



# The Roundtable

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## Private-Sector Contributions to Faith-Based Social Service

### The Policies and Giving Patterns of Private Foundations

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# **Private-Sector Contributions to Faith-Based Social Service: The Policies and Giving Patterns of Private Foundations**

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## **ABSTRACT**

Recently there has been a renewed interest in the role of faith-based organizations (FBOs) in the provision of social services. While a considerable amount of attention has been focused on efforts to financially support FBOs with public funds, relatively less attention has been given to the prospect of private sector funding. Private foundations may serve as an important source of financial support as FBOs seek to diversify their funding streams and provide sustained relief to address unmet human needs. This report examines how private and community foundations support the social services provided by FBOs and also explores the policies that guide these funding decisions.

Using data from the Foundation Center we developed a sample of 2,740 private independent foundations and 230 community foundations with total annual giving of \$1,000,000 or more. Approximately 12 percent of these large private foundations indicated an expressed interest in funding both social services and religiously affiliated organizations. The report continues by examining the grants issued by the 50 largest “faith-friendly” foundations. The analysis was based on a composite year consisting of data from 1999 and 2000, the latest years for which full grant data were available. Some \$68.8 million dollars were provided by these private foundations to support faith-based social services. This represents nearly 3 percent of the approximately \$2.5 billion in total annual philanthropic giving distributed by these 50 foundations. Each foundation made an average of 17 grants to faith-based providers during the year, with the average award totaling \$75,462. Additional analyses classified grants according to the social service areas that were supported.

The report also analyzed the published restrictions by foundations that would exclude grants to FBOs. The analysis found that most foundations do not have general restrictions that would exclude religiously affiliated social service providers. Among those foundations that had published limitations on religious grantees, the most common restrictions limited the funding of sectarian or expressly religious activity. The analysis also found that the largest community foundations were more restrictive in their policies relative to the largest private independent foundations. The report concludes with some suggestions for future research in light of these findings.



## Private-Sector Contributions to Faith-Based Social Service: The Policies and Giving Patterns of Private Foundations

### Introduction

Debate over the Bush administration's Charitable Choice initiative has focused on the relationship between church and state, given growing public-sector support for faith-based organizations. However, the executive order creating the White House Office of Faith-Based and Community Initiatives also called for encouraging *private* giving to faith-based groups.

Private-sector support of FBOs can take several forms. National samples suggest that 60 to 70 percent of U.S. households financially support congregations and other religious organizations, while a sizeable portion of those households donate their time to volunteer activities.<sup>1</sup> The private sector also contributes to FBOs at the institutional level. The most common form of financial support from institutions is grants and gifts by private and corporate foundations.

The White House is not alone in highlighting the important role of personal contributions and private institutional funders in supporting faith-based activity providing for human needs. The Working Group on Human Needs and Faith-Based and Community Initiatives has developed a number of recommendations specifically aimed at encouraging the contributions made by the private sector. These recommendations include modifying rules which limit corporate contributions, as well as encouraging private funders to lift general restrictions on grant applications from FBOs.<sup>2</sup>

Some have argued that private-sector institutions are as important – if not more important – than the public sector in funding faith-based human services.

Indeed, some have argued that private-sector institutions are as important – if not more important – than the public sector in funding faith-based human services. In *Philanthropy Magazine*, Barbara J. Elliott, founder of the Center for Renewal in Houston, argued that the private sector is uniquely positioned to support FBOs engaged in funding social service. According to Elliott, “Because of the current interpretation of the establishment clause of the First Amendment, Government can only fund the secular part of an FBO’s mission...If it is faith that lets faith-based efforts change lives more deeply than their secular counterparts, only private donors can strategically foster the part of faith-based programs that make them work”.<sup>3</sup> This argument assumes not only that FBOs can serve human needs more effectively than public agencies, but also that private foundations do not restrict funding for faith-based social service as much as public funders do. However, private foundations may, in fact, hesitate to cross boundaries still under debate in the public sector.

Some assume that private foundations do not restrict funding for faith-based social service as much as public funders do. However, private foundations may, in fact, hesitate to cross boundaries still under debate in the public sector.

The Capital Research Center has provided the only analysis of private-sector grant-making to FBOs, according to our knowledge. The Center found that three of the ten largest U.S. companies explicitly banned giving to FBOs, while three funded only nonsectarian activities. Of course, the policies of the 10 largest U.S. corporations may not typify those of the rest of the private sector.<sup>4</sup>

Given the recent emphasis on private-sector contributions to FBOs and the limited research in this arena, we sought to address a number of questions regarding the funding activity of independent – that is, non-corporate – foundations, as well as community foundations: those that focus on a specific community or region. (A companion report by The Roundtable on Religion and Social Welfare Policy will examine the giving patterns of company-sponsored foundations and corporate

giving programs.<sup>5</sup>) If the private sector is an important and growing source of support for faith-based social service, to what extent do private foundations target FBOs as potential grant recipients? To what extent do they deliberately exclude them? What social service activities by FBOs do foundations support? And what policies limit how grantees may use funds for religious expressions such as proselytizing?

