BUT WHAT IF THEY PREACH?

A GUIDE FOR FUNDING FAITH-INSPIRED GRANTEES WITH BOUNDARIES AND INTEGRITY

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INCLUSIVE AMERICA PROJECT

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Foreword

Religion in America is a touchy, difficult subject with good reason; it is a minefield studded with our personal and collective hurts. But it is also a deep well-spring of American social capital and has incredible power to do good in the world. Because of the first reality, philanthropic institutions often overlook the second reality.

The Inclusive America Project (IAP) envisions a society where diverse religious and non-religious communities fully embrace America's ideals by engaging and thriving with mutual trust and respect. To achieve that aspirational vision, we mobilize faith and moral leadership, galvanize philanthropic commitment, and captivate and connect allied communities around issues of shared concern.

> **Religious Pluralism:** a vision of the world in which diverse religious communities and the non-religious engage each other in beneficial ways, maintain their distinct identities, and thrive and defend each other's right to thrive.

As part of IAP's work to galvanize philanthropic commitment with religious pluralism, we offer this brief guide for funders on how to partner with faith-inspired partners with clear boundaries and integrity. It is designed for funders new to the space and to faith-inspired grantees, the skeptical but curious, and those who would like to improve their working relationships with current faith-inspired grantees. We don't maintain that every grantmaker need work with faith-inspired grantees, but we do argue that funders should be willing to lean in, learn, and ask difficult questions of themselves and others to determine if the fit is right.

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Opportunity Lost

Faith-inspired institutions make up one of the largest and most vibrant sectors advancing equity and the common good in America. There are over 350,000 congregations and an additional 228,000 faith-inspired nonprofits in the United States doing secular work: everything from hate crime prevention to food banks, prison reentry programs to housing crisis relief. Together that's 35-40% of the US nonprofit landscape.

Despite the headlines about declining religious membership, the landscape of our country is still deeply shaped by personal faith and religious institutions. 74% of American adults claim a religious affiliation, and a majority of the Unaffiliated believe in God. This is even more true in communities of color, where religion plays an outsized role. 91% of Black and 84% of Latino Americans say religion is important in their lives.[1]

Recent research shows that compared to secular organizations, faith-inspired nonprofits are older, have more revenue, employees, and volunteers. They are likely to be viewed as more credible, reliable, and nonpartisan by the communities they serve. They tend to be better resourced in other sources of funding and volunteer hours.[2] Sometimes marginalized communities are only served by their religious institutions, meaning that working with faith-inspired organizations can be the only way to reach certain populations.[3] As highlighted by a 2020 Bridgespan report, this is especially true in Black and Brown communities, where faith affiliation rates are higher, specific cultural competencies are essential, and external organizations may be less trusted by community members.[4] Due to all these factors, faith-inspired organizations may be best positioned to deliver the services funders want to deliver and therefore the ones that should receive grant dollars.

Yet, many institutional funders are skeptical of faith-inspired partners; as a result, these nonprofits are less likely to receive institutional grants than their secular counterparts. The 2020 Bridgespan report showed that only 2% of big philanthropy dollars went to faith-inspired organizations.[5]

Why? Reasons vary. Religion in America is a complex topic, studded with the minefields of our personal and societal hurts. Institutional funders may have concerns about the constitutionality of funding faith-inspired organizations, worry about faith-inspired grantees' willingness or ability to separate worship from service delivery, or be concerned about partnering with organizations or communities whose stances on social issues are at odds with their own. While philanthropy wants to have an impact on common good, these and other worries get in the way of funder-grantee partnerships. This "leaves impact on the table" and negatively affects the grantees and the populations that funders want to serve.[6]

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1 Pew Research Center. "2014 U.S. Religious Landscape Study." https://www.pewforum.org/religious-landscape-study/. Accessed July 6, 2021.

2 Ressler, Robert, Brad R. Fulton, and Pamela Paxton. 2020. "Activity and Identity: Uncovering Multiple Institutional Logics in the Nonprofit Sector." Paper presented at the Association for Research on Nonprofit Organizations and Voluntary Action Annual Meeting (virtual).

