

*New Federal Initiatives Project*

**The Stimulus Plan and Faith-Based  
Organizations**

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## **The Stimulus Plan and Faith-Based Organizations**

The American Recovery and Reinvestment Act of 2009 (ARRA) authorizes many federal expenditures for which faith-based (and other nonprofit) organizations are eligible. This briefing paper summarizes the expenditure rules concerning the participation of faith-based organizations. In several areas, stimulus funding is available to faith-based organizations under the status quo, while other stimulus funding is unavailable to them or is available only with broad restrictions.

The ARRA allocates billions of dollars to assist disadvantaged and special needs students under the Elementary and Secondary Education Act (ESEA) and the Individuals with Disabilities Education Act (IDEA). These provisions require that students in private and faith-based schools receive services on the same basis as those in public schools.

The ARRA creates a State Fiscal Stabilization Fund (SFSF), many billions of which will go to public school districts to be spent on special services authorized by ESEA, IDEA, the Adult Education and Family Literacy Act, and the Perkins Act. All of these programs permit or require participation by private entities, including faith-based schools. The stimulus law does not explicitly require this additional money to comply with the equal opportunity hiring provisions.

SFSF funds also will be used to restore education funding that has been cut due to states' budget crises. But these compensatory funds will go only to public schools districts and to public higher education.

### *Funds for Educational Buildings*

SFSF funds can be used to repair and upgrade (including bringing up to "green" standards) public, but not private, elementary and secondary schools.

A small portion of the SFSF funds can be used for the "modernization, renovation, or repair" of higher education facilities—including private and faith-based colleges and universities. However, these funds cannot be expended on facilities "used for sectarian instruction or religious worship" or where "a substantial portion of the functions of the facilities are subsumed in a religious mission." Federal higher education construction funds have long been excluded from use on structures devoted to religious use. The ARRA restrictive language is more broad (for example, it could say expenditures are not permitted on facilities "used *primarily* for sectarian instruction or religious worship") and might be interpreted to exclude certain religious higher education facilities or to exclude in the future student religious clubs from buildings renovated with SFSF funds. An amendment by Sen. Jim DeMint to strip out the restriction failed.

### *Early Childhood Programs*

The ARRA allocates extra funding for child care, a program that extensively uses vouchers rather than contracts so that parents can select the provider of their choice, including faith-based providers whose programs include religious activities.

Extra funding is allocated to Head Start, which utilizes nonprofit organizations to operate the programs. Head Start prohibits hiring on the basis of religion by grantees, thus excluding many faith-based organizations. An effort in the 110<sup>th</sup> Congress to eliminate this restriction failed. ARRA leaves the barrier intact.

## *Welfare and Social Spending*

Both the Community Services Block Grant (CSBG) program and the welfare program (TANF) received large additional infusions of funds. The Charitable Choice provisions included in the laws for these programs remain intact, enabling faith-based organizations to take part without sacrificing or hiding their religious character.

## *New Version of the Compassion Capital Fund*

The Bush Compassion Capital Fund (CCF) awarded grants to intermediaries to provide capacity-building technical assistance to grassroots groups, and minigrants to some of these groups for the purchase of equipment or additional training. ARRA creates a new version of this program “to award capacity-building grants directly to nonprofit organizations” to “expand the delivery of social services to individuals and communities affected by the economic downturn.” Nothing in the ARRA language or the section of the Social Security Act that will govern these expenditures restricts participation by faith-based groups.

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## **Related Links**

American Recovery and Reinvestment Act of 2009

[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h1enr.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.txt.pdf)

Elementary and Secondary Education Act

<http://www.ed.gov/policy/elsec/leg/esea02/107-110.pdf>

Individuals with Disabilities Education Act

<http://www.nichcy.org/Laws/IDEA/Documents/PL108-446.pdf>