To what extent do they deliberately exclude them? What social service activities by FBOs do foundations support? And what policies limit how grantees may use funds for religious expressions such as proselytizing?

To address these questions, we analyzed information from the Foundation Center, which maintains a database of over 70,000 private, community, and corporate grant-makers and 339,000 grants. We did not address the assumption that FBOs are effective in providing human services, or that their effectiveness is directly related to any particular role played by faith.<sup>6</sup> However, given the recent call for private-

sector support for FBOs, our findings shed light on the relationship between private foundations and faith-based social service.

### Identifying Faith-Friendly Foundations

The Foundation Center has analyzed grant awards by subject area among a sample of 1,015 larger U.S. foundations.<sup>7</sup> The resulting report provides an estimate of the largest U.S. foundations that award grants in the areas of religion and human services. However, because not all grants for religion are for social services, and because not all grants awarded for social services go to FBOs, this research does not reveal the level of private-sector support for FBO-administered social services.

To find out more about that support, we relied on the Center's two databases, which are searchable through its CD-ROM FC Search. These included the grant-maker file, containing information on private and corporate foundations, and the

grants file, containing information on grants of \$10,000 or more that these foundations have awarded.

The grant-maker file allowed us to identify foundations with an expressed interest in the social service activities of FBOs, as well as foundations with explicit policies that limit support for FBOs. The file’s “purpose and activities” field describes the population groups that each foundation serves and the types of support it offers, such as capital campaigns or general operating support. The file’s “areas-of-interest” field reveals the subject areas that each foundation targets. These categorical descriptions are consistent with the National Taxonomy of Exempt Entities (NTEE) classification system developed by the National Center for Charitable Statistics.<sup>8</sup> The “limitations” field defines the organizations and programs that are eligible or ineligible for funding. These restrictions typically limit the type of support the foundation provides (it may not fund construction or renovation, for example), the type of organization it funds (it may not award grants to religious institutions, for instance), and the grantees’ geographic location (the foundation may fund, say, only groups in Marin County, California).

The first step in our research was to identify private independent and community foundations with an expressed interest in the social service activities of FBOs.

The grants file contains information that describes grants of \$10,000 or more. This file helped us identify and classify grants for faith-based social services, because it outlines the grant amount, the type of recipients, and the subject area for each grant. This file also briefly explains the activities that each grant supports. These classifications are also consistent with the NTEE.

The first step in our research was to identify private independent and community foundations with an expressed interest in the social service activities of FBOs. Given the size of the grant-maker database, we decided to restrict our search to the 2,740 independent foundations and 230 community foundations with annual

giving of \$1,000,000 or more. Using the “areas-of-interest” field, as well as literature on the social service activities of FBOs, we identified 24 social service areas in which FBOs often work (Table 1).<sup>9</sup> We also identified 11 “areas-of-interest” categories that reflect the religious affiliations of FBOs (Table 1). We combined these criteria to identify 351 independent foundations and 17 community foundations with an expressed interest in at least one social service activity and one subject area defining a religious organization.

**Table 1: Foundation Search Terms**

<b>SOCIAL SERVICE SUBJECT AREAS</b>	<b>FBO SUBJECT AREAS</b>
1. Adult Education	1. Buddhism
2. Alcoholism	2. Roman Catholic Agencies and Churches
3. Crime/Violence Prevention	3. Christian Agencies and Churches
4. Domestic Violence	4. Hinduism
5. Early Childhood Education	5. Religion, interfaith issues
6. Economic Development	6. Islam
7. Employment	7. Jewish Agencies and Temples
8. Family Services	8. Mormon Agencies and Churches
9. Gays/Lesbians	9. Protestant Agencies and Churches
10. Health Care	10. Religion
11. Health Organizations	11. Salvation Army
12. Homeless	
13. Hospices	
14. Housing/Shelter	
15. Human Services	
16. Leadership Development	
17. Medical Care/Rehabilitation	
18. Mental Health/Crisis Services	
19. Minorities	
20. Native Americans	
21. Nursing Care	
22. Offenders/Ex-Offenders	
23. People with AIDS	
24. Public Health	

Once we identified these “faith-friendly” foundations, we conducted an in-depth analysis of the grants awarded by the 100 largest (see Appendix). We used several criteria to classify grants as those for “faith-based social service”:

- The grant recipient was a religious institution (identified by the name of the organization, its classification, or the description of the grant activity).
- The grant recipient was a secular institution, but the grant-supported activity involved a religious institution (for example, a hospital-run parish nursing program).
- The grant description included activity that had a social service component that was not used to exclusively promote a religious ideology.

We excluded several categories of grants:

- Those that provided only “general support” for a church or religious institution.
- Grants that supported private educational institutions.<sup>10</sup>
- Grant activity that was exclusively international.
- Grants supporting research or the study of religion.

We limited our funding analysis to social services because, while the private sector clearly provides important financial support for houses of worship, religious educational institutions, and international aid, debate over the role of

While the private sector clearly provides important financial support for houses of worship, religious educational institutions, and international aid, debate over the role of FBOs has focused primarily on domestic social services.