3 Loskota, Brie. 2019. "Bridging Religious Divides: Understanding the Influence of Faith and Religion on Social Strength and Civic Engagement." Presentation at Council on Foundations Annual Meeting.

4 Eckhart-Queenan, Jeri, Peter Grunert, and Devin Murphy. 2021. "Elevating the Role of Faith-Inspired Impact in the Social Sector." *The Bridgespan Group.* https://www.bridgespan.org/insights/library/philanthropy/role-of-faith-inspired-impact-in-the-social-sector

5 Eckhart-Queenan, et al. "Elevating," p. 10.

6 Eckhart-Queenan, et al. "Elevating."

The problem is deeper than a simple, though severe, lack of resources. In 2019, when IAP surveyed funders we knew had previously funded faith-inspired grantees, one responded, and we quote, "we don't fund that."[7] This respondent failed to recognize where faith already existed in their portfolio. That kind of failure of recognition can have devastating impacts on the real people at the other end of funder dollars.

In one example we heard of, a faith-inspired food bank lost funding when the grantmaker did a site visit and saw a cross on the wall of the fellowship hall where food was distributed. The funder saw this as proselytizing, and they pulled funding. The grantee had to return the cash and people went hungry. In that case, the grantmaker did not have the religious literacy or competency to surface and solve any areas of concern with the grantee before granting (or rescinding) the funds.

In another example, several churches formed a local alliance to address environmental concerns as one expression of their faith. A local foundation agreed to fund a staff position to coordinate efforts. However, the foundation ceased funding the project after a church whose pastor's views on other issues did not align with those of the foundation joined the alliance. In this case, the whole collaborative's efforts toward solving local environmental problems were hampered by disagreements over issues that were not related to the funded activity.

> A faith-inspired food bank lost funding when the grantmaker … saw a cross on the wall of the fellowship hall where food was distributed. The funder saw this as proselytizing, and they pulled funding. … and people went hungry.

In these cases, everybody lost: the funders lost the opportunity to do the work they wanted to do and to work with grantees deeply embedded in their communities, the grantees lost funding, and most importantly, the constituents in the community lost services.

To prevent stories like these, **grantmakers need to recognize where they already work in faith-inspired spaces, understand their own boundaries about working with faith-inspired grantees, and have the literacy and competency to work through any concerns with grantees before committing funds**.

Most institutional funders are already comfortable asking a host of questions about programs, salary, and overhead expenditures, as well as participation in politics via lobbying, get out the vote efforts, and election campaigns. In the last 20 years, most funders have even gotten comfortable asking grantees about whether they support terrorism.

Yet these same organizations may not be comfortable asking about (or understand the conversation around) proselytizing, separating worship from the funded activity, or theological or social stances at odds with the funder's institutional values. These are legitimate concerns, but they should be discussed openly and directly. Open conversations can clarify boundaries and ensure that all parties are working into their missions with integrity.

We believe that faith-inspired organizations and leaders can develop, contribute to, and implement solutions that enable all people in our multi-religious, multi-racial, and multi-ethnic nation to live and prosper together to fulfill our motto of "*e pluribus unum*." But they can only do that to their full potential with the support of the philanthropic community. This guide offers institutional funders and individual philanthropists tools to understand the diversity of faith-inspired nonprofits and the basics of existing legal restrictions, and to address concerns with potential grantee partners so that all can thrive.

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7   The Inclusive America Project, Lake Institute on Faith & Giving at Indiana University, and Public Religion Research Institute. 2020. "Powering Pluralism: Analyzing the Current Philanthropic Landscape." https://www.aspeninstitute.org/programs/justice-and-society-program/powering-pluralism-analyzing-the-current-philanthropic-landscape/

Spectrum of Faith-Inspired Entities

The diversity and scale of the American faith-inspired nonprofit landscape is astonishing. As noted above, there are more than 350,000 houses of worship in the United States, with an additional 228,000 organizations that have some kind of religious identity, but whose primary activity is something other than promoting religion.[8] Together, that makes up 35 – 40% of the entire nonprofit landscape in America.[9] These organizations span all the identities and activities of individual Americans. And like individual Americans, they combine those identities and activities in myriad ways.

