

PART THREE: IMPLICATIONS AND APPLICATIONS

NEXT STEPS IN RESEARCH

As noted at the outset, this study of intermediaries was narrow in scope. We have only scratched the surface, and more work is needed to fully understand the “intermediary sector.” Some helpful directions for future research could include:

- (1) *Efforts to compose a typology of intermediaries.*
- (2) *Research on the extent to which philanthropies currently support intermediary organizations.* Our intermediaries have experienced some prejudice on the part of foundations. We need to know how widespread this phenomenon is and why it exists. We also need to identify positive models of foundation-intermediary collaboration and document the lessons learned from them.
- (3) *Research examining best practices in re-granting.* Some of the organizations in our sample that act as financial intermediaries have experienced problems. Sub-grantees have been ill-prepared to provide necessary financial records. The foundations granting the original funds have placed unreasonable burdens on the intermediaries, not acknowledging adequately the administrative costs of re-granting. In addition, some organizations in the study that are not currently financial intermediaries but are open to serving as such have concerns and questions. What level of liability and responsibility do intermediaries hold when sub-grantees fail to meet the expectations of the original donor? What will be the mechanics of the financial arrangements between the original funder, the intermediary, and the sub-grantees? And, as one of our survey respondents admitted candidly, “money can make enemies of friends.” How will the interactions between an intermediary and a constituent ministry change if re-granting becomes a part of the relationship?
- (4) *Research on the extent to which intermediaries are being utilized in public funding of FBOs and congregations.* We have some limited information on this from Amy Sherman’s research tracking the implementation of charitable choice (see, for example, *The Growing Impact of Charitable Choice* [Center for Public Justice, 2000] and *Collaborations Catalogue: A Report on Charitable Choice Implementation in 15 States* [Hudson Institute, 2002]). Government funds FBOs, though, through many other vehicles than the four social welfare programs regulated by charitable choice. How often are intermediaries used in government contracting with religious groups under these funding streams? Who are the intermediaries serving in this capacity? Relatedly, we need in-depth examinations of these models of indirect financial contracting via intermediaries. Has it worked well, with all three partners (government, intermediary, frontline agency) satisfied? Where has it worked, and not worked, and why? How can this arrangement be improved?

- (5) As the national conversation about faith-based social service continues, *we need increasingly clearer understandings of the diversity of the faith-based sector*. One practical question to explore is what the unique capacity-building needs of *congregations* (as opposed to faith-based nonprofits) are.
- (6) Multiple conversations are already underway in academic circles regarding the effectiveness of FBOs. To contribute to this discussion, *more detailed research on the work intermediaries do to assist frontline ministries in evaluating their outcomes would be useful*. How can intermediaries do this work better or more extensively? What fruitful models have been created and how can they be replicated?
- (7) *Finally, it is worth asking questions about ways to build the capacity of intermediary organizations themselves*. What kinds of assistance do these groups most need and who is best positioned to offer it?

INTERMEDIARIES AND PUBLIC POLICY

Based on this study's preliminary findings concerning the significant value-added of intermediary organizations, the heightened interest in intermediaries on the part of Washington policymakers is encouraging. Many public officials are eager to engage FBOs and congregations more extensively in efforts to serve needy families and distressed communities. Mechanisms for publicly funding effective grassroots FBOs at a scale such agencies can manage administratively need to be identified, and utilizing intermediaries as re-granting agents may be a promising practice. Three issues worthy of further consideration by public officials include:

(1) **Identifying *authentic* intermediaries**

If the goal is to see support flow to effective frontline FBOs, then intermediaries with genuine connections to the grassroots must be identified. Many organizations may have the capacity to serve as intermediaries and to manage federal grants. But which organizations have credibility in the faith community and a track record of engagement with the kinds of FBOs most deserving of support? What criteria do public officials need to establish to help them distinguish between authentic and inauthentic intermediaries? One suggested at our second roundtable was that national intermediaries show a track record of assisting or nurturing or accrediting local intermediaries, whose own credibility is demonstrated in the solid relationships of trust they have with their constituents and the measurable difference they have made in enhancing those constituents' effectiveness and sustainability. Several characteristics of effective intermediaries were noted at the second roundtable (see side bar on page 156).

(2) **Encouraging private funding of intermediaries**

If public officials are enthusiastic about the prospects of using government funding for intermediaries to multiply the effectiveness of FBOs, they may be able to persuade private philanthropy to do the same. Already the Center for Faith-Based and Community Initiatives at HUD plans to sponsor some conferences engaging private donors in discussions about the productive role of intermediaries; other Cabinet Centers may want to follow suit or otherwise use their "bully pulpits" to highlight the positive role of faith-based intermediaries.