FBOs has focused primarily on domestic social services. We also limited our search to grants awarded in 2000 – the most recent year for which most information was available.<sup>11</sup> We further classified grants for “faith-based social service” into 20 subject areas, based on those specified, as well as more general descriptions of grant activity. These subject areas, along with corresponding examples of typical grant activity, are listed in Table 2.

**Table 2: Grant Subject Classifications**

GRANT SUBJECT	DESCRIPTION/EXAMPLES
1. AIDS Outreach	education, medical care, housing and shelter
2. Child Care	early childhood education, daycare centers
3. Child Welfare	foster care, residential/custodial care, abuse/neglect
4. Civil Rights/Advocacy	legal services, immigration assistance
5. Community Development	economic and neighborhood improvement
6. Community Organizing	leadership development, labor advocacy
7. Community Health Care	community health clinics, pharmacy, education
8. Crime/Violence Prevention	education, youth programs, victim services
9. Disaster Relief	financial aid, food, shelter and clothing
10. Emergency Food Assistance	food pantry, holiday food assistance
11. Employment Assistance	job training, welfare-to-work programs
12. Family Services	family planning, pregnancy assistance, adoption
13. Homeless Services	transitional housing, shelter, food and clothing
14. Housing Development	housing construction, Habitat for Humanity
15. Human Services	multiple subject human services, Salvation Army
16. Mental Health Services	family counseling, drug and alcohol treatment
17. Offender/Ex-Offender Services	prison programs, post-release re-entry services
18. Parish Nursing	health education, nursing care, health clinics
19. Senior Citizen Services	residential care, nursing services, home aid
20. Youth Development	after school programs, mentoring, scholarship fund

### Analyzing Grants for Faith-Based Social Service

Multiple searches of the 2,740 private independent foundations and 230 community foundations with total annual giving of \$1,000,000 or more revealed 368 with an expressed interest in funding both social services and religious activities. Most of these entities – 351, or 95 percent – were independent foundations, while 17 were community foundations. The mean annual giving of these foundations was \$8,073,704. Because of large annual giving by the top foundations (such as \$652,091,000 by the Ford Foundation), this average is highly skewed. The median total annual giving of \$2,068,924 is more representative of the typical foundation on this list.

Of the 2,740 private independent foundations and 230 community foundations with total annual giving of \$1,000,000 or more, 368 expressed interest in funding both social services and religious activities.

We next examined all the grants awarded by the 100 largest of these faith-friendly foundations, to determine the percentage of their giving that supports faith-based social services. While these foundations indicated an interest in funding both social service and religious activities, the criteria listed above eliminated a large proportion – if not all – of the grants of some foundations.<sup>12</sup> We focused the rest of our analysis on the 837 grants awarded for faith-based social service by the 50 foundations that ranked the highest in their total annual giving to faith-based social service.

We found that the majority of these foundations are independent; only three are classified as community foundations. Their median annual total philanthropic

We found that the average foundation devoted 10 percent of its gifts to faith-based social service, while 32 percent devoted more than 10 percent.

giving was \$8,605,504. In total, these 50 foundations awarded \$68,851,811 annually to support faith-based social services. These foundations award an average of 17 grants annually for faith-based social service, and vary substantially in the total amounts they devote to such grants, with median faith-based giving amounting to \$652,000 annually. To put this finding in perspective, we calculated

faith-based giving as a percentage of each foundation's total annual giving. We found that the average foundation in this sample devoted 10 percent of its gifts to faith-based social service, while 32 percent (16) devoted more than 10 percent.

Because we coded each grant according to the categories in Table 2, we were able to analyze the distribution of these grants across social service areas (Table 3). We found that the foundations awarded the largest amount in the “human services” category – not surprising given the breadth of this category. Many of the grants classified as human services supported multiple service domains. For example, a grant supporting a neighborhood center that contains a food pantry, a daycare center, a community health clinic, and an after-school program would be classified as a human services grant. (A large proportion of the grants awarded to

the Salvation Army were classified as human services.) The totals for each category may therefore partly be a reflection of the breadth of activity it includes.

**Table 3: Total Grant Amount By Subject Area<sup>13</sup>**

SUBJECT AREA	TOTAL AMOUNT AWARDED
Human Services	\$ 16,167,320
Community Health Care	\$ 8,718,820
Youth Development	\$ 6,673,921
Community Development	\$ 6,668,538
Homeless Services	\$ 5,658,789
Senior Citizen Services	\$ 3,851,889
Child Welfare	\$ 3,795,174
Parish Nursing	\$ 2,850,895
Housing Development	\$ 2,002,409
Offender/Ex-Offender Services	\$ 1,963,196
Family Services	\$ 1,869,827
Crime/Violence Prevention	\$ 1,562,500
Mental Health Services	\$ 1,470,224
Child Care	\$ 1,438,698
Community Organizing	\$ 1,156,383
AIDS Outreach	\$ 1,067,528
Civil Rights/Advocacy	\$ 752,500
Employment Assistance	\$ 653,200
Disaster Relief	\$ 325,000
Emergency Food Assistance	\$ 205,000

We also examined the average individual grant amounts awarded in each subject area (Table 4). While these grants averaged \$75,462, they do vary by subject area. Grants supporting services and development for entire communities and neighborhoods, such as community development, community organizing, and community health care, tend to be larger than grants supporting activities targeted at individuals, such as mental health services, employment assistance, and emergency food assistance.

