, a
religious culture will dominate if agencies interact fully with congregations, other
religious providers, and representatives from other denominations, but not otherwise (p. 655). Lastly, they define religious coupling as the degree to which an agency is connected to denominations or religious groups. This suggests that the tighter the coupling to religion, the more a faith-related agency’s social organization will reflect the demands of that religion (pp. 655-656).

Jeavons’ (in Ebaugh et al., 2003, p. 423) FBO typology includes seven characteristics which help differentiate between faith-based and secular nonprofit organizations as follows: (1) organizational self-identity; (2) selection of organizational participants (staff, volunteers, donors, and clients); (3) sources of resources; (4) goals, products, and services; (5) information processing and decision making; (6) the development and distribution of organizational power; and (7) organizational fields—including program partners (see Table 2.2).

Sider & Unruh’s (2004) typology may be the most sophisticated FBO framework to date. However, their model has a few weak points, which could potentially limit its use and lessen its scholarly value (Jeavons, 2004). First, the use of the term faith rather than religion aligns their typology with the tradition(s) of Christianity and distances it from others—Hinduism or Islam—in which faith is not a particularly meaningful concept or term. Second, their typology presupposes a division between what is internal and personal and what is expressive and corporate that does not adequately address expressions of religion devoid of anything Christians would describe as visible, religious symbolism or imagery. Most importantly, their typology does not explicitly indicate whether congregations are FBOs or not. Nonetheless, their model is the only framework presented so far that can actually help scholars ask better questions, do better research,
have more intelligent and clearer conversations about these issues, and ultimately, make better policies in this regard (Jeavons, 2004).

Table 2.2 Typology of Religious Organizations (Including FBOs)

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Typology</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ebaugh et al. (2003)</td>
<td>Faith-Based Organizations (FBOs)</td>
<td></td>
</tr>
<tr>
<td>Identity</td>
<td>Most FBOs can be identified by at least one religious component—i.e., name, mission, or religious symbols.</td>
<td></td>
</tr>
<tr>
<td>Staffing</td>
<td>Rely more on volunteers. Staff and volunteers are religiously committed people.</td>
<td></td>
</tr>
<tr>
<td>Funding Sources</td>
<td>More likely to depend on congregations for funding.</td>
<td></td>
</tr>
<tr>
<td>Culture</td>
<td>Based on religious values in terms of staff interactions with clients.</td>
<td></td>
</tr>
<tr>
<td>Organizational Practices</td>
<td>Emphasis on spiritual expertise to reach decisions.</td>
<td></td>
</tr>
<tr>
<td>Jeavons (1998)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identity</td>
<td>Self-identify as religious organizations and display this identity in various ways—including choice of name and mission.</td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>Clients, staff, volunteers, and donors tend to be religiously committed individuals.</td>
<td></td>
</tr>
<tr>
<td>Organizational Goals</td>
<td>Organizational goals, products, and services are usually of a religious nature.</td>
<td></td>
</tr>
<tr>
<td>Decision Making</td>
<td>Organizations rely on religious values, beliefs, activities, or experiences in information processing and decision making.</td>
<td></td>
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</table>
Table 2.2 Typology of Religious Organizations (Including FBOs)—cont.

<table>
<thead>
<tr>
<th>Author</th>
<th>Typology</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sider &amp; Unruh (2004)</td>
<td>Faith-Permeated</td>
<td>Organizations and program have evident connection with religious faith.</td>
</tr>
<tr>
<td></td>
<td>Faith-Centered</td>
<td>Organizations are often founded for religious purposes and programs incorporate explicitly religious messages and contents.</td>
</tr>
<tr>
<td></td>
<td>Faith-Affiliated</td>
<td>Organizations generally retain some of the influence of their religious founders, whereas programs incorporate little or no explicit religious content.</td>
</tr>
<tr>
<td></td>
<td>Faith-Background</td>
<td>Organizations look and act secular, but may have a historical tie to a faith tradition, but the programs have no explicit religious content.</td>
</tr>
<tr>
<td></td>
<td>Faith-Secular Partnerships</td>
<td>Organizations often join forces with congregations or other religious organizations. Programs have no explicit religious content.</td>
</tr>
<tr>
<td>Smith &amp; Sossin (2001)</td>
<td>Faith-Related Agencies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resource Dependency</td>
<td>Faith relation depends on the level of resources received from religious entities.</td>
</tr>
<tr>
<td></td>
<td>Authority</td>
<td>Involves resource dependency, which often denotes denomination dependency.</td>
</tr>
<tr>
<td></td>
<td>Culture</td>
<td>Culture of faith is selected strategically. This determines with which outside organizations the faith-related agencies interact.</td>
</tr>
<tr>
<td></td>
<td>Coupling</td>
<td>Denotes the degree to which the agency is linked to faith.</td>
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FBO-Government Partnerships

To better understand the FBO-government partnership, one has to first consider the factors that contributed to the formation of the nonprofit-government partnership as a whole. This section discusses how this relationship came to fruition, its successes,
challenges, and future in light of charitable choice and other legislative changes. Prior to the budget cuts of the Reagan administration, the relationships between public and private agencies were contractual and founded on financial incentives. However, Reagan’s budget cuts forced public agencies to manage caseloads with less money and private agencies to divide their efforts between raising money and delivering services that were once in the public domain. After the Reagan era, human services became more and more locally focused and social needs were increasingly addressed by religious congregations (Wineburg, 2001).

Even though congregations are not the focus of this study, their long-term involvement in the delivery of social services has served as the motivation to increase the role of sectarian organizations in addressing social welfare issues. Cnaan (2002) observes that congregations get involved in the delivery of social services for (1) pragmatic considerations, as they care about the needs of the community and their members; (2) theological directives, as members of congregations believe that the scriptures instruct them to help others; and (3) self-fulfillment, as involvement in social ministries helps people feel better about themselves and their fellow members.

The relationship between government and the nonprofit sector has been cooperative through most of our history, “…, even though a rhetoric of conflict and separation has dominated at the ideological and rhetorical level” (Grønbjerg & Salamon, 2002, p. 451). This ideological debate centers on two main issues: greater government involvement in addressing social ills on one hand and a strict separation between government and voluntary groups on the other. Despite these ideological differences, the
government has been financing private nonprofit initiatives for a long time starting with Harvard College—the first nonprofit organization in America.

Grønbjerg & Salamon observe that Harvard College was not only chartered by the Commonwealth of Massachusetts, but was also made the recipient of a dedicated commonwealth tax. This pattern was replicated in other respected nonprofit education institutions such as Columbia, Darmouth, and Yale. As the state government expanded their functions in response to urbanization and industrialization in the late nineteenth century, government support of private institutions was also extended—first into the health field and later the social services. Most recently, the ideological debate involving FBOs centers on politics and focuses on politicians’ views, expectations, and misconceptions regarding the role religious nonprofit organizations should play in addressing the nation’s most difficult social ailments. Although some scholars and practitioners call for the separation of public administration from politics (Wilson, 1997), others support the union of politics and administration and promote it as a means to an end, or the way to express the will of the state (Goodnow, 1997).

Donaldson & Carlson-Thies (2003) challenge Christians to think of government in welfare and social services as an ally and partner, not as a competitor or an enemy, as they are convinced that churches and faith-based social services have an indispensable role to play. They believe that collaborating with government by either accepting referrals or government funding helps FBOs (including churches and parachurch ministries) improve their services and their organizations. They also believe that “[b]ecoming part of the government-funded service network may be the only way the
faith-based group can provide its services to people who are receiving government-mandated help” (p. 26).

FBOs are believed to have the ability to increase the effectiveness of public social programs, as they are seen as more powerful in shaping character and giving direction to people than institutions that must comply with bureaucratic rationality (Nagel, 2006; Canada & Ackerman, 2003; Glenn, 2000). In fact, arguments suggesting that faith-based organizations are more effective that other organizations typically view personal transformation as the way in which people overcome their problems. They also emphasize and that religious teachings and religiously motivated caregivers do a better job of caring for the whole person, are more altruistic, more dedicated and trustworthy (Wuthnow, 2004).

Congressional support for the charitable choice provision rested on three main assumptions: (1) the existence of untapped resources to address social ills; (2) the existence of barriers preventing participation in contracting by FBOs unwilling to secularize; and (3) superior performance by FBOs. Critics of the charitable choice provision question FBOs’ alleged effectiveness and attribute their performance not to their “superiority” but to their involvement in the delivery of short-term services, namely food, housing, and clothing, than on the delivery of the more labor-intensive, long-term services such as health care, substance abuse, education, and workforce development (Canada & Ackerman, 2003). They argue that FBOs are still minor players, dwarfed by secular nonprofit service delivery organizations, private contractors, and by the government itself, which remains the main service delivery player despite all the talk about public-private partnership (Campbell, 2002, p. 223).
Since proselytizing is usually an essential duty for employees of sectarian nonprofit organizations before they started receiving public funding, FBOs receiving government funding are often forced to change, or modify their training practices. These changes often result in the minimization or elimination of religious elements while engaging in the provision of social services (Gossett & Pynes, 2003, p. 166). Actually, one of the consequences of government funding the FBO community fears the most is the bureaucratization of their organizations. They dread, among other things, three of the main structural characteristics of a bureaucracy, namely: hierarchy, differentiation or specialization, and qualification or competence (Heady, 2001).

The discussion of bureaucracy in the public sector usually begins with the work of Max Weber and is generally associated with citizens’ antipathy toward government. Normative bureaucracy focuses on the values bureaucracy should represent and the discrepancies between those values and actual bureaucratic performance. Empirical bureaucracy makes no judgments about the appropriateness of the values, or goals of bureaucracy, as its emphasis is on defining its elements and understanding what bureaucracy is rather than what it should be (Bozeman, 2000). The advancement of the classic Weberian bureaucratic model is usually attributed to its technical superiority—its precision, speed, certainty, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of material and personal costs. Bureaucratization offers the optimum possibility for carrying through the principle of specializing administrative functions because of purely objective considerations. This objective discharge of business practices is dependent upon calculable rules and without regards to people (Gerth & Mills, 1946, pp. 214-215) [no emphasis added].
Research shows that some nonprofit and religious organizations are relatively untainted by government funding and are relatively successful at maintaining a strong religious identity (Vanderwoerd, 2004). For example, a comparative study of two mid-western organizations challenges the institutional isomorphism hypothesis, as it demonstrates that secularization—i.e., professionalization and bureaucratization—is not inevitable when FBOs receive government funding (Vanderwoerd, 2004). This study shows that FBO leaders believe that their organizations identities are not chosen, but given by God. These organizations do not see their world as made of religious or as secular elements, “… but rather, [view] everything as answerable to and potentially serviceable to God and his purposes” (p. 257).

Social Welfare and Faith Based Organizations

Religious organizations and congregations in the United States have been providing—since colonial times—not only for the spiritual needs of their members, but for their social welfare as well. Religion helped promote social justice and inclusion by responding to the needs of communities before state or federal governments assumed this responsibility—even before the evolution of the social work profession (Ortiz, 1995). Religion has given the state a tool to keep people in order as well as a source of hope in the face of hunger, wars, and inequality (Cnaan, 2002). Christians have differed in their interpretations of the biblical mandate to be good neighbors to the needy, which, in turn, has contributed to the development of two broad traditions within the Christian community: the Christian-charity approach and the social justice perspective. Both views are rooted in Scripture and have influenced the responses of church and state toward poverty as a social issue and toward the poor (Van Hook, 1996).
The Judeo-Christian perspective emphasizes life in the community—the common good and maintains that people have responsibilities for one another. This point of view entails a view of human beings as the image of God and the firm conviction that adult responsibility in a differentiated society is essential to the existence of a just social order (Skillen, 1996, p. 140). The increase of national religious charities after the Civil War, the expansion of religious congregations, the proliferation of churches between the Civil War and the advent of World War I, the expansion of religious membership, and the increasingly urban character of the nation—among other factors—promoted the implementation of religiously-motivated solutions to the social problems facing the nation (Thiemann, Herring & Perabo, 2000). Interdenominational ministries such as the Young Men’s Christians Association (YMCA) and the Salvation Army, both of which quadrupled in size between 1865 and 1895, attest to the success of FBOs in meeting the needs of the poor (p. 53).

The role of religion in public welfare started to lose momentum and support during the New Deal era “…when the growth of government welfare spelled the marginalization of religion in welfare” (Carlson-Thies, 2001, p. 111). This change in the nation’s welfare system resulted, in part, from the shift to a government-centered system of help, a change from local organizations many of which were connected with religion, to a situation where the main players were secular government-operated and government funded programs (p. 111). The underlying assumption of the programs created during the New Deal era was that poverty would be eradicated through the application of an effective and scientific public welfare system (Cnaan, 2002). After six decades, the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act
of 1996 reversed the course of the American welfare development and overturned the marginalization of religion in public welfare. This was facilitated by several trends including a growing belief, among members of the government, the public and academia, that much of the existing welfare effort and level of expenditure had done more harm than good to the poor. This change in trajectory was also made possible by a renewed appreciation that poverty can have behavioral and economic roots and by the upsurge of interest in civil society and volunteerism (Carlson-Thies, 2001, p. 116).

The notion that FBOs—as social service providers—can offer effective and cost efficient solutions to the nation’s social ills has gained widespread support among politicians in both parties (Thieman et al., 2000, p. 51). This bipartisan support resulted, in great part, from (1) the decision to change the welfare system from financial aid to poor families into a program designed to provide assistance to enable families to become self-supporting, (2) the realization that government is not the best provider of help, and (3) the decision to team up with private charities—including churches and FBOs—to provide the services needed (Donaldson & Carlson-Thies, 2003).