(3) **Identifying and addressing public policy barriers hindering the work of faith-based intermediaries**

At our second roundtable, a group of intermediary representatives and Washington policymakers took up the question of barriers. Two primary ones were highlighted. The first is the challenge of educating both public officials and FBOs about what activities are permissible under government contracts. The charitable choice guidelines help to define this, acknowledging the right of faith-based agencies to maintain their religious character while also prohibiting them from spending public funds for purposes of sectarian worship, instruction, or proselytization (private money can be employed for these purposes). But further guidance is needed. The second concerns how policymakers can balance two potentially competing objectives. On the one hand, policymakers are eager to reach out to a diversity of groups in the faith sector, in sync with the religious pluralism of America. Faith-based initiatives, put differently, should be inclusive. On the other hand, government wants to invest resources based on impact and effectiveness, seeking to maximize the "return on investment" of taxpayer funds, measured in terms of changed human lives. In any particular context, a set of specific FBOs or houses of worship may be particularly efficacious or strategically positioned to make a significant positive impact. Failing to invest in such groups simply because one faith tradition may dominate appears unwise.

Questions for Intermediary Leaders

Finally, intermediary organizations themselves have some questions to consider in light of potential new opportunities in publicly funded initiatives. These include, among others:

(1) **The question of representation**

Should faith-based intermediaries form a consortium to represent their interests in Washington? There are likely to be multiple funding opportunities from a variety of federal government agencies. As accessing such funding is new to many faith-based intermediaries, there may be a need for an information-gathering and

CHARACTERISTICS OF EFFECTIVE FAITH-BASED INTERMEDIARIES

- ❖ Have deep, respectful, sincere, ongoing relationships with grassroots leaders of faith-based organizations in their own city
- ❖ Can demonstrate a track record of capacity-building results: defined by effectiveness of programs, innovation, new streams of funding, mobilization of volunteers, and sustainability
- ❖ Have ability to screen FBOs and work with those open to change and growth
- ❖ Are skilled in working across denominational, racial and political lines; serve as a unifying presence among diverse leaders
- ❖ Engage in leadership development and training, equipping and empowering individuals and congregations
- ❖ Can demonstrate partnerships with multiple sources of funding; facilitate access to previously untapped sources; serve as bridge builders to funders and empower FBOs to "walk across those bridges" and apply for funds
- ❖ Facilitate peer, mutual, and shared group learning among leaders of faith-based organizations
- ❖ Interface with corporate and philanthropic leadership; champion interests of other FBOs who do not have access; and when necessary, serve as a firewall for small groups
- ❖ Have the capability to manage grants, monitor progress, and evaluate results
- ❖ Exemplify "best practices" of programs and organizational capacity producing results
- ❖ Have a vision of faith and are committed to a "theology of place;" that is, to deep and long-term investment and engagement in a particular locality
- ❖ Inculcate skills to make an organization stronger fiscally and managerially overtime
- ❖ Serves as a scout, identifying promising organizations, practices, and emerging leaders "under the radar screen"

relationship-building entity that can keep intermediaries abreast of specific funding opportunities and build the relationships with agency personnel (assistant secretaries, contracting officers) that are often necessary to maintain competitiveness.

(2) The question of partnership

Already various large, national nonprofits (secular and faith-related) with experience in government contracting have positioned themselves for involvement in the funding of various faith-based initiatives. Intermediary organizations may wish to consider dialoguing with such groups (e.g., Big Brothers/Big Sisters, Points of Light Foundation, Catholic Charities, National Crime Prevention Council, Salvation Army) about possible joint proposals and/or subcontracting opportunities.

(3) The question of distinctiveness

In positioning themselves for potential partnership opportunities, faith-based intermediaries will face competition. They will need to clearly define and articulate in the public square what their unique strengths and capabilities are.

(4) The question of replication

One of the tentative conclusions of this research, coming largely out of the case studies, is that intermediaries work best at a city scale. This is a target large enough to engage the broad vision of intermediaries (a community building paradigm rather than exclusive focus on service-building paradigms) yet small enough to facilitate the deep relationships genuine intermediaries build with their constituent ministries. This implies that, in expanding the work of intermediaries around the country, the strategy of growing a city-focused intermediary into a regional or state-focused organization is not as attractive as a strategy of creating additional city-focused intermediaries.

CONCLUSION

At the concluding event of the Intermediaries Study, the Director of HHS's Center for Faith-based and Community Initiatives, Bobby Polito, asserted that intermediaries can become the "engine" of the national faith-based initiative, driving a robust, broad-scale investment in grassroots groups that will dramatically increase their scope and effectiveness. President Bush speaks often and compellingly of our neighbors in America who live in the shadows of prosperity. Grassroots FBOs and community-based agencies are bringing light and hope to such citizens, but are limited in their reach and often beset by challenges outweighing their resources. Faith-based intermediary organizations are effectively coming alongside such groups, empowering them to do their good work even better. Significant public and private investment in intermediaries can enable them to equip community healers for "going to scale," expanding the breadth

and depth of interventions that lead to changed human lives. That intermediaries are deserving of such increased investments seems clear from this first in-depth examination of their unique and strategic work.