**Table 4: Average Grant Amount By Subject Area<sup>13</sup>**

SUBJECT AREA	AVERAGE GRANT AMOUNT
Community Development	\$ 162,647
Community Organizing	\$ 115,638
Community Health Care	\$ 113,231
Parish Nursing	\$ 109,649
Offender/Ex-Offender Services	\$ 109,066
Human Services	\$ 102,976
Youth Development	\$ 74,987
Housing Development	\$ 74,163
AIDS Outreach	\$ 71,168
Homeless Services	\$ 70,734
Child Welfare	\$ 63,252
Civil Rights/Advocacy	\$ 62,708
Crime/Violence Prevention	\$ 62,500
Senior Citizen Services	\$ 59,259
Disaster Relief	\$ 54,166
Child Care	\$ 53,285
Family Services	\$ 49,205
Mental Health Services	\$ 38,690
Employment Assistance	\$ 36,288
Emergency Food Assistance	\$ 25,625

Foundations often specialize in a specific area of philanthropy. To explore whether foundations in our sample do so, we totaled the grants awarded by each foundation in each subject area. This allowed us to identify which foundations led the funding within each of the subject areas. Table 5 lists the top funders in each subject area as well as the percent of total subject area giving that their individual contributions represented.

**Table 5: Top Funders By Subject Area<sup>13</sup>**

SUBJECT AREA	FOUNDATION	ANNUAL SUBJECT AREA GIVING	% OF SUBJECT AREA GIVING
Community Health Care	The Robert Wood Johnson Foundation <sup>a</sup>	\$ 6,436,600	73.8 %
Human Services	J. Bulow Campbell Foundation <sup>a</sup>	\$ 5,000,000	30.9 %
Community Development	The Ford Foundation <sup>a</sup>	\$ 3,435,000	51.5 %
Parish Nursing	The Duke Endowment <sup>a</sup>	\$ 2,433,395	85.4 %
Child Welfare	The Duke Endowment <sup>a</sup>	\$ 2,241,204	59.1 %
Homeless Services	Mary Stuart Rogers Foundation <sup>a</sup>	\$ 1,075,000	19.0 %
Offender/Ex-Offender Services	The Richard & Helen DeVos Foundation <sup>a</sup>	\$ 1,050,000	53.5 %
Senior Citizen Services	The Duke Endowment <sup>a</sup>	\$ 919,025	23.9 %
Community Organizing	The Ford Foundation <sup>a</sup>	\$ 740,000	64.0 %
Youth Development	Jessie Ball duPont Fund <sup>a</sup>	\$ 705,448	10.6 %
Housing Development	Bradley-Turner Foundation <sup>a</sup>	\$ 528,322	26.4 %
Crime/Violence Prevention	Kopp Family Foundation <sup>a</sup>	\$ 500,000	32.0 %
Family Services	Mary Stuart Rogers Foundation <sup>a</sup>	\$ 500,000	26.7 %
AIDS Outreach	The Ford Foundation <sup>a</sup>	\$ 500,000	46.8 %
Civil Rights/Advocacy	The Ford Foundation <sup>a</sup>	\$ 390,000	51.8 %
Child Care	The Pew Charitable Trusts <sup>a</sup>	\$ 376,000	26.1 %
Mental Health Services	Siebert Lutheran Foundation <sup>b</sup>	\$ 250,000	17.0 %
Employment Assistance	The Pew Charitable Trusts <sup>a</sup>	\$ 150,000	23.0 %
Emergency Food Assistance	The Duke Endowment <sup>a</sup>	\$ 135,000	65.9 %
Disaster Relief	Lilly Endowment, Inc. <sup>a</sup>	\$ 130,000	40.0 %

These findings show that foundations often focus on a specific area of interest, and also that a single foundation dominates some of these subject areas. For eight of the 20 subject areas, for example, a single foundation accounted for over half the total giving. Of course, we are analyzing grants across fairly numerous subject areas in relation to a small number of foundations. While this would make it easier for a single foundation to dominate the funding of one of the subject areas, the contributions of a number of these foundations are undeniably significant.