Public Policy and Faith-Based Initiatives in America

Black, Koopman, & Ryden (2004) argue that the faith-based story is first a story of policymaking. Although textbooks separate the policymaking process into a series of sequential steps—(1) identifying the problem; (2) getting the problem on the public agenda; (3) formulating potential solutions; (4) enacting a new law; and lastly, (4) implementing the law—the “real” life story of the policymaking process rarely follows any prescribed models (Black et al., 2004; Kingdon, 1984). The policy process involves an extremely complex set of interacting elements: the number of actors involved, the time
period, the level of governments involved, the complexity of the issues under consideration, which are often highly technical in nature, the costs involved, and the personal values/interests held by those involved in this merry-go-round (Sabatier, 1999).

The multiple streams model as outlined by John Kingdon is among the number of theoretical frameworks developed to provide a better understanding of the policymaking process. This lens or approach is comprised of three main elements: problems, policies, and politics. Problems refer to conditions that become problems depending on how they are identified, assessed and presented. Policies are ideas generated in policy communities (or networks comprised of bureaucrats, congressional staff members, academics and researchers), which may become policies based on their technical feasibility and value acceptability. The politics element has three important parts—the national mood, interest groups, and administrative or legislative turnover—on the policy agenda. Through opinion polls government officials gage the national mood on a variety of issues in order to assess consensus (or dissent) in the broader political arena. Legislative or administrative turnover can significantly affect the agenda, as issues that might have been neglected by one government official might suddenly receive a great deal of attention from another (in Zahariadis, 1999).

Kingdon’s (1984, p. 176) multiple streams model focuses on policy windows, which he defines as an opportunity for action on an initiative that presents itself and stays open for a short period of time. The key about policy windows is to know how and why they open and close, as they might open and close for a variety of reasons. “A change in administration is probably the most obvious window in the policy system” and
policymakers and students of policymaking realize that “[i]f the window passes with no action, it may not open again for a long time” (p. 178).

Another lens through which scholars have described and assessed the policymaking process is the advocacy coalition framework—or ACF. This framework is based on five premises as follows: (1) that theories of the policy process or policy change need to address the role of technical information in identifying and assessing problems; (2) that understanding the role and impact of technical information in the policy process requires a time perspective of a decade or more; (3) that the most useful units of analysis for understanding policy change is a policy subsystem (or domain). That is, the actors from public and private organizations concerned with a public policy issue; (4) that the common conception of policy subsystems should be broadened, and thus, include journalists, researchers, and policy analysts as well as actors at all levels of government; and (5) that public policies incorporate implicit theories about how to achieve their objectives (Sabatier & Jenkins-Smith, 1999, pp. 118-119).

One of the ACF’s main characteristics is that it encourages people to think of agency officials, researchers, and journalists as potential members of advocacy coalitions—as having policy beliefs very similar to those of interest group leaders and their legislative allies, and as engaging in some nontrivial degree of coordinated activity in pursuit of their policy objectives (p. 127). To date, the ACF has been applied to energy and environmental policy analysis in the United States and has also been applied to a fairly wide variety of policy areas in European and Commonwealth countries.

Weimer & Vining (1999) affirm that some of the factors affecting the success and failure of the policy implementation process include, (1) the logic of the policy; (2) the
nature of the cooperation it requires; and (3) the availability of skillful and committed people to manage its implementation.

The first factor, the logic of the policy, has been described as a chain of hypotheses and addresses the feasibility and/or suitability of the policy’s underlying theory or theories. It addresses the relationship between the policy itself and the intended outcome. The second one, the nature of the cooperation a policy requires, refers to the policy’s political feasibility, and identifies the following aspects: the elements linking the policy to the desired outcome; the individuals who control those elements; the availability of resources; and the consequences that will result if the expected results are not obtained (p. 398). Lastly, the availability of the policy “fixers” refers to the individuals who will be actively involved in the implementation process as well as committed to its success. At the local level, the availability of [in Eugene Bardach’s words] fixers can be especially helpful in adjusting centrally managed policies to local conditions (p. 401).

Given that ending the welfare program as an entitlement program was the primary focus of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, limited attention was originally given to the charitable choice provision (Cnaan & Boddie, 2002). Thus, charitable choice remained dormant after its passage in August 1996 during the Clinton administration until President George W. Bush’s first term in office. In addition to Section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, three other bills introduced new charitable choice laws.

In 1998, the 105th Congress reauthorized the community service block grant program, which provides states funds for a number of community social service programs. Between 1999 and 2000, the 106th Congress enacted two more laws with
charitable choice provisions. The first one, the Children’s Health Act of 2000 authorized block grants to the states for substance abuse prevention and treatment programs. The second, the Community Renewal Tax Relief Act of 2000 extended the federal government’s Substance Abuse and Mental Health Services Administration programs (Cnaan & Boddie, 2002).

As a public policy issue, charitable choice provides policy analysts, public administrators and practitioners the opportunity to assess and learn from one of the most controversial pieces of legislation in recent history in the United States. Using Kingdon’s (1984) multiple streams lens, it is clear that President Bush’s election in November 2000, created the perfect policy window for what he institutionalized as the nation’s faith-based initiatives. The inclusion of charitable choice as part of the changes made to the nation’s welfare program served as the foundation for the Bush administration’s drive for greater faith-based participation in the delivery of social services (Twombly, 2002).

President Bush successfully addressed the factors involved in the implementation of public policy outlined by Weimer and Vining (1999) in a few steps. He skillfully established the logic of the policy creating the White House Office of Faith-Based and Community Initiatives and releasing his faith-based initiative blueprint—Rallying the Armies of Compassion—in January 2001. Then he highlighted the nature of the cooperation his policy requires by inviting religious organizations and the government to form meaningful partnerships. At the same time, he called attention to the availability of skillful and committed people and organizations and the desire of religious groups to address the nation’s social problems.
President Bush uses the publication of *Rallying the Armies of Compassion* to gain support for his policy strategy by condemning the current federal assistance programs, identifying the need for changes in the system; proposing a different role for government in the provision of social services; stressing the need for a “new” partnership between faith-based organizations and the government; and restating the government’s responsibility to the needy and the ability of faith-based and other charitable groups to provide services beyond the government’s expertise.

**Nonprofit Economics—Government Funding and Private Giving**

It is still unknown the extent to which the implementation of charitable choice—and the establishment of Bush’s faith-based initiatives—have affected the propensity of different groups to give time and money to charities. About 80 percent of those who gave to charity in the year 2000 reported that they gave because they believed that those who have more should give to those who are less fortunate (Brooks, 2006). The Independent Sector (2007) reports that in 2005, total private donations to charitable organizations reached $260.3 billion and observes that private donations are the primary source of revenue for the arts and for religious organizations.

In 2004, the total combined assets of public charities and public foundations were estimated at $3 trillion, which represented 5.2 percent of gross domestic product that same year. In 2001, 64 percent of households in the nation made charitable contributions and 45 percent of the population gave an average of $767 to religious organizations (Brooks, 2007, p. 602). To date, researchers have not been able to clearly determine how private giving is affected by government or third-party provision of a public good (Eckel et al., 2005). Those who advocate the redistribution of money in the name of social...
justice normally perceive government spending as a form of charity. This mindset often results in a significant reduction (potentially, the elimination) of private donations to charitable causes. “Let us be clear: Government spending is not charity”, as “[i]t is not a voluntary sacrifice by individuals” (Brooks, 2006, p. 20).

A dollar in government spending on nonprofit activities generally displaces (or “crowds-out”) up to 50 cents in private donations, mainly to programs that provide assistance to the poor. A study conducted in 1985 found that increases in cash transfers from state government to the poor resulted in a reduction of charitable donations in general. State-level data from 1997 to 2002 show that a 10 percent increase in government spending—involving the Temporary Aid to Needy Families (TANF) program—generally translated into a decrease of private donations of approximately 3 percent (pp. 58-59).

The basis of the literature on the crowding effect rests on the relationship between government support and private philanthropy and can be described in three dimensions: direction, intensity, and level—either institutional or sectoral (Borgonovi, 2006). The direction perspective looks at whether government funding stimulates (crowds-in) private donation or whether it inhibits (crowds-out) private giving to nonprofit organizations. Scholars generally measure the intensity of the relationship based on the degree—partially or totally—to which government subsidies affect private giving. The level at which this effect takes place is also important, as it helps determine whether government spending affects private donations received by a single organization, or an entire sector (p. 429).
The tests of the crowding-out hypothesis conducted to date suggest that a dollar in government subsidies crowds-out private donations at a rate of less than dollar-for-dollar. For example, a recent study showed that $1 in government funding to international relief organizations crowded out about $0.23 cents in private donations (in Brooks, 2004, p. 173). Overall, crowding-out is more prevalent among social service organizations than among their arts and culture counterparts. An increase in government spending could crowd in private donations by acting as a signal to donors about the number of people in poverty as well as the (positive) effects of their combined efforts (Brown, 1997).

Total crowding-out occurs when a dollar increase in government spending leads to a dollar decrease in private charitable donations (Simmons & Emanuele, 2004). The explanation given for crowding-out usually revolves around a lower perceived necessity on the part of nonprofits after receiving government funding (Brooks, 2003). The crowding-out hypothesis does not state that positive government spending should always reduce private giving, just that the relationship between public and private funding—in isolation from other variables—should be negative (Brooks, 2004, p. 172). An alternative theory views the crowding-out effect as the result of reduced fundraising efforts once the organizations start receiving government funding. This model presupposes that the (actual, or perceived) decrease in need following the receipt of public funds makes organizations less active in looking for private donations and donors more reactive, or less interested in giving to charity (Borgonovi, 2006, p. 433).

Figure 2.1 suggests that when organizations are looking to maximize unearned revenues—private donations and government grants, there is a range of government funding that could be considered as too high. In this example, any level above
government funding \((G^*)\) is likely to drive total unearned income \((TR)\), or contributions that are not direct compensation for the sale of a product, below its maximum of \(TR^{**}\). Also, Figure 2.1 shows the concavity of the curve drawn to graphically depict the relationship between private donations and government funding. The strict concavity of the curve provides the fewest possible additional assumptions regarding the relationship between private giving and government funding. The \(P(G)\) curve shows that as government funding rises, donations fall. Although organizations may sit on any part of the \(P(G)\) curve, crowding-in often occurs between \(G=0\) and \(G^*\), whereas crowding-out usually occurs between \(G^*\) and \(G_{\text{max}}\) (Brooks, 2000, p. 454).

Horne et al. (2005) tested the tenets of the crowding-out hypothesis by conducting a telephone survey of 1,496 adults in the state of Georgia. Respondents were asked whether they made any charitable donations in 2001, the amount of their donations, and the name of the organization to which they made their donations. Participants were also asked to estimate the percentage of government funding received in 2001 by their beneficiary organizations as well as to indicate whether knowing that their beneficiary organization receives an increase in government funding would make them to want to give more, less, or about the same. Given the inconclusiveness of their findings, Horne et al. maintain that the explanation of the effect of government funding on private giving cannot solely rely on the supposition that private donors know about and respond to shifts in government subsidy levels.

Andreoni (1989) disputes the notion that the government provision of public goods completely crowds-out privation donations. He maintains that people give to charity because they demand more of the public as well as to experience a “warm glow”
from having done their part, which he refers as “impure altruism”. This hypothesis is offered as an alternative to the standard model of public goods provision, which assumes that charitable giving is motivated by the desire to improve the general well-being of recipients. In this context, people make donations to privately provided public goods not only to gain utility from increasing its total supply, but also to gain utility from the act of giving (Andreoni, 1990, p. 473).

In addition to the combination of altruism and egoism offered by Andreoni (1990, 1989) as an explanation to fluctuations in private giving patterns, there are a number of demographic characteristics that could potentially affect such behavior—including income, marital status, age, residence location, religion, and upbringing. For instance, it is possible that the costs associated with city living discourage people from donating time or money. It is also possible to find a positive relationship between giving to charity and growing up in a home that values charity giving (Simons & Emanuele, 2004). Family life is connected with charity in all sorts of ways. Children learn about charity by observing their parents—particularly, those who promote philanthropic values and vision as well as those who practice charity as part of their religious responsibilities (Brooks, 2006).

Based on Andreoni’s theory, FBO administrators should view the solicitation of donations, not as a request, but as the offer of a valuable product—essential to the organization as well as to the donor’s happiness, health and good fortune (Brooks, 2006). Fundraising is never an end in itself; it is purposive. It draws its meaning and essence from the goals that it ultimately serves: caring, helping, healing, nurturing, guiding, uplifting, teaching, creating, preventing, advancing a cause and preserving values among
Hence, fundraising should be conducted in any way that nurtures the spiritual growth of donors and generates needed resources. This could be effectively accomplished by: (1) operating the organization and fundraising programs on the premise that there is an abundance of resources under God’s grace; (2) promoting a holistic perspective based on God’s work; (3) communicating the organization’s essential theological values—to help donors feel the connection between their faith and the organization’s work; (4) providing donors with meaningful opportunities for genuine participation in the ministry; (5) integrating fundraising goals and operations with program goals and operations—to promote consistency in goals, priorities, and operations over time; and (6) hiring spiritually mature, theologically reflective leadership to run their development programs (Jeavons, 2002a, pp. 101-103).