Nonprofit Landscape in the United States

Total "Faith-Inspired" Nonprofits, ~39%

Total "Secular" Nonprofits, ~61%

The 228,000 faith-inspired nonprofits doing secular work fall along a spectrum of religious identity. Some are deeply shaped by faith values and limit their staff, population served, and/or activities according to religious principles. Others were founded by faith inspiration, but are no longer regularly guided by religious principles.[10] Some organizations' affiliated faiths have strong social stances, but those stances do not affect the purpose of the nonprofit.
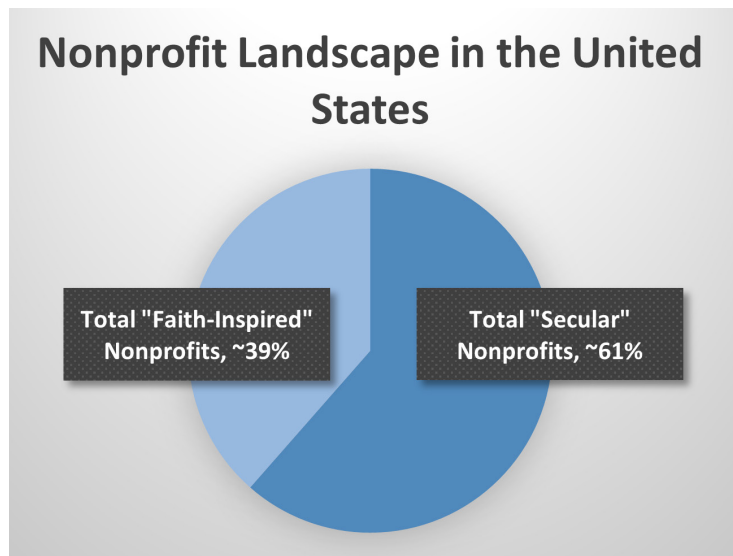
> "There is no other place in the community that gathers people consistently. …Foundations and funders miss an opportunity when they don't work with the faith community – we are accountable, can deliver, we aren't going anywhere, and we are loyal to our causes."
>
> **- Veronica Kyle**, Statewide Outreach Director, Faith in Place

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8   Fulton, Brad R. 2020. "Religious Organizations: Crosscutting the Nonprofit Sector." In *The Nonprofit Sector: A Research Handbook*, edited by Walter W. Powell and Patricia Bromley, 3rd ed. Stanford: Stanford University Press.

9   According to the National Center for Charitable Statistics at the Urban Institute, there were about 1.5 million nonprofits registered with the Internal Revenue Service in 2016, plus an additional estimated 100,000-150,000 houses of worship not registered as 501(c)3s. https://nccs.urban.org/publication/nonprofit-sector-brief-2019#the-nonprofit-sector-in-brief-2019, accessed July 6, 2021.

10   Goldsmith, Stephen, Eimicke, William, and Pineda, Chris, "Faith-Based Organizations Versus Their Secular Counterparts: A Primer for Local Officials," Ash Center for Democratic Governance and Innovation, Harvard Kennedy School, 2006. https://www.innovations.harvard.edu/faith-based-organizations-versus-their-secular-counterparts-primer-local-officials Accessed July 13, 2021. Goldsmith et al., provide a helpful review of the spectrum of faith-inspired organizations and how their religiosity might affect their services. Additionally, see Fulton's definition: "The religiosity of an organization is the extent to which religion is a part of its identity, affiliations, and activities, ranging from being deeply infused with religion to exhibiting only its vestiges. Characteristics used to assess [a faith-based organization's] religiosity include its mission statement; sources of funding and affiliations with specific religious traditions; the religious commitments of its board, staff, and volunteers; and the amount of religious referencing in its facilities, materials, programs, and goals." Fulton, "Religious Organizations," p. 582

Individual or institutional givers who may be wary of working with faith-inspired organizations must be able to understand and be able to discuss these distinctions, especially where their own values may differ. The Common Funder Concerns section offers more concrete questions to use as a baseline in discussing philanthropic strategy and opportunity costs.