We note as well that some of these foundations do not customarily focus on faith-based initiatives per se, and instead, may be engaging faith-based organizations as

<sup>a</sup> 2000

<sup>b</sup> 1999

a new or newer means to reach an established interest they have in a policy outcome. For example, foundations may launch a faith-based initiative as a way of pursuing their established interest in fostering health and health care access, or

We found four common restrictions on funding: for sectarian activity and proselytizing, religious organizations for religious purposes, congregations and religious institutions, and church construction.

encouraging community development. While their support of faith-based initiatives is consistent with their more general funding interests, faith itself does not represent their main focus. In such cases, it may be that interest in funding faith organizations is a secondary concern, and FBOs would be well-served to recognize that such funding may be shorter-term and specific to a policy area, and should not be seen as representing a source of general support for FBO

social services. This caveat is especially important given the fact that the analyses above were based on one year of grant awards. As the focus of funding initiatives may vary over time, it is important to note that these findings represent a cross-section of philanthropic activity that is specific to a single year.

### **Policies That Limit or Exclude FBOs**

To identify restrictions that would exclude FBOs from foundation funding, or limit the activities they could engage in, we analyzed three samples: the top 50 foundations that fund faith-based social service, the 50 largest independent foundations, and the 50 largest community foundations. We found that many of the foundations in these groups do not obviously restrict grants for activities with faith content, or to organizations with religious affiliation. However, we found four other common restrictions on funding (although foundations often expressed them slightly differently): for sectarian activity and proselytizing, religious organizations for religious purposes, congregations and religious institutions, and church construction.

We should note that the fact that a foundation did not publish any restrictions in the “limitations” field does not guarantee that these restrictions do not exist.

Some foundations may include further restrictions, both formally and informally, in their application process. However, the absence of published restrictions does shed some light on foundation policies and funding priorities.

We expected that faith-friendly funders would not broadly limit awards to religious institutions, and that they would set few limitations on specific activities that FBOs could engage in. And, indeed, 86 percent of faith-friendly foundations did not limit funding for FBOs. A restriction on direct funding of religious congregations (12 percent) was the most common among these foundations, and one foundation restricted funding of church construction projects. We also found, in this sample, that foundations with restrictions on funding faith-based social service did not differ in their giving compared with foundations with no restrictions. Average total faith-based giving for non restrictive foundations was \$1,309,647, while giving among faith-friendly foundations that restricted funding for church congregations was \$1,407,804.

We expected the 50 largest independent foundations to broadly restrict giving to religious institutions and for religious activities more often than faith-friendly foundations. While the former did publish more restrictions, the majority of these independent foundations – 62 percent – did not restrict faith-based giving. Among the foundations in this group with restrictions, limits on activities with an expressed religious purpose (16 percent), restrictions on giving to church congregations and religious institutions (12 percent), and restrictions on sectarian activity (8 percent) were most common.

A restriction on direct funding of religious congregations was the most common among these foundations.

Finally, we examined the policies of the 50 largest community foundations. While the Foundation Center classifies these as private foundations, most are also public charities, making them eligible for tax-deductible contributions from the general public. We wanted to determine whether this difference would spur these

foundations to adopt more restrictive policies. And indeed, in marked contrast to foundations in the other two categories, only 14, or 28 percent, of community foundations did *not* restrict faith-based giving. Some 12 percent restricted funding for congregations and religious organizations, while 60 percent excluded sectarian activities and activities with a religious purpose. It is possible that the public charity status of many of these community foundations may be responsible for the more restrictive limitations placed on faith-based giving. The support of these foundations through tax-deductible contributions may provide the incentive for these more restrictive policies.

### Findings and Further Research

This report reveals a number of important insights concerning the relationship between the private sector and faith-based social service. First, large independent

Large independent and community foundations show a substantial level of interest in and support for faith-based social service.

and community foundations show a substantial level of interest in and support for faith-based social service. Out of the nearly 3,000 large private foundations, some 12 percent indicated an interest in both social service and religion. The largest of these foundations provide grants for a broad range of social services, with many devoting a substantial proportion of their total giving to such activities.

Second, among the largest “faith friendly” foundations, one or two large foundations support a substantial fraction of the giving to specific types of faith-based social service. This suggests that even within the category of faith-based social services, some foundations specialize in a specific area of philanthropy. Third, while restrictions on giving to FBOs appear to vary by type of foundation, those that exclude a program based only on its sponsor’s religious affiliation are not the norm. Restrictions that limit sectarian activity, forbid proselytizing, or limit activities with an exclusive religious purpose are far more common. Thus,

the largest foundations appear to be somewhat reluctant to fund religious activities that would distinguish FBOs from other secular service providers.

Further research can build on our initial exploration of private sector funding for faith-based social service. Analysis of a wider sample of private-sector foundations – beyond the largest and those with an expressed interest in faith-based social service – would be important, for example, as smaller foundations likely make significant contributions to FBOs. And although we did not examine foundations and grants that focused exclusively on international social service, a comparison of private-sector support for domestic faith-based activity with support for international faith-based activity would be interesting.

Additional research that examines how private-sector support for faith-based social service is distributed geographically would be of value, such as analyses of regional differences in private support for faith-based social service. We plan to examine such regional differences in the next phase of our research.

Further research is needed to build on our initial exploration of private sector funding for faith-based social service.