A major goal of President Bush’s faith-based initiative is to make government funds available to a wide array of religious social service agencies including congregations and faith-based coalitions. Actually, large denominational agencies such as Catholic Charities, Salvation Army, Lutheran Social Services, and Jewish Family Services—to mention a few—both apply and receive the bulk of government funds (Ebaugh et al., 2006). Small religious organizations, including FBOs, are least likely to accept new government funding because they do not want to change their organizations’ services, jeopardize the relationships they have established in their communities, or, most importantly, lose the support of their private donors who associate government funding with corruption (Jeavons, 2002b).

Organizations with less religious policies and practices are both asking and receiving more government grants than those more religiously expressive. This suggests
that organizations that use religion more centrally in dealing with their clients and staff, and that express their religiosity more publicly, also place higher value on evangelizing. Consequently, they are less willing to jeopardize this goal by applying for and accepting government funding (Ebaugh et al., 2006).

The implementation of charitable choice also resulted in the creation of “faith-based liaisons”, or programs designed to encourage religious organizations to apply for government funding or somehow develop partnerships with government antipoverty programs (Chaves & Tsitsos, 2001). For instance, the Department of Health and Human Services created a $4 million fund to support the prevention of substance abuse and HIV infection, which was initially targeted toward either religious organizations or organizations working with religious groups (p. 661). Similarly, the Office of Faith Based and Community Initiatives established the Compassion Capital Fund to help smaller, more inexperienced organizations survive the granting process. Key players in the granting process maintain that applicants are judged based on objective—not subjective—criteria such as the quality of the proposal, the organization’s track record of past performance as well as the existence of the required infrastructure to execute the proposal (Nagel, 2006).

Future levels of government funding for FBOs will depend, in great part, on two main things: (1) their ability to master the granting process and (2) their ability to evaluate their programs and successfully and persuasively communicate their successes. In supporting their alleged superiority in providing social services, FBOs must realize the challenges they face. FBOs are at a disadvantage when it comes to the theoretical problems involved in evaluative research—research design, population, and sampling
procedure. Researchers cannot measure the effectiveness of a social program, as they are not able to compare those who have been exposed to the intervention to those who have not. Nor are researchers able to “assign” people to the programs supported by charitable choice. As if this were not enough, FBOs often lack the staff and competence to collect and analyze statistical data (Nagel, 2006). Most importantly, the absence of a common legal or social scientific definition of FBOs hampers efforts to identify and accurately count them, which could, in turn, yield very questionable numbers (Carlson-Thies, 2004).

This chapter provides the theoretical foundation on which this study will be performed. Next chapter—Chapter III—depicts the steps I will take to conduct this investigation. It identifies and assesses the strengths and weaknesses of the research designs and methods selected to collect the data and test the study’s hypotheses respectively. Furthermore, it provides a detail account of the statistical tests I will employ to evaluate the relationship between the variables.
Figure 2.1 Relationship between Government Funding and Private Donations
CHAPTER III
METHODOLOGY

Introduction

The purpose of this dissertation is to analyze the relationship between federal funding and private charitable donations. To date, few studies, if any, have exclusively assessed the impact of charitable choice on private charitable donations to FBOs. Therefore, more empirical research is needed to determine whether there is a relationship between the amount of government funding FBOs receive and the level of charitable contributions they receive from private donors. This research examines how donors react when the government subsidizes the faith-based nonprofit activities to which they contribute using a mixed research methods approach that included employing the cross-sectional, longitudinal, and case study research designs. Specifically, it addresses four main research questions as follows:

1. To what extent does government funding to FBOs, as supported by the charitable choice provision, affect the overall level of private charitable donations to these organizations?

2. Is there a difference between the mean level of private donations in government funded and non-government funded FBOs?

3. What factors do FBOs consider when deciding whether to receive government funding (and take advantage of charitable choice)?

4. What mechanisms, if any, do FBOs employ to disseminate information to their donors regarding their organizations’ funding sources?
This chapter provides a detailed account of the steps taken to collect and analyze the data and interpret the results. This section presents the research methods and research designs employed as well as the statistical analyses performed to test the study’s hypotheses (see Table 3.1). This section also defines the key terms—including faith-based organization (FBO), government funding, private donations, and private giving—used throughout this study. Private charitable contributions or private donations are defined as monetary gifts made by private citizens to FBOs. Private charity and private giving patterns refer to either individual or group donor behavior and are used interchangeably in this investigation. As stated in Chapter I, FBOs are defined as incorporated religious organizations—registered with the IRS as (501(c)(3) public charities (Cnaan, 2002), exhibiting one or more of the following five characteristics: (1) public face\(^1\); (2) religious or spiritual reference in the organization’s mission or value statement; (3) religious or spiritual elements in an organization’s history\(^2\); (4) explicit religious affiliation; and (5) the presence of religious activities or elements in the content of services that are provided\(^3\) (Montiel & Wright, 2006, p. 3).

Quantitative Approach

Quantitative research methods are used to assess the relationship between, or among a set of variables and generally incorporate the random selection and assignment of participants in a given study (or experiment). Quantitative research is often conducted to establish causality as well as make causal generalizations—a challenging proposition

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\(^1\) Public face refers to the organization’s overt use of religious words and/or symbols in their name, logo, or slogan.

\(^2\) That is, whether the organization was founded by a religious order or for an expressed religious purpose, or was established and staffed by people of faith.

\(^3\) This may involve the study of religious texts, worship, or religious services.
in social sciences (Shadish, Cook, & Campbell, 2002). The quantitative section of this study incorporates secondary research data, which was used to (1) stratify the sample, (2) identify the years for the longitudinal and cross-sectional studies, and (3) identify and assess aggregate donor behavior. The quantitative research data was used to address the study’s first two questions: (1) To what extent does government funding to FBOs, as supported by the charitable choice provision, affect the overall level of private charitable donations to these organizations? and (2) Is there a difference between the mean level of private donations in government funded and non-government funded FBOs?

Qualitative Approach

One of the advantages of qualitative research is that it takes place in a natural setting (home or office), which enables the researcher to obtain detailed information about the individual or organization under investigation. This allowed me to ask questions, clarify statements, and request supporting documentation to gather the information needed for the study. More importantly, qualitative research is emergent rather than tightly prefigured. Thus, research questions are often changed and refined as the inquirer learns what to ask and to whom it should be asked (Creswell, 2003, p. 181). I realize that my personal lens most likely affected the qualitative data collection and interpretation process as well as recognize that my personal perspective, experiences, values and interests kept the research honest and open (p. 182).

I collected primary research data via personal interviews through the use of open- and closed-ended questions—as shown in Appendix A.4, taking interview notes, keeping a journal during the research study, and analyzing public documents (such as organization internal correspondence, newsletters, memoranda, reports, electronic
messages, and any pertinent archival material). My goal was twofold: to learn about the case study participants’ attitude toward government funding and to use the qualitative data to better understand the results of the quantitative data analysis. I also used the qualitative data to identify recurring themes in the FBO community and to clarify as well as gain an understanding of the results of the quantitative aspect of this study. Once collected, the data was coded and analyzed through the creation of codes and the identification of themes.

The qualitative segment of the study was better suited to identifying the factors that FBOs consider when deciding whether to participate in charitable choice as well as identifying the mechanisms, if any, that FBOs employ to disseminate information to their donors about funding sources—that is, questions number 3 and 4. Hence, during the in-person interviews, I asked questions to elicit information regarding the FBOs administrative procedures and philanthropic activities. FBO administrators were asked to identify the factors they consider before they decided to either initiate, increase, or terminate the request of government funding. Interview questions also centered on the identification of the tools FBOs use to communicate with private donors to provide information about services financial needs, funding sources, and fundraising activities.

The results of the study were expected to show that government funding decreases or “crowds-out” private charitable donations. Although the quantitative aspect of this study is grounded in the crowding-out hypothesis, critical theory guides the qualitative phase of the study. Critical theory focuses on the ways people think and act and how social circumstances influence their thoughts and actions (Porter, 2003).
Critical theory is described as a critique of society and the envisioning of new possibilities. It explores a number of research areas including: the scientific study of social institutions; the historical problems of domination, and alienation and social struggles (in Creswell, 1998, p. 80). Critical theory affects the way in which researchers write and read as well as influences the theories and topics selected by the investigator. This perspective enables the researcher to emphasize the combination of research methods—quantitative and qualitative—and multiple lenses including: race, class, and gender (p. 82).

Research Methods

This study mixes the use of quantitative and qualitative research methods. Although combining research methods is relatively new in the social and human sciences, this technique enables the investigator to integrate the use of these two distinctive approaches into a single study (Creswell & Plano, 2007; Creswell, 2003). The basic premise of the definition of mixed research methods is that the combination of quantitative and qualitative approaches provides a better understanding of research problems than either approach alone (Creswell & Plano, 2007, pp. 8-9).

Researchers can choose from four major types of mixed methods designs to collect, analyze, interpret, and report data in research studies including: triangulation, embedded, explanatory, and exploratory designs (p. 59). This study uses the triangulation design, which is the most common and well known approach to mixing research methods. It is a one-phase design in which investigators implement the quantitative and qualitative methods during the same timeframe and with equal weight (pp. 63-64) (see Figure 3.1). The triangulation design has four variants—the
convergence model, the data transformation model, the validating quantitative, and the multilevel model. This study uses the convergence model, as it enables the researcher to collect and analyze quantitative and qualitative data separately on the same phenomenon and interpret the results by comparing and contrasting them during the interpretation (see Figure 3.2). Generally, researchers use this model when they want to compare results or to validate, confirm, or corroborate quantitative results with their qualitative findings (pp. 64-65).

Figure 3.1 Triangulation Design

Figure 3.2 Triangulation Design: Convergence Model
Research Design

I used the case study, longitudinal, and cross-sectional research designs as shown in Table 3.1 to conduct this investigation. Case studies answer “how” or “why” questions and are often used by social scientists to contribute to our knowledge of individual, group, organizational, social, and political phenomena (Yin, 2003). The case study model involved the collection of qualitative information from a small number of FBOs through face-to-face interviews in order to gain an understanding of some of the factors that influence FBOs to seek or refuse government funding and to identify the methods FBOs use to disseminate information to donors about their funding sources.

The longitudinal component allows for multiple observations to examine how effects change over time (Shadish, et al. 2002). It allows the analysis of duration of social phenomena; permits the measurement of differences or changes from one period to another in the values of one or more variables; and can be used to locate the causes of social phenomena as well as identify the connections between events that are widely separated in time (in Ruspini, 2003, p. 183). The (retrospective) longitudinal section involved the use of financial data per FBO as reported to the IRS on Form 990. Given that the availability of the Form 990 varies among FBOs, I used financial data for a seven-year period beginning in 1999 and ending in 2005.

The cross-sectional component allows for the collection of all relevant data at one point in time as well as for the use of the collected data to assess multiple outcomes. I identified and collected all the pertinent research data from a national nonprofit organization database—Guide Star—during the calendar year 2007. Guide Star is a national electronic database that provides its subscribers access to FBO administrative
and financial information. Guide Star itself is a 501(c)(3) public charity established in 1996 that presently maintains information on 1.7 million nonprofit organizations in the United States. For either a monthly or annual fee subscribers get access to the organizations’ missions, names of board members, the names and contact information of the executive directors, annual reports, audited financial statements, letters of determination, and electronic copies of the Form 990 among other valuable data.

Some of the threats associated with longitudinal research are: (1) panel attrition, as using the same cases over and over will result in some variation; (2) panel conditioning, as the repetition involved in this process tends to influence the phenomena being observed; (3) recall bias, as many subjects forget things about events, feelings, or considerations; (4) tolerance, as retrospective surveys tend to be lengthy; (5) reinterpretation, or individuals’ tendency to interpret their own past behavior; and (6) misinterpretation, or distortions caused by changes within the sample (Ruspini, 2003, pp. 184-185). Longitudinal studies also face threats to their external validity, which stem from the researcher’s concern on how to go from the particular units and settings in which data are collected to the higher order constructs these instances represent (Shadish, et al. 2002, p. 20).

Case studies face a number of threats including: construct validity, internal validity, external validity, and reliability respectively (Yin, 2003). The threat to construct validity refers to the investigator’s inability to develop a sufficiently operational set of measures and the subjectivity involved in the case study data collection process (p. 35). Construct validity can be effectively addressed by using multiple sources of evidence as well as by having key informants review a draft of the report. Internal validity in case
studies becomes an issue when the investigator makes inferences concerning a particular event. The challenges are: (1) assessing whether the inferences are correct; (2) ascertaining whether all rival explanations and possibilities have been considered; and (3) verifying that the evidence is convergent. Researchers often address this threat by using a number of analytical techniques such as pattern matching, explanation building, rival explanations, and logic models (p. 36).

The ability to make generalizations beyond the immediate investigation, known as external validity, is another major barrier in case studies. Case study critics argue that single cases offer a poor basis for generalizing (p. 37). Reliability, or the extent to which a case study can be successfully replicated, should also be carefully considered. One way of dealing with this problem is by making as many steps as operational as possible through record keeping and thorough documentation (p. 38). Some form of random sampling must be employed to address threats to external validity. Consequently, the findings from this study cannot be generalized.

I addressed this study’s threats to internal validity by combining the use of the case study with the use of the cross-sectional research design, which allows the investigator to trace events over time. Yin (2003, p. 123) asserts that “…, the ability to trace changes over time is a major strength of case studies—which are not limited to cross-sectional or static assessments of a particular situation.” I also dealt with the problems of construct validity and minimized the threats associated with mixed research methods in general by drawing the quantitative and qualitative samples from the same population and reexamined the data to clarify contradictory results as needed (Creswell & Plano, 2007). Additionally, I ensured that the case study participants understood the
purpose of the study and their role in the investigation. To this end, I sent each case study participant a letter of introduction stating the purpose of the investigation and informing them of their right to withdraw from the study at any time (see Appendix A.2).