For many faith-inspired nonprofits, their faith affiliation is why they do the work they do, and their faith values mean they keep showing up, even when budgets are stretched thin and the work is hard.

As Veronica Kyle, Statewide Outreach Director for the environmental action organization Faith in Place put it at an IAP event, "other than educational institutions, there is no other place in the community that gathers people consistently. …Foundations and funders miss an opportunity when they don't work with the faith community – we are accountable, can deliver, we aren't going anywhere, and we are loyal to our causes."

Balancing Opportunity and Cost

The variety of organizations, the types of nonprofit work they do, the faith communities that inspire them, and the diversity within faith communities is extremely broad. There is no one-size-fits-all guide for whether or how to partner with a faith-inspired organization. We do not advocate that all funders should be open to all faith-inspired grantees. We do advocate that funders should understand their own concerns, have the tools to engage openly in discussion with potential grantees, and make informed decisions that balance opportunity with other non-financial costs.

The first step for funders is to clarify the opportunity – what the particular grantee offers in terms of reach, program efficiency, or cultural competency. More specifically, funders should identify what a particular faith-inspired grantee can offer that other, non-faith-inspired partners cannot.

> It does not help to avoid the questions or the discomfort. Get detailed.

Next, we recommend that funders clarify questions of concern internally by getting them on paper and getting them vetted by diverse team members. It does not help to avoid the questions or the discomfort. Get detailed. We offer a set of common concerns and questions in next section. We suggest working through these, deciding if each type of question is problematic, and if so, for exactly what reasons.

Any concerns should be taken directly to the potential grantee in an open dialogue. If a funder can learn to ask about terrorism and lobbying, then it's possible to learn how to ask about mixing worship and service delivery. Though not every partnership is a good fit, the conversation may reveal that the nonprofit does not engage in the activity of concern, or that there is an established workaround.

If there are areas of concern, we recommend asking if new workarounds can be established. For example, if there is a concern about proselytizing, get clear on the definition and agree on it and boundaries around it together. If the funder determines that having a cross on the wall of the food distribution location is not proselytizing, but preaching to people as they pick up food is, that needs to be stated as a boundary. If the concern is about financially supporting worship activities, the funder could offer strict project funding instead of general operations gifts. If the concern is over financial accountability, the funder can ask the grantee to provide third-party audited records, or if funding for auditing could be included in the grant.

Finally, balance the opportunities and non-financial costs.

Common Funder Concerns Around Funding Faith-Inspired Organizations

IAP has spoken with and heard the concerns of some dozens of institutional funders about working with faith-inspired grantees. These concerns are either over the legality of funding faith-inspired institutions, or about the influence that an organization's faith-affiliation has on its work. This section aims to provide some clarity on this subject.

First, there are no legal restrictions on individuals or private institutions regarding whether they can gift (non-federal) funds to religiously-identified organizations – be those organizations houses of worship or faith-inspired nonprofits. All of these organizations have 501(c)3 tax-exempt status. Houses of worship (which the tax code generically defines as "churches," but which includes mosques, synagogues, temples, and so on) receive that status automatically, while others have to apply for it.[11] Additionally, houses of worship are not required to file 990 tax forms, while other 501(c)3 organizations are.

There are some restrictions around federal funding going toward organizations using funds for "explicitly religious" activities such as proselytizing and worship. But even houses of worship can still use federal funds to support activities such as food banks, health clinics, and other activity that is not explicitly religious.[12]

Most funder concerns about working with faith-inspired grantees are around the (presumed negative) influence that the organization's faith-affiliation has on its service recipients. We name these here as openly as possible along with some more specific examples by way of clarification. These will not be applicable to every funder or their potential grantees, but we hope they elicit and clarify funders' own concerns.