The Foundation Center's database limited our research to monetary grants, yet the private sector also makes substantial contributions in the form of in-kind gifts of material goods as well as volunteer support. In fact, a number of the grants in this analysis supported volunteer coordinating activities. For example, The Robert Wood Johnson Foundation's Faith in Action grants, and many of the parish nursing grants awarded by the Duke Endowment, help develop interfaith networks of volunteers. We recommend further research on both in-kind contributions as well as volunteer resources, although we know of no systematic efforts to document such contributions.

This research has shown that our sample of community foundations were more restrictive in their policies that limit giving to FBOs. At this point we attribute this finding to one of two possibilities. As we noted earlier, it is possible that the public charity status of these community foundations may be responsible for the more restrictive limitations placed on faith-based giving. An alternative explanation is that the largest independent foundations may not be addressing this issue in their statements of limitation because they are comparatively less involved in funding programs that local faith-based groups may be applying for. In other words, by nature of their local focus, community foundations may be more sensitive to the need to provide guidance to religious groups who may be applying for funding. We plan to pursue interviews and surveys with key policymakers in community foundations to determine the rationale behind these more restrictive policies.

Finally, we recommend further research on the activities that faith-based grants support. Although we classified such grants roughly by subject area, more analysis showing how FBOs express and integrate religious faith into their social service activities is important. Richer and more detailed information on program activities would also reveal whether the private sector supports aspects of social service that some believe separate faith-based providers from their secular counterparts. This research would benefit from measures that reflect the variety of ways that religious faith can be expressed in FBO programs. The typology developed by the Working Group on Human Needs and Faith-Based and Community Initiatives or the Faith Integration Scale developed by the Roundtable on Religion an Social Welfare Policy would be useful in this regard.<sup>14</sup> These typologies might also assist private foundations

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in specifying with more detail what activities they are willing and unwilling to fund.

APPENDIX: TOP 100 “FAITH FRIENDLY” FOUNDATIONS<sup>15</sup>

FOUNDATION	TOTAL ANNUAL GIVING	YEAR
The Ford Foundation	\$ 652,091,000	2000
Lilly Endowment Inc.	\$ 583,890,521	2000
The Robert Wood Johnson Foundation	\$ 270,985,040	2001
The Pew Charitable Trusts	\$ 187,853,822	2000
The Duke Endowment	\$ 106,030,389	2000
Marin Community Foundation	\$ 50,524,713	2001
J. Bulow Campbell Foundation	\$ 35,235,477	2000
The Richard and Helen DeVos Foundation	\$ 33,614,934	2000
F. M. Kirby Foundation, Inc.	\$ 28,783,521	2000
Jay and Betty Van Andel Foundation	\$ 28,545,056	1999
Meadows Foundation, Inc.	\$ 28,474,963	1999
Pritzker Foundation	\$ 25,529,991	1999
Mary Stuart Rogers Foundation	\$ 24,274,967	2000
William Randolph Hearst Foundation	\$ 23,575,000	2000
John Templeton Foundation	\$ 19,000,203	1999
The Lincy Foundation	\$ 18,766,273	2000
Bradley-Turner Foundation	\$ 18,551,514	2000
Beatrice P. Delany Charitable Trust	\$ 18,000,000	2000
Jessie Ball duPont Fund	\$ 16,315,024	2000
Orville D. & Ruth A. Merillat Foundation	\$ 15,606,948	2000
Dan Murphy Foundation	\$ 14,116,709	1999
The Winston-Salem Foundation	\$ 14,113,870	2000
Connelly Foundation	\$ 14,008,662	2000
The Hearst Foundation, Inc.	\$ 13,295,000	2000
Aimee and Frank Batten, Jr. Foundation	\$ 13,225,685	2000
Dr. Scholl Foundation	\$ 12,815,494	2000
Booth Ferris Foundation	\$ 12,449,500	2000
Helen Bader Foundation, Inc.	\$ 12,385,092	2000
Garmar Foundation	\$ 11,894,351	2000
The Capital Group Companies Charitable Foundation	\$ 11,076,765	2000
E. Rhodes & Leona B. Carpenter Foundation	\$ 10,563,916	1999
Florik Charitable Trust	\$ 10,299,474	2000
Carrie Estelle Doheny Foundation	\$ 9,661,245	2000
Wege Foundation	\$ 9,604,259	2000
The Cannon Foundation, Inc.	\$ 9,250,163	2000
The Assisi Foundation of Memphis, Inc.	\$ 9,214,148	2000
The Cockrell Foundation	\$ 8,375,001	2000
John R. McCune Charitable Trust	\$ 8,055,471	1999
The Collins Foundation	\$ 7,996,859	2000
William E. Simon Foundation, Inc.	\$ 7,695,238	1999
Hedco Foundation	\$ 7,410,971	1999
Fritz B. Burns Foundation	\$ 7,342,500	2000
The Ave Maria Foundation	\$ 7,240,893	1999
Hamon Charitable Foundation	\$ 7,215,000	2000
S. J. & Jessie E. Quinney Foundation	\$ 7,045,634	2000