Table 3.1 Research Design

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Variable(s)</th>
<th>Hypotheses</th>
<th>Data Collection Method</th>
<th>Research Designs</th>
<th>Type of Research Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) To what extent does government funding to FBOs, as supported by the charitable choice provision, affect the overall level of private charitable donations to these organizations?</td>
<td>Total annual amount of government funding and total annual amount of private charitable donations to FBOs.</td>
<td>The higher the level of public subsidies received by FBOs the lower the level of donations they will receive from private donors.</td>
<td>IRS Data Form 990</td>
<td>Cross-sectional</td>
<td>Quantitative Regression Analysis</td>
</tr>
<tr>
<td>(2) Is there a difference between the mean level of private donations in government funded and non-government funded FBOs?</td>
<td>Total annual amount of government funding and total annual amount of private charitable donations to FBOs.</td>
<td>There is a statistically significant difference in the mean level of private donations between government and non-government funded FBOs.</td>
<td>IRS Data Form 990</td>
<td>Cross-sectional</td>
<td>Quantitative Independent-Samples T-Test</td>
</tr>
<tr>
<td>(3) What factors do FBOs consider when deciding whether to receive government funding (and take advantage of charitable choice)?</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Face-to-Face Interviews</td>
<td>Case Study</td>
<td>Qualitative Case Study</td>
</tr>
</tbody>
</table>
Sampling

The study’s population was comprised of FBOs located the state of Ohio and the observations consisted of financial data as reported on the Form 990 per FBO for a seven-year period starting with 1999 and ending with 2005 (see Table 3.2). Given the timing of this project, financial data for the year 2006 was not included in the study because the Form 990 is not always available for review immediately after the end of a calendar year. The level of confidence and the confidence interval for this study were selected at the 95 percent and ±5% levels respectively.

The study’s units of analysis were comprised of faith-based nonprofit organizations (FBOs), excluding church congregations, as identified through Guide Star’s database. Despite congregations long time involvement in the delivery of social services (Cnaan, 2002), they differ from FBOs on a number of important characteristics—size, age, activities, location, affiliation, and funding, all of which are significant to this study. First, congregations tend to be smaller while FBOs range from small grassroots to huge corporations such as the Salvation Army. Second, congregations appear to be older than FBOs, as they face more competition for government funding, which tends to result in

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Variable(s)</th>
<th>Hypotheses</th>
<th>Data Collection Method</th>
<th>Research Designs</th>
<th>Type of Research Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4) What mechanisms, if any, do FBOs employ to disseminate information to their donors regarding their organizations’ funding sources?</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Face-to-Face Interviews</td>
<td>Case Study</td>
<td>Qualitative Case Study</td>
</tr>
</tbody>
</table>
more fluctuation. Third, congregations include their social services in their religious activities. Conversely, FBOs parallel other public benefit and advocacy organizations such as colleges, hospitals, nursing homes, and day care centers. Lastly, congregations are mainly funded by private donations whereas FBOs—given some exceptions—are more likely to be funded by the government (Jeavons, 2003).

Once The University of Akron’s Interview Review Board for the Protection of Human Subjects approved the selected data collection techniques (see Appendix A.1), the primary and secondary data were concurrently collected. A preliminary search of FBOs in Ohio using Guide Star’s database yielded a FBO universe smaller than anticipated—approximately 105 organizations. Therefore, a purposeful sampling technique was employed for the quantitative approach whereby I initially included all of the identified FBOs and eliminated from the study those organizations that: (1) were not faith-based—using the definition of faith-based organization described earlier in this chapter; (2) were not providing any type of social service; (3) did not, or were not required to file the Form 990; as well as (4) those that had four years or less worth of available financial data.

A convenience sampling technique was used for the qualitative method. The primary data was collected by conducting face-to-face interviews with FBO administrators. Administrators, for the purposes of this study, are defined as directors, executive directors, directors of development or fundraising involved in the organization’s decision-making process—particularly, in the decision to apply for, or refuse government funding. In order to engage FBO administrators in the study, I offered to share a copy of the research findings with all case study participants. The secondary
data was collected directly from electronic copies of the Form 990, which shows the total amount of government grants and private donations FBOs received annually.

Research Questions, Hypotheses, Methodology and Data Sources

This section discusses the study’s major research questions, corresponding hypotheses, research methods, and data sources that I used to address each of the four research questions as shown in Table 3.1. The first two questions (number 1 and 2) involved the use of quantitative research methods, whereas the last two questions (number 3 and 4) involved the collection and analysis of qualitative research data. That is, the former were tested using secondary data and the latter using primary data.

**Question 1:**
To what extent does government funding to FBOs, as supported by the charitable choice provision, affect the overall level of private donations to these organizations?

The corresponding hypothesis for this question is noted below:

**Hypothesis 1:**
It is expected that the higher the level of government funding received by FBOs, the lower the level of donations they will receive from private donors.

Regression analysis was used to identify and assess the relationship between government subsidies to FBOs and private charitable donations to those organizations. I used regression diagnostics tests and multiple regression analysis to further evaluate the above mentioned relationship. The data source for this question consisted of financial (annual revenue and funding sources) as well as demographic information reported to the IRS on Form 990. As soon as the secondary data was collected, the organizations (or working sample) were stratified into two mutually exclusive groups—one stratum was comprised of FBOs receiving government funding (and presumably participating in
charitable choice) whereas the other was comprised of FBOs not receiving government funding.

**Question 2:**
Is there a difference between the mean level of private donations in government funded and non-government funded FBOs?

The corresponding hypothesis for this question is noted below:

**Hypothesis 2:**
It is expected that there is a statistically significant difference in the mean level of private donations between government funded and non-government funded FBOs.

The methodology employed to test this hypothesis was a two-tailed independent-samples t-test. The data source for this question consisted of financial data (annual revenue and funding sources) reported to the IRS on Form 990.

**Question 3:**
What factors do FBOs consider when deciding whether to receive government funding (and take advantage of charitable choice)?

**Question 4:**
What mechanisms, if any, do FBOs employ to disseminate information to their donors regarding their organizations’ funding sources?

The methodology employed to test these questions involved the use of a qualitative tradition of inquiry—the case study. The data source for questions number 3 and 4 consisted of the responses to the face-to-face interviews with FBO administrators. Once the answers to the questions were properly sorted, coded and the themes were identified, I used that information to explain the findings from the quantitative portion of the study (which includes questions number 1 and 2). I compared and contrasted the results of the measures of central tendency, t-test, and regression analysis with the results of the case study to determine whether the qualitative findings either supported, or contradicted the quantitative findings.
Variables

Two dichotomous variables—location and religious affiliation—were included in this study. Location refers to the FBOs’ physical site and affiliation to an organization’s established association with a church or other religious entity as specified on the IRS Form 990 respectively. FBO location was coded as 0 for those organizations located in large urban areas—including the cities of Cleveland, Cincinnati, and Columbus—and 1 for those located in small urban areas (the comparison group) including the cities of Akron, Canton, Findlay, Lorain, Toledo, and Youngstown. Large urban areas—for the purposes of this study—are described as metropolitan areas with a population of 1,000,000 or more, whereas small urban areas are defined as either metropolitan (or micropolitan) areas with a population of less than 1,000,000. Affiliation was coded as 0 for FBOs affiliated to a religious organization and as 1 for those not affiliated (which represent the comparison group). Two continuous variables were also be included in the study: (1) the total amount of private charitable donations to FBOs and (2) the total amount of government funding received by FBOs annually for the period under review as shown below in Table 3.2.

Data Collection

The data collection process in this study reflects the steps taken in mixed methods research. The mixed methods approach enables the researcher to collect quantitative and qualitative data either sequentially or concurrently and promotes the integration of the data collection and analysis processes. Creswell (2003) asserts that the concurrent triangulation strategy is probably the most familiar of the six major mixed research methods models and identifies the six mixed methods procedures as follows: sequential
explanatory design, sequential exploratory design, sequential transformative design, concurrent triangulation strategy, concurrent nested strategy and concurrent transformative strategy.

The concurrent triangulation method is characterized by the collection and analysis of quantitative and qualitative data with the purpose of confirming, cross-validating, or corroborating findings within a single study. One of the advantages of this approach is that it uses separate quantitative and qualitative methods as a means to minimize the weaknesses inherent within each approach with the strengths of the other. This model shortens the data collection time period significantly and can result in a well-validated and substantiated project (Creswell, 2003). The data collection processes in this study was be performed concurrently (see Figure 3.1) and involved collecting financial data (that is, total annual revenue and revenue sources per FBO) as well as conducting semi-structured face-to-face interviews.

As a survey technique face-to-face interviews (or in-person interviews) allow the interviewer to solicit information directly from a respondent which allows for greater flexibility, as the interviewer can ask follow up questions and get more detailed information. Other advantages of this technique include their high response rate, as most people—if approached appropriately—agree to be interviewed; the researcher’s ability to clarify, confirm, and expand on questions and responses during the interview process; and the interviewer’s ability to compare different responses as well as observe non-verbal communication (Leonard, 2003). Alternatively, face-to-face interviews are time-consuming, less reliable, and costly. They are more prone to interviewer bias, less perceived anonymity and potentially less participant cooperation than telephone
surveys—particularly, if they involve welcoming interviewers into the home of participants (Leonard, 2003; Rea & Parker, 1992).

### Table 3.2 Study Design Elements

<table>
<thead>
<tr>
<th>Units of Analysis</th>
<th>Faith-Based Organizations (FBOs)/Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal Level of Measurement</td>
<td></td>
</tr>
<tr>
<td>Religious Affiliation</td>
<td>FBOs affiliated to a religious organization were coded as 0; FBOs not affiliated to a religious organization were coded as 1.</td>
</tr>
<tr>
<td>Location</td>
<td>FBOs located in large urban areas were coded as 0; FBOs located in small urban areas were coded as 1.</td>
</tr>
<tr>
<td>Government Funding</td>
<td>FBOs receiving government funding were coded as 0 and designated as Group 1; FBOs not receiving government funding were coded as 1 and designated as Group 2.*</td>
</tr>
<tr>
<td>Interval Level of Measurement</td>
<td>FBOs’ annual revenues in dollar amounts</td>
</tr>
<tr>
<td>Setting</td>
<td>State of Ohio</td>
</tr>
<tr>
<td>Variables</td>
<td></td>
</tr>
<tr>
<td>Dependent</td>
<td>Total annual amount of private donations received per FBO from 1999 through 2005 (PrivDon).</td>
</tr>
<tr>
<td>Independent</td>
<td>Total annual amount of government funding received per FBO from 1999 through 2005 (GovFun).</td>
</tr>
<tr>
<td>Control</td>
<td>Religious affiliation (Aff) FBO location (Loc)</td>
</tr>
<tr>
<td>Data Sources</td>
<td>Return of Organization Exempt From Income Tax (Form 990) maintained by Guide Star (at <a href="http://www.guidestar.org">www.guidestar.org</a>). Face-to-Face Interviews.</td>
</tr>
<tr>
<td>Observations</td>
<td>A total of 280 resulting from seven years of financial data for 40 FBOs.</td>
</tr>
</tbody>
</table>

*This information was used to stratify the sample into two mutually exclusives groups and to perform the independent samples $t$-test.

### Primary and Secondary Data Collection Procedures

Data were collected from a total of 40 FBOs over a seven year period. I used the keywords faith-based and religious to initiate the online search at www.guidestar.org. The use of the keyword faith-based identified a fairly small number of organizations whereas the use of the keyword religious yielded a larger number of organizations in
Ohio. Hence, I refined the search by limiting the search to religious nonprofit organizations in the human services category, which facilitated the identification and review of potential organizations to be included in the study as well as the final selection process. It is likely that the online search omitted organizations that fell under different terminology and were consequently not properly recognized.

A total of 92 nonprofit organizations located in Ohio were originally identified using Guide Star’s search features. After a thorough review of each organization’s available information, 52 (of the 92) organizations were disqualified for not meeting one or more of the prescribed criteria discussed in Chapter III. Fifty-two organizations were not included in the study because it was determined that they were not faith-based, not providing social services, not required to file the Form 990, and/or did not have at least four years or more worth of available financial data.

All of the units of analysis included in this project met one or more of the five FBOs characteristics discussed in Chapter I as follows: (1) public face; (2) religious or spiritual reference in the organization’s mission or value statement; (3) religious or spiritual elements in the organization's history; (4) explicit religious affiliation; and (5) the presence of religious activities or elements in the content of services that are provided (Montiel & Wright, 2006).

Each FBO was assigned a number (ranging from 1001 to 1040) to protect the participants’ anonymity as well as facilitate the review of the original documents when needed. Because federal funds to FBOs comes from a number of agencies at the state, county, and local levels the Form 990 was used to identify funding sources and annual revenues. Form 990 was also used to classify the FBOs location—large and small urban
area correspondingly—and identify their religious affiliation—affiliated with a religious organization or not affiliated with a religious organization. Large urban areas have a population of 1,000,000 or more, whereas small urban areas have a population of less than 1,000,000. Government funded FBOs were coded as 0 for and non-government funded FBOs were coded as 1. These codes were used to stratify the sample into two mutually exclusive groups—Group 1, which included government funded FBOs and Group 2, which included non-government funded FBOs as illustrated in Table 3.2.