1. **Exclusions around a target audience:**
   a. Does a faith-inspired food bank limit recipients to members of its own religious or ethnic community?
   b. Does an adoption agency deny same-sex couples? If so, do they refer clients to other services that do accept same-sex couples?

2. **Proselytizing or other attempts to convert the target audience:**
   a. Is attending worship services required to receive food and household supplies at a food bank?
   b. Are there religious symbols or religious materials visible during, available to participants, or combined with service delivery?

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11 Fulton, "Religious organizations."

12 Federal Register. 2020. "Equal Participation of Faith-Based Organizations in the Federal Agencies' Programs and Activities." https://www.federalregister.gov/documents/2020/12/17/2020-27084/equal-participation-of-faith-based-organizations-in-the-federal-agencies-programs-and-activities. Accessed July 6, 2021.

3. **Exclusionary policies within the organization:**

   a. Does the organization limit employment, volunteering, or leadership to members of its own religious community, or to certain categories of people (such as men, or the ordained, etc.) within that community based on religious tenets?

4. **Mixing worship with service delivery for staff or audience who are already part of the religious community:**

   a. Does the organization mix worship activities, such as study of sacred texts, group prayer, hymn singing, or celebration of Mass, with paid work or volunteer activity?

   b. Does service delivery to participants who are already part of the religious community include worship activities such as study of sacred texts, group prayer, hymn singing, or celebration of Mass?

5. **Social stances at odds with funder values:**

   a. Does the social stance of the organization's affiliated religious community broadly (such as a Catholic doctrine) affect the service delivery directly or indirectly?

Finally, one additional concern is about lack of fiscal oversight. If the organization is a house of worship and is not required to file 990 tax forms, do they keep adequate and/or audited financial records that the grantmaker trusts?

Conclusion

America's faith-inspired nonprofits range from living-room-sized houses of worship to multi-million-dollar international nonprofits. Altogether they comprise about 35-40% of the American nonprofit landscape, and they run everything from children's activity programs, homeless shelters, and art and music programs, to prison reentry programs and everything in between.

Like working with any other type of nonprofit, being willing to work through areas of concern with faith-inspired grantees is essential to effective grantmaking. We encourage funders who want to learn more to look through the specific religious literacy resources offered below. We also welcome those looking for more customized resources or connections to peer funders already working with faith-inspired grantees to join the Inclusive America Project's Religious Pluralism Funders Circle.

Glossary

Faith-inspired Organization – An organization that declares a faith affiliation, whether in its name, mission or vision statement, or other program materials or programs. Both houses of worship and faith-inspired nonprofits doing secular work are included in this broad definition. Altogether, these organizations comprise about 35-40% of the U.S. nonprofit landscape.

Faith-inspired Nonprofit Doing Secular Work – A nonprofit organization whose primary activity is something other than promoting religion (such as education, health, or human services), and which is classed by the U.S. National Taxonomy of Exempt Entities (NTEE) system under some category other than X – Religion Related. These organizations comprise about 15% of the U.S. nonprofit landscape.

House of Worship – A church, synagogue, or local religious institution designated as space for religious community, worship, and gathering; Classed by the U.S. National Taxonomy of Exempt Entities (NTEE) system under category X – Religion Related, and whose primary activity is promoting religion.

Proselytize - to induce someone to convert to one's faith (Merriam-Webster).

Religious Pluralism – the ability of multiple cultures and faiths to live side by side within the context of a larger, shared society (IAP).

Worship – to honor or show reverence for as a divine being or supernatural power (Merriam-Webster).

General Religious Literacy and Competency Resources

1. *Keeping it 101: A Killjoy's Introduction to Religion* (*Megan Goodwin & Ilyse Morgenstein Fuerst*) https://keepingit101.com/ This podcast offers content about a diverse array of topics related to religion.