FOUNDATION	TOTAL ANNUAL GIVING	YEAR
Kopp Family Foundation	\$ 7,031,550	2000
English-Bonter-Mitchell Foundation	\$ 6,943,000	2000
The Arcadia Foundation	\$ 6,922,731	2000
The Nash Family Foundation, Inc.	\$ 6,907,496	2000
Perot Foundation	\$ 6,886,195	2000
Brickman Foundation	\$ 6,878,701	2000
Baton Rouge Area Foundation	\$ 6,750,000	2000
Raskob Foundation for Catholic Activities, Inc.	\$ 6,721,439	2000
Lutheran Brotherhood Foundation	\$ 6,702,466	2000
The Stewardship Foundation	\$ 6,608,701	1999
Edgar and Elsa Prince Foundation	\$ 6,514,250	2000
Reiman Charitable Foundation, Inc.	\$ 6,510,405	1999
Callaway Foundation, Inc.	\$ 6,462,053	2000
The Chatlos Foundation, Inc.	\$ 5,951,786	2000
Mustard Seed Foundation, Inc.	\$ 5,701,494	1999
The Community Foundation of South Alabama	\$ 5,500,207	2000
Robertson Foundation	\$ 5,410,959	1999
The Longleaf Foundation	\$ 5,316,750	2000
Clark-Winchcole Foundation	\$ 5,165,300	1999
The Andreas Foundation	\$ 5,082,083	2000
Rockwell Fund, Inc.	\$ 5,019,675	2000
Wilf Family Foundation	\$ 4,634,146	2000
Jon & Joanne Corzine Foundation	\$ 4,612,220	2000
Dade Community Foundation, Inc.	\$ 4,575,028	1999
Siebert Lutheran Foundation, Inc.	\$ 4,409,587	2000
The Jay L. & Jean Schottenstein Foundation	\$ 4,384,584	1999
Eva L. and Joseph M. Bruening Foundation	\$ 4,254,319	2000
I. A. O'Shaughnessy Foundation, Inc.	\$ 4,234,500	2000
Laffey-McHugh Foundation	\$ 4,213,956	1999
The Elmer & Mamdouha Bobst Foundation, Inc.	\$ 4,209,530	2000
William K. Bowes, Jr. Foundation	\$ 4,195,650	1999
The Hyde and Watson Foundation	\$ 4,176,700	2000
The Norcliffe Foundation	\$ 4,059,275	2000
Stephen & Mary Birch Foundation, Inc.	\$ 3,989,250	1999
Atherton Family Foundation	\$ 3,865,550	1999
Lamar Bruni Vergara Trust	\$ 3,734,143	2000
Wallis Foundation	\$ 3,702,800	2000
The Altus One Fund, Inc.	\$ 3,699,100	1999
William I. H. and Lula E. Pitts Foundation	\$ 3,588,925	2000
Watkins Christian Foundation, Inc.	\$ 3,575,600	2000
Bill & Berniece Grewcock Foundation	\$ 3,562,800	2000
The Margaret L. Wendt Foundation	\$ 3,538,865	2000
Alan B. Slifka Foundation, Inc.	\$ 3,522,492	1999
Homeland Foundation, Inc.	\$ 3,455,591	2000
The George F. Baker Trust	\$ 3,312,595	1999
George M. Eisenberg Foundation for Charities	\$ 3,209,000	2000
The Dorothy Cate & Thomas F. Frist Foundation	\$ 3,186,139	1999
The ALSAM Foundation	\$ 3,184,925	2000
Strake Foundation	\$ 3,153,500	2000
Hobby Family Foundation	\$ 3,137,719	1999

FOUNDATION	TOTAL ANNUAL GIVING	YEAR
Vinod Gupta Charitable Foundation	\$ 2,925,744	1999
Rollins-Luetkemeyer Foundation, Inc.	\$ 2,893,550	1999
The Gertrude C. Ford Foundation, Inc.	\$ 2,866,500	2000
Perkins-Prothro Foundation	\$ 2,865,310	2000
Y & H Soda Foundation	\$ 2,841,011	2000

## NOTES

<sup>1</sup> Barna Research, “Churches Lose Financial Ground in 2000,” released June 5, 2001. Reported in *Giving USA 2002: The Annual Report on Philanthropy for the Year 2001*, The Center on Philanthropy at Indiana University, AAFRC Trust for Philanthropy, Indianapolis.

See also *Faith and Philanthropy: The Connection Between Charitable Behavior and Giving to Religion*, 2002 (Washington, DC: Independent Sector).

<sup>2</sup> Working Group on Human Needs and Faith-Based and Community Initiatives (2002). *Finding Common Ground: 29 Recommendations of the Working Group on Human Needs and Faith-Based and Community Initiatives* (Washington, DC: Search for Common Ground). See <http://www.working-group.org>

<sup>3</sup> Elliott, Barbara J. (2002). “Equipping the Street Saints: How to Build Capacity with Struggling Social Entrepreneurs Who are Changing Lives for the Better,” *Philanthropy Magazine*, September/October.

See also Wilson, James Q. (1999). “Religion and Public Life: Moving Private Funds to Faith-Based Social Service Providers,” *Brookings Review*, Spring, 1999 (Washington, D.C.: Brookings Institution).