The financial data was collected for a seven-year period beginning in 1999 and ending in 2005. The majority of the FBOs included in the study had financial data readily available for the specified period, but there was missing data—which was properly identified and coded. The period for the longitudinal study did not include the year 2006 because only a few FBOs had (at the time of the review) submitted their 2006 Form 990 to Guide Star. This resulted in a total of 280 observations (that is, 7 years of data for each of the 40 participating FBOs), except in cases where there was missing data which yielded a smaller n.

Two nominal variables—location (Loc) and affiliation to a religious organization (Aff)—were included in the regression model. Since these categorical, or dichotomous, variables describe two possible outcomes they were coded as 0 to indicate the presence of a characteristic or attribute and 1 to indicate their absence. The “location” (Loc) for each FBO was coded as 0 for those located in large urban areas—including Cleveland, Cincinnati, and Columbus—and 1 for those located in small urban areas including the cities of Akron, Canton, Findlay, Lorain, Toledo, and Youngstown. The “affiliation”
(Aff) of each FBO was coded as 0 if not affiliated to a religious organization and as 1 if affiliated to a religious organization (see Table 3.2).

The FBOs that participated in the face-to-face interviews were identified and selected using the convenience sampling technique. Convenience sampling is a nonprobability technique “…, in which interviewees are selected based on their presumed resemblance to the working population and their ready availability” (Rea & Parker, 1992, p.160).

Data Analysis

The data analysis process was conducted concurrently and involved the use of descriptive statistics and regression analysis. I used the Statistical Product and Service Solutions (SPSS) program and the STATA statistical software 7.0 to analyze the quantitative data. Descriptive statistics were also used to test the differences (similarities) between FBOs receiving government funding and those not receiving government funding based on private donations. Regression analysis was used to test the association between government funding and private charitable donations to FBOs while controlling for extraneous variables as supported by the existing literature.

Independent Samples T-test

I used a two-tailed t-test to compare and contrast the financial data collected through the (cross-sectional) retrospective longitudinal study (see Table 3.1). The t-test was conducted to determine whether there is a statistically significant difference between the mean level of private donations between FBOs receiving government funding (Group 1) and FBOs not receiving government funding (Group 2). The null hypothesis indicates
that there is no statistically significant difference between the mean of the two groups and can be represented as follows:

\[
\begin{align*}
\text{Ho: } & \bar{x}_1 - \bar{x}_2 = 0 \\
\text{Ha: } & \bar{x}_1 - \bar{x}_2 \neq 0 \text{ where,}
\end{align*}
\]

\[
\begin{align*}
\bar{x}_1 &= \text{Group 1 (FBOs receiving government funding)} \\
\bar{x}_2 &= \text{Group 2 (FBOs not receiving government funding)}
\end{align*}
\]

The decision rule for the hypothesis stated above indicates that the researcher will reject the null hypothesis if the absolute value of \( T \) is greater than or equal to the \( t \) critical and can be represented as follows: Reject Ho if \(| T | \geq t \) critical; do not reject Ho otherwise.

**Regression Diagnostics**

I conducted various regression diagnostic tests to evaluate the impact of government subsidies to FBOs, as supported by the charitable choice provision, on private charitable donations to these organizations (see Table 3.1). The goal was twofold: to assess the strength of the relationship between the variables (government funding and private donations) and find the model that best describes such relationship.

Two of the most common violations to the assumptions of simple and multiple regression analysis include heteroscedasticity and multicollinearity respectively. Heteroscedasticity represents the violation of the assumption of homoscedasticity, which indicates that the variance of \( Y \) is the same for any \( X \) (Kleinbaum, Kupper, Muller, & Nizam, 1998). Multicollinearity refers to what happens when independent variables are not independent of each other and the analyst cannot isolate the effects of each variable on the dependent variable—that is, when the independent variables are intercorrelated (Giventer, 1996). The presence of multicollinearity was tested by computing the Pearson’s correlation coefficient (\( r \)) for any two-variable relationship in the model.
Likewise, the presence of autocorrelation and heteroscedasticity was tested using the Cochrane-Orcutt and Glejser procedures respectively.

Regression Analysis

The expectation is that there is a statistically significant overall regression between the level of public funding (independent variables) and the level of private charitable donations (dependent variable) in the FBOs under investigation. Consistent with the body of literature, there are a number of factors which are likely to affect the association between public subsidies and private giving including the organization’s physical location and its self-reported religious affiliation. Thus, I included them in the regression model in order to properly assess their impact on the dependent variable.

Economic factors such as unemployment rates, median family and household income, inflation, business growth (decline), and per capita income (to mention a few) are also likely to affect private giving patterns. Since I did not identify any economic factors directly associated with the selected unit of analysis—FBOs and year—I did not assess their influence on the dependent variable and did not include them in the regression model. The corresponding regression model is noted below:

$$\text{Private Donations}_{i,t} = \text{Loc}_{i,t} + \text{Aff}_{i,t} + \text{GovFun}_{i,t} + \varepsilon,$$

where:

- \(\text{Loc}_{i,t}\) = FBO location
- \(\text{Aff}_{i,t}\) = affiliation to religious organization
- \(\text{GovFun}_{i,t}\) = government funding
- \(i\) = individual organizations
- \(t\) = year

The null hypothesis states that there is no significant overall regression between the dependent variable and the independent variables in the model and can be represented as follows: \(H_0: \mu |_{\text{Loc}_{i,t} + \text{Aff}_{i,t} + \text{GovFun}_{i,t} + \varepsilon} = 0\). The alternate hypothesis states that
there is a significant overall regression between the dependent variable and all the
independent variables in the model and can be represented as follows: Ha: $\mu \gamma | Loc_{i,t} +
Aff_{i,t} + GovFun_{i,t} + \varepsilon, \neq 0$, where

- $Loc=FBO$ location
- $Aff=affiliation$ to religious organization
- $GovFun=government$ funding
- $i=individual$ organizations
- $t=year$

The decision rule for this hypothesis indicates that the researcher will reject the null
hypothesis if the results of the $F$-test are greater than the $F$ critical (at the 95% level of
significance) and can be represented as follows: Reject Ho if $F > F$ critical; do not reject
Ho otherwise.

In the next chapter—Chapter IV—I identify the statistical programs used to test
the study’s hypotheses as well as describe the results of the nonparametric tests and the
regression analysis. I depict the results of the case study and identify the themes that
emerged from the FBO administrators’ responses to the face-to-face interviews. Finally,
I compare and contrast the quantitative and qualitative research findings and determine
whether the literature supports (or contradicts) the study’s findings.
CHAPTER IV
RESULTS & ANALYSIS

Introduction

This chapter triangulates—that is, compares and contrasts—the results of the case study with the results of the statistical analyses. Through this process, I used the case study participants’ responses to gain a better understanding of FBOs’ services, their views on charitable choice and federal funding, and their relationship with private donors. In addition, I used the face-to-face interview responses to clarify the quantitative findings. I compared the level of private donations in government funded and non-government funded FBOs to determine whether there is a statistically significant difference between the two aforementioned groups using a two-tailed independent samples t-test. I used regression analysis to evaluate the relationship between the dependent variable—private donations and the independent (government funding) and control variables—location and affiliation—respectively. I identified the qualitative data themes and the corresponding statements supporting my findings. Finally, I used the answers to the face-to-face interviews (and the identified themes) to support or dispute the quantitative findings.

Measures of Central Tendency

The differences and similarities between government funded FBOs and non-government funded FBOs based on private donations were first examined using two of
the most common measures of central tendency: sample mean and variability (or dispersion). As shown in Table 4.1, the average values, or mean levels of private donations are $371,988.39 and $357,662.43 in government and non-government funded FBOs correspondingly, a $14,325.96 gain for government funded FBOs.

The standard deviation, which is used to test the extent to which the values in each group correspond to, or differ from one another is $517,869.493 in government funded FBOs and $703,681.650 in non-government funded FBOs respectively. The standard deviation is generally smaller than the mean, excluding those instances in which there is a great amount of variance across the units of analysis. This irregularity is supported by the fluctuations in private donations seen in the FBOs included in this study, which ranged from a minimum of zero to a maximum of $3,230,185 in government funded and $3,173,961 in non-government funded FBOs correspondingly as illustrated in Table 4.1.

Table 4.1 Comparison between Government Funded and Non-Government Funded FBOs based on Total Annual Amount of Private Donations from 1999 through 2005

<table>
<thead>
<tr>
<th>Dependent Variable: Private Donations</th>
<th>Mean</th>
<th>S.D.</th>
<th>Minimum</th>
<th>Maximum</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Funded</td>
<td>$371,988.39</td>
<td>$517,869.493</td>
<td>$0</td>
<td>$3,230,185</td>
<td>133</td>
</tr>
<tr>
<td>Not Government Funded</td>
<td>$357,662.43</td>
<td>$703,681.650</td>
<td>$0</td>
<td>$3,173,961</td>
<td>115</td>
</tr>
</tbody>
</table>

Descriptive Statistics

With the use of STATA, the statistics and data analysis software version 7.0, I computed the mean, standard deviation, minimum and maximum values, and number of observations for the study’s data set. Table 4.2 shows that FBOs received an average of $263,180.4 dollars in government funds (govfun) and an average of $365,345.3 in private
donations (privdon) between 1999 and 2005. During that same time period, FBOs received as much as $6,575,911 and $3,230,185 and as low as zero in government funding and private donations respectively.

Table 4.2 Description of the Relationship between Government Funding, Location, and Religious Affiliation and Private Donations to FBOs in Ohio

<table>
<thead>
<tr>
<th>Dependent Variable:</th>
<th>Mean</th>
<th>S.D.</th>
<th>Minimum</th>
<th>Maximum</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>privdon</td>
<td>365345.3</td>
<td>609847.4</td>
<td>0</td>
<td>3230185</td>
<td>248</td>
</tr>
<tr>
<td>Independent Variables:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>loc</td>
<td>.675</td>
<td>.4692135</td>
<td>0</td>
<td>1</td>
<td>280</td>
</tr>
<tr>
<td>aff</td>
<td>.1</td>
<td>.3005372</td>
<td>0</td>
<td>1</td>
<td>280</td>
</tr>
<tr>
<td>govfun</td>
<td>263180.4</td>
<td>968131</td>
<td>0</td>
<td>6575911</td>
<td>247</td>
</tr>
</tbody>
</table>

Independent-Samples \( t \)-test

The independent sample \( t \)-test was used to test the hypothesis, which states that there is a statistically significant difference in the mean level of private donations between FBOs receiving government funding and those not receiving government funding. I used financial data as reported on Form 990 to the IRS to perform this test. The data consisted of the total annual amount of private charitable donations each FBO received for a seven year period beginning in 1999 and ending in 2005.

The results of the two-tailed \( t \)-test indicate that there is no statistical significant difference between government funded and non-government FBOs based on private giving. As illustrated in Table 4.3, the absolute value of \( T (.184) \) is less than the \( t \) critical of 1.960 and the \( P \) value of .854 is greater than the level of significance (.05). Consequently, I did not reject the null hypothesis (Ho: \( \bar{x}_1 - \bar{x}_2 = 0 \)) and concluded that the difference between the two aforementioned groups is not statistically meaningful.
Contrary to what was expected, these findings do not support the tenets of the crowding-out hypothesis, which purports that government funding decreases, or crowds-out private charitable donations (Bolton & Katok, 1998; Brooks, 2000, 2003, 2004; Ebaugh et al., 2005; Eckel et al., 2005; Horne et al., 2005). As these findings suggest, private donors do not always make significant changes in their giving patterns even when the public charities they sponsor are publicly funded.

Regression Analysis

A regression analysis was performed to test the hypothesis, which states that the higher the level of public subsidies received by FBOs, the lower the level of donations they will receive from private donors. First, I ran an original regression analysis using all of the independent variables included in the regression model as shown below:

\[
\text{Private Donations}_{i,t} = \text{Loc}_{i,t} + \text{Aff}_{i,t} + \text{GovFun}_{i,t} + \epsilon_{t}
\]

where:

- \text{Loc}=\text{FBO location (large urban area, or small urban area; where small urban area is the comparison category)}
- \text{Aff}=\text{affiliation to religious organization (affiliated with a religious organization or not affiliated with a religious organization; where no affiliation is the comparison category)}
- \text{GovFun}=\text{government funding}
- \text{i}=\text{individual organizations}
- \text{t}=\text{year}

The original regression analysis identified some interesting—albeit unexpected—patterns. For example, the \(t\) statistic for government funding and affiliation yielded \(P\)
values—0.000 and 0.006—smaller than the level of significance (.05) (see Table 4.4). This suggests that there is a statistically significant relationship between government funding and religious affiliation and the dependent variable—private donations. Private donations regressed on government funding resulted in an absolute value of $T$ of 5.67 (larger than the $t$ critical of 1.96) and a positive coefficient value of .2147532. This implies that as government funding increases to FBOs so do private donations. Private donations regressed on affiliation yielded an absolute value of $T$ of -2.77, which is also larger than the $t$ critical, but a negative correlation coefficient of -326389.1. These findings indicate that FBOs affiliated to a religious entity get less private donations than those in the comparison group, which have no religious affiliation. Private donations regressed on location resulted in an absolute value of $T$ of 1.55 ($< t$ critical), a $P$ value of 0.122 ($> .05$) and a positive coefficient of 125337.3. This shows that the relationship between private donations and location is not statistically significant and that FBOs in large urban areas receive more private charitable contributions than those in small urban areas, which represents the comparison group.