2. **The Pluralism Project** (*The Pluralism Project at Harvard University*) https://pluralism.org The Pluralism Project offers quick explainers with history, context, glossary, and timelines for most of the world's major religions on its home page.

3. *Religion Matters: An Introduction to the World's Religions* (*Stephen Prothero, 2020*) https://wwnorton.com/books/9780393422047 Prothero explores the role of religion in current society through their own stories and mythologies.

4. *Religious Literacy: What Every American Needs to Know – and Doesn't* (*Stephen Prothero, 2007*) https://www.stephenprothero.com/religious-literacy Prothero's seminal book offers both a history of religion and education in the U.S., and a helpful and extensive glossary of terms.

5. **Six Principles for Engaging Faith Communities** (*Center for Religion and Civic Culture at the University of Southern California*) https://crcc.usc.edu/files/2020/05/Engaging-Faith-Communities.jpg Produced for government agencies wishing to partner with faith communities, these six principles would also apply helpfully for funders wishing to do the same.

6. **Ten Tips for Government Engagement with Religious Communities** (*Center for Religion and Civic Culture at the University of Southern California*) https://crcc.usc.edu/ten-tips-government-engagement-with-religious-communities/ Like the six principles above, these ten tips were produced for government agencies wishing to partner with faith communities, and would also apply helpfully for funders wishing to do the same.

7. **Tips Sheets on Engaging Faith Communities in Disasters** (*Center for Religion and Civic Culture at the University of Southern California*) https://crcc.usc.edu/report/disaster-tips-sheets-on-engaging-faith-communities/ Developed for all those wishing to partner with faith-inspired organizations or faith communities as part of disaster response efforts, this resource offers tip sheets for working with specific religious communities.

Further Resources on Faith-inspired Non-profit Landscape and Funder Engagement

1. **A Briefing: Religious Pluralism in American Society** (*Inclusive America Project*)
   https://www.youtube.com/watch?app=desktop&v=Tp-lZiLy698

2. **Elevating the Role of Faith-Inspired Impact in the Social Sector** (*The Bridgespan Group*)
   https://www.bridgespan.org/bridgespan/Images/articles/elevating-the-role-of-faith-inspired-impact/elevating-the-role-of-faith-inspired-impact-in-the-social-sector-jan-2021.pdf

3. **"Faith-Based Organizations Versus Their Secular Counterparts: A Primer for Local Officials,"** (*Stephen Goldsmith, William Eimicke, and Chris Pineda, Ash Center for Democratic Governance and Innovation, Harvard Kennedy School*) https://www.innovations.harvard.edu/faith-based-organizations-versus-their-secular-counterparts-primer-local-officials

4. **The Multiplier Effect of Religious Pluralism: A Primer** (*Inclusive America Project*)
   https://www.aspeninstitute.org/programs/inclusive-america-project/the-multiplier-effect-of-religious-pluralism-a-primer-on-religious-pluralism/

5. **The Multiplier Effect: A Case Study of Faith-Based Community Organizations in Chicago, IL**
   (*Inclusive America Project*) https://www.aspeninstitute.org/publications/the-multiplier-effect-a-case-study-of-faith-based-community-organizations-in-chicago-il/

6. **Powering Pluralism: Analyzing the Current Philanthropic Landscape** (*Inclusive America Project, Lake Institute on Faith & Giving, Public Religion Research Institute*) https://www.aspeninstitute.org/programs/justice-and-society-program/powering-pluralism-analyzing-the-current-philanthropic-landscape/

7. **Religious Organizations: Crosscutting the Nonprofit Sector** (*Brad R. Fulton*) https://cpb-us-w2.wpmucdn.com/blogs.iu.edu/dist/4/9/files/2018/09/Fulton_2018_Religious-Organizations_Web-2njurlm.pdf

8. **Religious Pluralism: The Foundation of Faith-Based Action** (*Inclusive America Project*)
   https://www.aspeninstitute.org/programs/inclusive-america-project/religious-pluralism-the-foundation-of-faith-based-action/

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