<sup>4</sup> Yablonski, Christopher (2001), *Patterns of Corporate Philanthropy: A Mandate for Reform*, (Washington, D.C.: Capital Research Center).

<sup>5</sup> The Foundation Center defines the different types of foundations this way (see <http://www.fdncenter.org>):

Independent Foundation: “A grantmaking organization usually classified by the IRS as a private foundation. Independent foundations may also be known as family foundations, general purpose foundations, special purpose foundations, or private non-operating foundations.”

Community Foundation: “A 501(c)(3) organization that makes grants for charitable purposes in a specific community or region. The funds available to a community foundation are usually derived from many donors and held in an endowment that is independently administered; income earned by the endowment is then used to make grants. Although a community foundation may be classified by the IRS as a private foundation, most are public charities and are thus eligible for maximum tax-deductible contributions from the general public.”

Company-sponsored Foundation (also referred to as a corporate foundation): “A private foundation whose assets are derived primarily from the contributions of a for-profit business. While a company-sponsored foundation may maintain close ties with its parent company, it is an independent organization with its own endowment and as such is subject to the same rules and regulations as other private foundations.”

Corporate giving program: “A grantmaking program established and administered within a for-profit corporation. Because corporate giving programs do not have separate endowments, their annual grant totals generally are directly related to company profits. Corporate giving programs are not subject to the same reporting requirements as corporate foundations.”

<sup>6</sup> See Keyes-Williams, Joyce (forthcoming). *The Efficacy of Faith-Based Organizations: A Review of the Literature*, (Albany, NY: The Roundtable on Religion and Social Welfare Policy, Rockefeller Institute of Government) for a review of the literature on the effectiveness of faith-based social services.

See also, Johnson, Byron R. (2002). *Objective Hope: Assessing the Effectiveness of Faith-Based Organizations: A Review of the Literature*, (Philadelphia: Center for Research on Religion and Urban Civil Society).

<sup>7</sup> *Foundation Giving Trends* (2002), (Washington, DC: The Foundation Center). <http://www.fdncenter.org> – “Based on grants of \$10,000 or more awarded by a national sample of 1,015 larger U.S. foundations (including 800 of the 1,000 largest ranked by total giving). For community foundations, only discretionary grants are included. Grants to individuals are not included in the file. The search set includes all grants to recipient organizations classified in this topic area and grants to other recipient types for activities classified in this topic area. Grants may therefore be included in more than one topic table, e.g., a grant to a university for its arts program is included in Education, Higher Education, and Arts.”

<sup>8</sup> National Center for Charitable Statistics (Washington, DC: Urban Institute). (See <http://nccs.urban.org/ntee-cc/index.htm>)

<sup>9</sup> See Scott, Jason D. (2002). *The Scope and Scale of Faith-Based Social Services: A Review of the Research Literature Focusing on the Activities of Faith-Based Organizations in the Delivery of Social Services*, (Albany, NY: The Roundtable on Religion and Social Welfare Policy, Rockefeller Institute of Government). See [http://www.religionandsocialpolicy.org/docs/bibliographies/9-4-2002\\_scope\\_and\\_scale.pdf](http://www.religionandsocialpolicy.org/docs/bibliographies/9-4-2002_scope_and_scale.pdf)

See also, Chaves, Mark and William Tsitsos (2001). “Congregations and Social Services: What They Do, How They Do It, and With Whom.” *Nonprofit and Voluntary Sector Quarterly* 30 (4): 660-683.

<sup>10</sup> We classified several grants supporting education scholarships for disadvantaged youth as “youth development.”

<sup>11</sup> A substantial number of the larger foundations provided grant data only for 1999. In those instances we used 1999 data rather than exclude the foundation from the analysis.

<sup>12</sup> Some 16 of the 100 foundations made no grant awards that met our criteria for “faith-based social service.”

<sup>13</sup> Based on an analysis of 837 grants issued by 50 Foundations. These figures reflect annual giving for the most recent year available. 15 foundations reported data for 1999 while the remaining 35 foundations provided data for 2000.

<sup>14</sup> Working Group on Human Needs and Faith-Based and Community Initiatives (2002). *Finding Common Ground: 29 Recommendations of the Working Group on Human Needs and Faith-Based and Community Initiatives* (Washington, DC: Search for Common Ground). See <http://www.working-group.org>

See Goggin, Malcolm L. and Deborah A. Orth (2002). *How Faith-Based and Secular Organizations Tackle Housing for the Homeless – Appendix B* (pp.53-69), (Albany, NY: The Roundtable on Religion and Social Welfare Policy, Rockefeller Institute of Government).

See [http://www.religionandsocialpolicy.org/docs/research/10-23-2002\\_grand\\_rapids\\_study.pdf](http://www.religionandsocialpolicy.org/docs/research/10-23-2002_grand_rapids_study.pdf)

<sup>15</sup> These represent foundations with an expressed interest in funding both social service activity as well as religious organizations.