Even though there is a statistically significant relationship between government funding and private donations, the strength of the relationships is relatively weak. The results of the adjusted R-squared (0.1372) show that government funding only explains 14 percent of the variance in private donations (see Table 4.4). Before making any conclusions based on these findings, I ensured that the prerequisite conditions and assumptions associated with multiple regression analysis were identified and properly examined—as well as corrected if needed. To this end, I tested for the conditions of multicollinearity, heteroscedasticity, and autocorrelation.
The test for multicollinearity was conducted to determine whether two or more independent variables in the model were highly correlated with one another. A correlation of .50 or higher is considered high correlation. When multicollinearity exists the researcher cannot effectively isolate the effects of each independent variable on the dependent variable. The correlation coefficients, \( r \), for the three independent variables included in this study are all smaller than 0.50 (the level of significance) and therefore, not intercorrelated as shown in Table 4.5.

Table 4.4 Original Regression Analysis

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>1.3557e+13</td>
<td>3</td>
<td>4.5189e+12</td>
</tr>
<tr>
<td>Residual</td>
<td>7.8243e+13</td>
<td>243</td>
<td>3.2199e+11</td>
</tr>
<tr>
<td>Total</td>
<td>9.1800e+13</td>
<td>246</td>
<td>3.7317e+11</td>
</tr>
</tbody>
</table>

Number of obs= 247
F (3, 243)= 14.03
Prob > F= 0.0000
R-squared= 0.1477
Adj R-squared= 0.1372
Root MSE = 5.7E+05

| privdon | Coef.   | Std. Err. | t     | P>|T|  | [95% Conf. Interval] |
|---------|---------|-----------|-------|------|----------------------|
| govfun  | .2147532 | .0378515  | 5.67  | 0.000 | .1401943 .2893121   |
| aff     | -326389.1 | 117647.7 | -2.77 | 0.006 | -558128.6 -94649.57 |
| loc     | 125337.3  | 80719.8   | 1.55  | 0.122 | -33662.49 284337.1 |
| cons    | 261082.7  | 66670.61  | 3.92  | 0.000 | 129756.7 392408.8 |

Table 4.5 Results of the Correlation Matrix Used to Test for Multicollinearity

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>govfun</th>
<th>aff</th>
<th>loc</th>
</tr>
</thead>
<tbody>
<tr>
<td>govfun</td>
<td>1.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>aff</td>
<td>-0.0974</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>loc</td>
<td>-0.01456</td>
<td>0.2429</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

I tested the existence (or violation) of the condition of homoscedasticity, which requires the error variance across observations to remain constant. The condition of autocorrelation requires that the residuals of a previous year’s observations do not
influence the current year’s observations. The nature of the data, time series cross-sectional data, used in this study has the tendency to violate the assumption of homoscedasticity. This creates problem of heteroscedasticity which could lead to false inferences.

Hence, the Cochrane-Orcutt and Glejser procedures were used to test for the presence of heteroscedasticity and autocorrelation respectively. The tests resulted in $P$ values (0.000) that are significant at the 95% confidence level, which confirm their occurrence as shown in Tables 4.6 and 4.7. That is, government funding varied widely across FBOs and the previous year’s observations influenced the current year’s observations.

Table 4.6 Cochrane-Orcutt Test for the Condition of Heteroscedasticity

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>$df$</th>
<th>MS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>1.0798e+13</td>
<td>1</td>
<td>1.0798e+13</td>
</tr>
<tr>
<td>Residual</td>
<td>2.7590e+12</td>
<td>245</td>
<td>1.1261e+10</td>
</tr>
<tr>
<td>Total</td>
<td>1.3557e+13</td>
<td>246</td>
<td>5.5108e+10</td>
</tr>
</tbody>
</table>

Number of obs=247
F (1, 245)=958.82
Prob > F=0.0000
R-squared=0.7965
Adj R-squared=0.7957
Root MSE=1.1e+05

| absres | Coef. | Std. Err. | $t$ | P>|T| | [95% Conf. Interval] |
|--------|-------|-----------|-----|------|---------------------|
| govfun | .2164021 | .0069886 | 30.96 | 0.000 | .2026366 | .2301676 |
| _cons  | 309406.3 | 6998.236 | 44.21 | 0.000 | 295621.9 | 323190.7 |

.reg absres govfun

Table 4.7 Glejser Test for the Condition of Autocorrelation

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>$df$</th>
<th>MS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>1.1522e+13</td>
<td>1</td>
<td>1.1522e+13</td>
</tr>
<tr>
<td>Residual</td>
<td>3.7007e+11</td>
<td>197</td>
<td>1.8785e+09</td>
</tr>
<tr>
<td>Total</td>
<td>1.1893e+13</td>
<td>198</td>
<td>6.0063e+10</td>
</tr>
</tbody>
</table>

Number of obs=199
F (1, 197)=6133.83
Prob > F=0.0000
R-squared=0.9689
Adj R-squared=0.9687
Root MSE=43342

| resid  | Coef. | Std. Err. | $t$ | P>|T| | [95% Conf. Interval] |
|--------|-------|-----------|-----|------|---------------------|
| lagres | 1.02389 | .0130732 | 78.32 | 0.000 | .9980973 | 1.04966 |
| _cons  | -4544.599 | 5675.526 | -0.80 | 0.424 | -15737.18 | 6647.986 |

.reg resid lagres

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To correct for the presence of autocorrelation and heteroscedasticity, I used lagged absolute value of the residuals variable and ran a robust regression analysis with the use of the STATA statistics software version 7.0. The lagged absolute value of the residuals variable is designed to work well when the condition of autocorrelation exits. This variable accounts for the influence of the previous year’s observations on the current year’s observations. Likewise, robust regression models tend to work well under conditions of heteroscedasticity. The robust estimation procedure—among other benefits—minimizes the effect of influential observations without eliminating them from the sample, thus, enhancing the reliability of the results.

The results of the robust regression analysis reversed some of the results of the original regression analysis. For example, the robust regression analysis shows that the relationship between the dependent variable (privdon, private donations) and the independent variable (govfun, government funding) is not statistically significant. The absolute value of $T$ of -1.15 is less than the $t$ critical of 1.960 and the corresponding $P$ value of 0.251 is larger than the level of significance (.05), which suggest that government funding is not a good predictor of private donations (see Table 4.8). The results of the added lag of the residuals ($P=0.000$) show that there are other factors that influence the association between the variables.

The robust estimation still shows that the relationship between religious affiliation and private donations is statistically significant. However, it now indicates that religious affiliation has a positive impact on private philanthropy and that FBOs affiliated to a religious organization get more private charitable donations than those that are not affiliated. The $t$ statistic of 3.35, the $P$ value of 0.001, and the positive correlation
coefficient of 246537.6 all confirm the revised findings as shown in Table 4.8. This corresponds with Ebaugh et al.’s (2003) research, which indicates that FBOs usually receive significant financial support from congregations and other religious organizations.

The robust regression also altered the relationship between location and private donations and now shows that FBOs located in small urban areas receive more private donations that those located in large urban areas. The absolute value of $T$ of -3.54 and the $P$ value of 0.001 indicate that the relationship between these variable is now statistically significant. However, the negative correlation coefficient of -114091.7 suggests that the comparison group comprised of FBOs located in small urban areas get more private donations (not less as originally indicated) that their large urban area counterparts as shown in Table 4.9. As stated in Chapter II, it is possible that the costs associated with large urban area living discourages people from donating time or money (Simons & Emanuele, 2004).

Based on the above mentioned results, I did not reject the null hypothesis and concluded that government funding is not a good predictor of private donations. These findings do not support, in any way, the crowding-out hypothesis, which posits that government funding reduces private donations to nonprofit organizations (including FBOs). They do show, however, that private philanthropy is a complex phenomenon that is not solely dependent on legislative, public policy, or administrative changes. Private donors seem to be committed to helping FBOs continue (and to some extent strengthen) their involvement in the delivery of social services. The results of the case study, which are discussed below, shed additional light on this issue.
Table 4.8 Robust Regression Analysis Performed to Correct Autocorrelation and Heteroscedasticity Using Lag of the Residuals

Number of obs=199  
F (4, 194)=71.62  
Prob > F=0.0000

| Dependent Variable: Private Donations | Coef.  | Std. Err. | t     | P>|t|  | [95% Conf. Interval] |
|---------------------------------------|--------|-----------|-------|------|---------------------|
| privdon                              | -.0494492 | .0429083 | -1.15 | 0.251 | -.1340758 to .03571775 |
| govfun                               | 2.465376 | 7.348678  | 3.35  | 0.001 | 101602 to 391473.2  |
| aff                                  | -1.140917 | 3.225372 | -3.54 | 0.001 | -177704.6 to -50478.72 |
| loc                                  | .9253999 | .2096741 | 4.41  | 0.000 | .51118665 to 1.338933 |
| lagres                                | -1.346146 | 5.738107 | -2.35 | 0.020 | -2.47785.4 to -2.1443.77 |
| _cons                                | -1.346146 | 5.738107 | -2.35 | 0.020 | -2.47785.4 to -2.1443.77 |

. reg privdon govfun aff loc lagres

Table 4.9 Level of Private Donations based on FBO Location

<table>
<thead>
<tr>
<th>FBO Location</th>
<th>Total Amount of Private Donations (1999-2005)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Urban Area</td>
<td>$27,487,849</td>
</tr>
<tr>
<td>Small Urban Area</td>
<td>$61,257,839</td>
</tr>
</tbody>
</table>

Case Study

The case study was undertaken to gain a better understanding of the relationship between government funding and private donations to FBOs as well as supplement the quantitative portion of the study. The scope of the case study was bounded to two major issues: the decision to initiate, increase, or terminate the request of public subsides and the dissemination of information to donors regarding funding sources. To this end, I conducted face-to-face interviews to address two of the study’s four major research questions:

- What factors do FBOs consider when deciding whether to receive government funding (and take advantage of charitable choice)? and

- What mechanisms, if any, do FBOs employ to disseminate information to their donors regarding their organizations’ funding sources?
The working population for the case study was selected using the convenience sampling technique. That is, I only included in the qualitative portion of this study those FBOs whose directors and executive directors agreed to be interviewed face-to-face. The initial contact was made via telephone (or via e-mail if the FBO administrator was not available at the time of the initial call). The place of the interview was ultimately chosen by the case study participants. Once the appointment was scheduled, I sent each FBO administrator a confirmation letter (showing the location, date and time of the interview as well as providing additional information about the study) along with the interview questions via electronic mail (see Appendices A.3 and A.4).

I conducted a total of eight interviews in various locations throughout the state of Ohio including Akron, Athens, Canton, Lorain, Findlay, and Toledo. All of the interviews took place at the FBO administrators’ worksite and lasted about an hour in duration. I did not tape record the interviews, but listened intently and kept careful and accurate records of the participants’ responses.

As the FBO profiles shown in Table 4.10 illustrate, case study participants share a number of similarities in terms of type and range of services and revenue sources respectively. For example, with the exception of Participant #3, the overall scope of services is local—at the city or county level. All of the organizations identify themselves as faith-based, but only two (Participant #1 and # 7) are affiliated to a specific religious organization (or faith) as depicted in Table 4.12. The rest of the organizations characterize their faith-related services as ecumenical, as they do not require their customers to practice, or be affiliated with a specific religious group or tradition. These findings support the need to develop a comprehensive and uniform FBO typology, as the
ambiguity associated with these organizations creates problems for studying, funding as well as developing and implementing social service policies (Sider & Unruh, 2004).

Five of the eight FBOs in the study receive government grants, but only one (Participant #2) indicated that part of its present government support resulted from the implementation of charitable choice. As a whole, FBOs have larger operating budgets. Only three FBOs (Participants #1, #2, and #7) have relatively small operating budgets as shown in Table 4.10. Among other reasons, small FBOs are generally least likely to accept new government funding because they do not want to change their organizations’ services, jeopardize the relationships they have established in their communities, or, most importantly, lose the support of their private donors who associate government funding with bureaucracy and corruption (Jeavons, 2002b).

The eight case study FBOs also share a number of common characteristics with regards to their organizational structure. For example, Table 4.11 shows that all of them employ full- and part-time employees. Participants #5 and #6 employ the largest number of full-time employees, whereas Participant #6 also employs the largest number of part-time employees. Not surprisingly, Participants #1, #3, #6, #7, and #8 have a significant number of volunteers involved in the delivery of services. Ebaugh et al. (2003) assert that FBOs have the tendency to rely more on volunteers than on paid workers, or be comprised of religiously committed people motivated to work for religious reasons.

I recognize that my experiences, cultural background, and personal beliefs might have colored the way in which I crafted the questions and interpreted the data. Due to time constraints, I did not spend a lot of time interviewing and observing the participants, nor did I use peer review, negative case analysis, member checks or external audits as a
way to ensure the accuracy and credibility of the accounts. Nonetheless, I tried to minimize the impact of my biases by providing participants the questions in advance as well as limiting my role to asking and clarifying questions and keeping the interview focused. Additionally, I transcribed my field notes and carefully reviewed them several times and based my conclusions solely on the participants’ responses. Consistent with the case study tradition of inquiry, four main areas of discussion or themes emerged from the data: bureaucracy, faith, fundraising, and homelessness as shown in Table 4.13. The themes resulted from direct responses to the face-to-face interview questions as shown in Appendix A. 4 as well as from other comments made during the course of the interviews.

Bureaucracy

FBO administrators cited the complexities associated with requesting and administering publicly subsidies as one of the main reasons why they have chosen to shy away from federal funds. Even though two of the participants indicated that receiving federal funds give their organizations leverage and credibility, most of the responses given as to why FBOs prefer to avoid government funding were negative. For instance, one participant stated that “there are a lot more service providers that can do good work, but don’t have the infrastructure to meet federal guidelines”. Another participant stated that “government is extremely invasive” and made reference to the level of professionalization needed to apply for government grants. He said, “Grant writing requires sophisticated skills; you need a Ph.D. to apply for a grant”. In summary, FBO administrators avoid public subsidies “because of the paperwork involved, reporting responsibilities, compliance requirements for reporting, all of which would be challenging with a small staff”.

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Faith

Only one of the FBOs included in the case study is presently affiliated to a specific ministry or religious organization. The remaining organizations identify themselves as ecumenical and describe their activities as “Christ-based and Christ-centered”. The participants’ responses show that federal funding is often seen as a threat to their organizations’ faith component and, therefore, not considered as a viable funding option. Some of the comments supporting such decision are as follows:

We do not receive any government funding, as private donors cover the bulk of our operating budget—about $2.5 million dollars in cash. To receive government funding faith has to be an option. We believe that faith is the key to our organization and cannot make it optional [participant’s emphasis].

We have devotionals at supper time and don’t want to have to separate our faith from our other services.

I’m thankful that someone in the administration is exploring ways to stop discrimination against faith-based organizations, but believe that government funding undermines the faith element.

Fundraising

Fundraising is important to FBOs administrators and includes such activities as (Christmas) appeals, luncheons, and gala events. The administrators’ responses show not only how much they value, but also how much they need private charitable donations to fulfill the mission of their organizations. For instance, the Director of Development at one of the participating FBOs indicated, “…private donors cover the bulk of our operating budget—about $2.5 million dollars in cash”. Similarly, the Executive Director of another organization stated, “we have about 3,500 private donors (including people outside the United States)”. Another participant stated that one of her organization’s goals is “…to become a donor-centered organization; we want to nurture and take care of
our donors.” Another stated, “we will get involved in fundraising, as we need
discretionary funds. Federal funds are restricted and can only be used for certain things.”

Six of the eight FBO administrators interviewed stated that they use a variety of
media outlets to share information with current and potential donors concerning their
organization’s history, goals and objectives, milestones and future events—including
fundraising activities. Some of them publish monthly or quarterly newsletters, issue
annual reports, conduct presentations, or provide information online (at their respective
Websites). In the January 2007 issue of one of the FBOs’ monthly newsletters, the
Director of Development puts in perspective the difficulties associated with fundraising.
He stated:

In 2007, we will send you fewer mailings that request support!

As [director of development], I’ve received comments from donors
about the fundraising requests we send you. Some of you think we send
too many. Others are concerned about the cost. Still others reason that we
must no longer need their support if we have the money for so many
mailings.

As you may know, fundraising mailings are one of the primary
ways we raise money to support our mission, so they are important.
However, when frequency caused concern, we needed to address it. We
lifted your concerns to God in prayer and carefully researched the topic of
fundraising by attending seminars, talking with more of our donors and
consulting other missions.

Homelessness

Six of the participants are either involved in the delivery of services to the
homeless or in the administration of homeless prevention programs. To be exact, four
provide services to homeless people—men, women, and/or families—and two administer
homeless prevention programs. Despite some organizational and/or programmatic
differences among the case study participants, they are clearly committed to ameliorating,
or eliminating homelessness and improving the quality of life of those affected by this
economic and social condition.

FBOs involved in providing direct services to the homeless community offer—among other programs—meals and temporary shelter. For instance, one the FBOs serves 540 daily meals to 180 people—that is, three daily meals to 140 men and 40 women currently homeless. Another serves meals and offers temporary shelter—between 30 to 120 days—to approximately 600 people. FBOs involved in homeless prevention programs generally offer life skills, career development, and job training programs as well as referrals to other community social agencies offering services that promote self sufficiency.

The commitment to the homeless community is so strong that one of the FBOs’ executive directors and his spouse started providing services to the homeless in 1981 from the basement of their home. Twenty-six years later, he still offers emergency shelter to the homeless in rural southern Ohio and meals to the hungry through the help of community donations. He is totally committed to helping the needy and proudly says that serving the homeless community “…is not a job, is [his] life”.

Integration of Quantitative and Qualitative Results

Largely, the qualitative research findings support the results of the statistical analyses. For instance, the results of the independent samples t-test show that the level of private donations does not vary significantly between government and non-government funded FBOs. This suggests, and the case study findings validate, that private donations tend to remain constant across FBOs. Since government funding is usually linked to
secularization and bureaucratization, which is, in turn, associated with poor services, FBO administrators generally consider it an unfeasible revenue source.

The results of the regression analysis indicate that government funding does not have much of an impact on private donations to FBOs. Ironically, the statistical analyses indicate that FBOs receiving government funding receive over $14,000 more per year in private donations than their non-government funded counterparts. The results of the case study reveal that FBO administrators’ fears go beyond losing private donor support. They fear the loss of the organizations’ identity, personalized services, and faith component—integrated in all programs and activities.

The results of the qualitative research demonstrate that the level of private donations FBOs receive is due, in part, to the consideration given to and the efforts put forth into their fundraising activities. Fundraising activities—appeals, luncheons, galas, and mass mailings—help FBO administrators ensure the success of their programs and the longevity of their services. The attention private donors receive from FBO administrators is likely to have a positive impact on giving patterns. Participants’ responses suggest that private donors are valued and most importantly, kept informed. Private donors seem to be aware of the impact they are making in the organizations to which they contribute. Most importantly, they seem to be totally committed to the causes—i.e., homelessness—they support. Knowing that their dollars are being used to address some of the nation’s most difficult social problems might be the only motivation donors require to contribute to charity on a consistent basis.

By the same token, I found that (consistent with the literature on FBO typology discussed in Chapter II) FBOs are not always easily identifiable. Nonetheless, they fit a
number of FBO features. For instance, they use such nouns and adjectives as interfaith, interreligious, ministries, Catholic, Christian, and Lutheran—to mention a few—as part of their organization’s name. They describe their activities as faith-based, or for faith purposes and adopt mission statements, which clearly refer to their faith-based related goals and objectives.

The next and last section of this dissertation—Chapter V—highlights the conclusions and describes the limitations of this study. It discusses the implications of the project’s findings to the study and practice of public policy, public administration, and nonprofit economics. Moreover, it provides a number of recommendations for policy makers, scholars, and FBO administrators and identifies opportunities for future research.
<table>
<thead>
<tr>
<th>Participant</th>
<th>Current Services</th>
<th>Location</th>
<th>Scope</th>
<th>Faith/Religious Affiliation</th>
<th>Annual Revenues</th>
<th>Type of Government Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>After school drug-free events for school age children and alcohol and drug prevention programs.</td>
<td>Canton</td>
<td>Local</td>
<td>Pentecostal Affiliated to the God Given Church of God in Christ</td>
<td>$51,000-100,000</td>
<td>Grants, Contracts</td>
</tr>
<tr>
<td>#2</td>
<td>Housing, life skills, and support services to homeless young women between the ages of 16-21.</td>
<td>Canton</td>
<td>Local</td>
<td>Ecumenical Not Affiliated</td>
<td>$351,000-400,000</td>
<td>Grants</td>
</tr>
<tr>
<td>#3</td>
<td>Builds and sells homes to qualified families with zero interest.</td>
<td>Akron</td>
<td>National and International</td>
<td>Ecumenical Not Affiliated</td>
<td>$451,000+</td>
<td>None</td>
</tr>
<tr>
<td>#4</td>
<td>A community development corporation that provides office for rent to nonprofit organizations.</td>
<td>Lorain</td>
<td>Local</td>
<td>None</td>
<td>$451,000+</td>
<td>Grants</td>
</tr>
<tr>
<td>#5</td>
<td>Offers assistance with food, homeless prevention, information, and referral; transitional housing; and a life skills program.</td>
<td>Toledo</td>
<td>Local</td>
<td>Ecumenical Not Affiliated</td>
<td>$451,000+</td>
<td>Grants</td>
</tr>
<tr>
<td>Participant</td>
<td>Current Services</td>
<td>Location</td>
<td>Scope</td>
<td>Faith/Religious Affiliation</td>
<td>Annual Revenues</td>
<td>Type of Government Funding</td>
</tr>
<tr>
<td>-------------</td>
<td>------------------</td>
<td>----------</td>
<td>-------</td>
<td>---------------------------</td>
<td>-----------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>#6</td>
<td>Provides emergency shelter, food, clothing and remedial life services for men and women within a Christ centered perspective.</td>
<td>Toledo</td>
<td>Local</td>
<td>Ecumenical Not Affiliated</td>
<td>$451,000+</td>
<td>None</td>
</tr>
<tr>
<td>#7</td>
<td>Providing shelter, food, and rest in emergency situations to local and transient homeless persons.</td>
<td>Findlay</td>
<td>Local</td>
<td>Ecumenical Not Affiliated</td>
<td>$251,000-300,000</td>
<td>None</td>
</tr>
<tr>
<td>#8</td>
<td>Provides biblical hospitality to the rural homeless; job experience programs; creative volunteer service opportunities; and community development ministries.</td>
<td>Athens</td>
<td>Local</td>
<td>Ecumenical Not Affiliated</td>
<td>$451,000+</td>
<td>Grants Contracts</td>
</tr>
</tbody>
</table>
Table 4.11 Case Study Participants’ Organizational Structure

<table>
<thead>
<tr>
<th>Participant</th>
<th>Full-Time Employees</th>
<th>Part-Time Employees</th>
<th>Volunteers</th>
<th>Clergy</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>0</td>
<td>4</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>#2</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>#3</td>
<td>4</td>
<td>1</td>
<td>800+</td>
<td>0</td>
</tr>
<tr>
<td>#4</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>#5</td>
<td>15</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>#6</td>
<td>16</td>
<td>20+</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>#7</td>
<td>6</td>
<td>2</td>
<td>50-60</td>
<td>3</td>
</tr>
<tr>
<td>#8</td>
<td>5</td>
<td>6-7</td>
<td>1,000+</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 4.12 Case Study Participants’ Location, Religious Affiliation, and Level of Private Donations

<table>
<thead>
<tr>
<th>Participant</th>
<th>Location</th>
<th>Religious Affiliation</th>
<th>Private Donations</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Canton</td>
<td>Church of God in Christ</td>
<td>$148,236</td>
</tr>
<tr>
<td>#2</td>
<td>Canton</td>
<td>Not Affiliated</td>
<td>$317,661</td>
</tr>
<tr>
<td>#3</td>
<td>Akron</td>
<td>Not Affiliated</td>
<td>$3,208,014</td>
</tr>
<tr>
<td>#4</td>
<td>Lorain</td>
<td>Not Affiliated</td>
<td>$0.00</td>
</tr>
<tr>
<td>#5</td>
<td>Toledo</td>
<td>Not Affiliated</td>
<td>$628,190</td>
</tr>
<tr>
<td>#6</td>
<td>Toledo</td>
<td>Not Affiliated</td>
<td>$18,199,034</td>
</tr>
<tr>
<td>#7</td>
<td>Findlay</td>
<td>The Association of Gospel Rescue Mission</td>
<td>$1,522,907</td>
</tr>
<tr>
<td>#8</td>
<td>Athens</td>
<td>Not Affiliated</td>
<td>$2,263,381</td>
</tr>
</tbody>
</table>

Note: All case study participants are located in small urban areas
<table>
<thead>
<tr>
<th>Themes</th>
<th>Corresponding Statements</th>
</tr>
</thead>
</table>
| #### Bureaucracy | Charitable choice funds have been handled haphazardly and the rules associated with them are not understood by the people who could benefit from them.  
 | | We chose not to apply for federal funding under charitable choice (faith-based initiative) because of the paperwork involved, reporting responsibilities, compliance requirements for reporting, all of which would be challenging with a small staff.  
 | | We want to keep our organization simple—don’t want to make it complex.  
 | | Grant writing requires sophisticated skills; you need a Ph.D. to apply for a grant. |
| #### Faith | We are a Christ-based, Christ-centered organization.  
 | | We believe that faith is the key to our organization and cannot make it optional [participant’s emphasis].  
 | | Because we are faith-based, we are hoping to avoid government funding if possible.  
 | | Faith is the fuel of this organization.  
 | | We have a broader view of worship and see our primary purpose as worship—everything we do is worship. |
| #### Fundraising | We do not solicit from individuals, but give them the opportunity to donate by placing donation jars in the community; hosting a roller skating event four times per year; and hosting an annual fundraising dinner.  
 | | We will get involved in fundraising, as we need discretionary funds. Federal funds are restricted and can only be used for certain things.  
 | | The “Walk for the Homeless” is not just our major fundraising event; it’s an educational experience.  
 | | We want to become a donor-centered organization; we want to nurture and take care of our donors. |
| #### Homelessness | We provide services to about 20 families per week. In addition, we serve about 540 meals per day to the homeless—three meals per day—to 140 men and 40 women.  
 | | Our goal is to change their lives around by addressing whatever bounds them to homelessness. We want them to leave our doors and be independent.  
 | | Because we want to reduce homelessness, we tailor the program to the individual.  
 | | We also offer temporary housing for up to three days for those without a job and for up to 120 days for those with a job. |
CHAPTER V
CONCLUSIONS & IMPLICATIONS

Conclusion

This dissertation examined the relationship between government funding and private donations to faith-based nonprofit organizations (FBOs) in Ohio. The primary purpose was to measure the degree to which government funding affects the amount of charitable contributions FBOs receive from private donors. Given that the charitable choice provision allows FBOs to receive federal funding, I presumed that the amount of private donations they receive would significantly decrease over time.

The charitable choice provision was signed into law by President Bill Clinton as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996—better known as the Welfare Reform Act of 1996. This legislative change enables FBOs to accept government assistance in the form of certificates, vouchers, grants, and contracts on the same basis as any other nongovernmental agency. The key aspect of charitable choice is that it affords FBOs the opportunity to receive government funding without impairing their religious character, or diminishing the religious freedom of those who receive their services.

As noted in the introduction, the issues addressed in this study are grounded in three major fields, or areas of study: public administration, public policy and economics. The public administration lens provided the perfect foundation for the discussion of such
topics as the history of the charitable choice provision, the debates on devolution—
centering on who should be responsible for addressing the nation’s social ills, and the
separation of church and state, which have allegedly become blurry since the enactment
of the Welfare Reform Act of 1996 and the implementation of charitable choice. The
public administration body of literature exposed the difficulties researchers and
practitioners encounter in identifying and classifying religious organizations into the
“faith-based” realm. Furthermore, this perspective illustrated that the study of FBOs is
directly associated with one of the recurring themes in the study of public administration:
bureaucracy.

The public policy framework pointed out the complexities and challenges related
to the implementation of the charitable choice legislative changes. It identified the
political factors that contributed towards the development and establishment of President
George W. Bush’s faith-based initiatives. It also addressed some of the reasons why
people (including politicians and policymakers) are compelled to help those in need. The
economics viewpoint brought to light the consequences FBOs are likely to experience
when government funding supplements their revenue sources. It demonstrated what
usually happens to private charitable donations when public subsidies are incorporated
into the funding mix. Particularly, research in nonprofit economics has shown that public
subsidies have an adverse impact on private giving patterns, as it often displaces (or
crowds-out) private donations to nonprofit organizations (including FBOs). This trend is
based on the premise that private philanthropy is not needed when the federal
government assumes the responsibility to finance—in part or in total—the activities
performed by nonprofit social service agencies.
The existing literature on public policy, social welfare, nonprofit organizations (including FBOs), economics, and private giving discussed in Chapter II indicates that scholars, administrators, policymakers, and politicians are not only concerned about social and economic inequality, but also committed to finding alternatives designed to meet the needs of the poor. Consequently, the implementation of charitable choice and the establishment of the White House Office of Faith-Based and Community Initiatives are based on the notion that religious organizations have a central role to play in the delivery of social services in America. After all, FBOs are believed to have the ability to positively affect public social programs by personalizing their services and establishing meaningful relationships with their clients—neither of which is associated with the way the government does business.

This project was undertaken with the goal of answering the following four research questions:

1. To what extent does government funding to FBOs, as supported by the charitable choice provision, affect the overall level of private charitable donations to these organizations?

2. Is there a difference between the mean level of private donations in government funded and non-government funded FBOs?

3. What factors do FBOs consider when deciding whether to receive government funding (and take advantage of charitable choice)?

4. What mechanisms, if any, do FBOs employ to disseminate information to their donors regarding their organizations’ funding sources?

A mixed research methods approach was used to collect and evaluate the data as well as interpret the results of the statistical analyses. This enabled me to take advantage of the strengths and appropriately address the weaknesses linked to quantitative and
qualitative research respectively. Chapter III discussed the benefits and the disadvantages of this approach in detail.

Primary data were collected by conducting face-to-face interviews with FBO administrators in various locations in Ohio including the cities of Akron, Athens, Canton, Findlay, Lorain, and Toledo. Secondary data were collected from Guide Star, a national database that maintains FBO financial data as reported to the IRS on the Return of Organization Exempt from Income Tax—Form 990. The information on the Form 990 was used to identify both the revenue sources and amounts the FBOs included in the study received from 1999 to 2005.

Chapter IV provided a comprehensive account of the steps taken to analyze the data as well as depicted and interpreted the results. Both the qualitative and quantitative aspects of this study revealed interesting, albeit unpredicted, patterns. I expected the findings to support the tenets of the crowding-out hypothesis. The crowding-out hypothesis, a popular research topic in (nonprofit) economics, posits that public subsidies significantly decrease, or crowd-out private charitable donations to nonprofit organizations. Descriptive statistics and regression analysis were used to compare the groups based on private donations and test the relationship between private donations and government funding respectively. Two control variables—location and religious affiliation—were included in the regression model to further assess their impact on the relationship between the aforementioned variables.

The group comparison demonstrated that there are no statistically significant differences in private charitable contributions in government funded and non-government funded FBOs. The results of the regression analysis showed that government funding is
not a good predictor of private donations and indicated that private philanthropy is a complex phenomenon that is not exclusively dependent on legislative, public policy, or administrative changes.

Implications for Public Administration and Public Policy

This dissertation demonstrates that identifying and classifying nonprofit organizations as faith-based is a cumbersome and difficult task, which could potentially exclude certain FBOs from funding and research opportunities. Thus, policymakers, politicians, FBO administrators, and the academic community need to find common ground so that they can finally decide what constitutes a faith-based organization. This course of action will not only simplify the funding process, but also identify and facilitate future research projects. The categories of religious organizations that have been identified to date, as discussed in Chapter II, provide the basis on which others can build a more comprehensive and long-lasting FBO typology.

The findings of the qualitative section of this project revealed that FBO administrations perceive government funding as an intrusion into their operations—rather than as an opportunity to enhance their services. In general, they associate government funding with secularization and, ultimately, the bureaucratization of their programs. They see government assistance as a threat to their organizations’ main element—faith. Their views imply that the flexibilities built into the charitable choice provision—which allows FBOs to maintain their religious identity and include religious ceremonies in their programs—are not sufficient to assuage their suspicions.
Limitations of the Study

The sampling techniques used in this investigation limit the generalization of the findings. On one hand, the purposeful and convenience sampling procedures facilitated the completion of the project. On the other, they limited my ability to infer that the same results would how true in a different setting. Furthermore, this dissertation does not consider a number of the economic factors and demographic characteristics that are likely to influence private giving patterns. Despite the attractiveness of the results and the timeliness of the issues raised in this investigation, the costs associated with replicating this same study at either a regional or national would be certainly worthwhile, but very high.

Future Research

This dissertation is perhaps the only research to date that attempts to analyze the relationship between government funding and private charitable donations resulting from the implementation of charitable choice. This study is both relevant and timely, as it addresses questions, which are likely to generate future investigative opportunities. Future research should consider the impact the dissemination of electronic information—via Websites, electronic messages and newsletters—has on the level of private donations FBOs receive over time. The Internet has opened a gate trough which many organizations (including FBOs) are already effectively communicating with their donors. It would be valuable to study donors’ behavior based on the information they receive from different media outlets.

Future research should consider answering this study’s research questions using data collected either at the regional or national levels in order to determine whether the
findings would hold true using a larger sample. Hopefully, this dissertation will motivate FBO administrators to initiate—or carry on—a dialogue with their organizations’ private donors concerning funding issues. I exhort politicians and policy makers to gain a better understanding of FBO organizational characteristics, programs, challenges, and successes so that they can develop and implement public policies designed to aid—not hinder—FBOs’ involvement in the delivery of social services.
REFERENCES


APPENDICES
Office of Research Services and Sponsored Programs
Akron, OH 44325-2102
(330) 972-7666 Office
(330) 972-6281 Fax

March 2, 2007

Wanda Colon-Mollfulleda
343 Capricio St. NE
North Canton, Ohio 44721

Ms. Colon-Mollfulleda:

The University of Akron’s Institutional Review Board for the Protection of Human Subjects (IRB) completed a review of the protocol entitled “Public Issues or Private Concerns: Assessing the Impact of Charitable Choice on Private Charitable Donations to Faith-Based Organizations”. The IRB application number assigned to this project is 20070201.

The protocol was reviewed on March 2, 2007 and qualified for exemption from continuing IRB review. The protocol represents minimal risk to subjects and matches the following federal category for exemption:

(2) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior, unless: (i) information is recorded in such a manner that subjects can be identified, directly or through identifiers linked to subjects; AND (ii) any disclosure of responses outside the research could reasonably place the subjects at risk of civil or criminal liability or be damaging to subjects’ financial standing, employability or reputation.

Enclosed is a copy of the informed consent document, which the IRB has approved for your use in this research. In addition, your request for a waiver of documentation of informed consent, as permitted under 45 CFR 46.117(c), is also approved.

Annual continuation applications are not required for exempt projects. If you make any changes or modifications to the study's design or procedures that either increase the risk to subjects or include activities that do not fall within one of the categories exempted from the regulations, please contact the IRB first, to discuss whether or not a request for change must be submitted. Any such changes or modifications must be reviewed and approved by the IRB prior to their implementation.

Please retain this letter for your files. If the research is being conducted for a master’s thesis or doctoral dissertation, the student must file a copy of this letter with the thesis or dissertation.

Sincerely,

Sharon McWhorter
Interim Director

Cc: Lucinda Deason, Advisor
Rosalie Hall, IRB Chair
Dear Mr(s). XXX:

I would like to take this opportunity to introduce myself. My name is Wanda I. Colón-Mollfulleda and I am a doctoral student in the Department of Public Administration and Urban Studies at The University of Akron. As part of my dissertation, I will be conducting a study intended to assess the relationship between federal funding and private donations to faith-based organizations.

I am in the process of scheduling face-to-face interviews to gather the information needed for this project. Please let me know if you will be available on XXX, MM/DD/YEAR, at 00:00 AM/PM at your earliest convenience. The interview should not take more than 20-30 minutes of your time. During the interview I will ask you a few questions regarding your organization’s funding sources and fundraising activities. Please note that any identifying information collected through these interviews will not be directly associated with you or your organization. Neither you nor your organization will be individually identified in the publication or presentation of the research results. All the information associated with this study will be kept in a secure location and will be properly destroyed when no longer needed.

Although you will receive no direct benefit from your participation in this study, your participation may help us better understand the relationship between government funding and private giving patterns. Your participation is voluntary and you may refuse to participate, or may discontinue participation at any time. All interested participants will receive a copy of the study results.
If you have any questions about this study, you may contact me at 330-360-2735. This project has been reviewed and approved by The University of Akron Institutional Review Board. If you have any questions about your rights as a research participant, you may call the IRB at (330) 972-7666 or 1-888-232-8790.

Respectfully,

Wanda I. Colón-Mollfulleda  
/s/  
Ph.D. Candidate  
The University of Akron  
Akron, Ohio
Dear Mr(s). XXX:

It was a pleasure talking to you this morning/afternoon. As I indicated during our brief conversation, I am a doctoral student in the Department of Public Administration and Urban Studies at The University of Akron. As part of my dissertation, I will be conducting a study intended to assess the relationship between federal funding and private donations to faith-based organizations.

The face-to-face interview scheduled for XXX, MM/DD/YEAR, at 00:00 AM/PM at your facility should not take more than 20-30 minutes of your time. I will ask you a few questions regarding your organization’s funding sources and fundraising activities. Please note that any identifying information collected through these interviews will not be directly associated with you or your organization. Neither you nor your organization will be individually identified in the publication or presentation of the research results. All the information associated with this study will be kept in a secure location and will be properly destroyed when no longer needed.

Although you will receive no direct benefit from your participation in this study, your participation may help us better understand the relationship between government funding and private giving patterns. Your participation is voluntary and you may refuse to participate, or may discontinue participation at any time. All interested participants will receive a copy of the study results and I have already noted that you are interested in receiving a copy of my dissertation.
If you have any questions about this study, you may contact me at 330-360-2735. This project has been reviewed and approved by The University of Akron Institutional Review Board. If you have any questions about your rights as a research participant, you may call the IRB at (330) 972-7666 or 1-888-232-8790.

Respectfully,

Wanda I. Colón-Mollfulleda
/s/
Ph.D. Candidate
The University of Akron
Akron, Ohio
APPENDIX A.4. FACE-TO-FACE INTERVIEW QUESTIONS

1. Is your organization currently participating in charitable choice?  
   If so, when and why did you decide to take advantage of charitable choice?  
   If not, why not?

2. What factors did you take into consideration when deciding to take advantage of  
   charitable choice?

3. Do you disseminate information about funding sources to private donors?  
   If so, what mechanisms do you use to disseminate that information?  
   If not, why not?

4. In your opinion, has federal funding to your organization had any impact on  
   private donations? If so, how? If not, why not?

Please provide the following information:

Your staff is currently comprised of:
☐ (a) Clergy
☐ (b) Professional Staff
☐ (c) Volunteers

Indicate the total number of employees currently working in your organization:  
(a) Full Time  (b) Part Time  (c) Volunteers  (d) Clergy

With which religious entity is your organization affiliated?  
Name of Religious Group/Church:

Faith (please circle one):
☐ (a) Catholic  ☐ (d) Methodist  ☐ (g) Evangelical
☐ (b) Baptist  ☐ (e) Presbyterian  ☐ (h) Other (Specify)
☐ (c) Lutheran  ☐ (f) Jewish

What is your organization’s annual operational budget?  
☐ (a) $0-$5,000  ☐ (e) $101,000-150,000  ☐ (i) $301,000-350,000  
☐ (b) $6,000-$10,000  ☐ (f) $151,000-200,000  ☐ (j) $351,000-400,000  
☐ (c) $11,000-50,000  ☐ (g) $201,000-250,000  ☐ (k) $400,000-450,000  
☐ (d) $51,000-100,000  ☐ (h) $251,000-300,000  ☐ (l) 451,000+

What type of federal aid is your organization currently receiving? (Check all that apply)  
☐ (a) Government grants  ☐ (d) Vouchers  
☐ (b) Government contracts  ☐ (e) Tax-Exempt Bonds  
☐ (c) Tax Credits  ☐ (f) Government Loans