Guidelines for Faith-Based Organizations and Faith Communities: Organizational Survival

Faith and
Organizations
Project

It is difficult to define exactly what "organizational survival" means because it is often hard to determine exactly when an organization does *not* survive. Unlike living organisms, the boundary between survival and extinction for an organization is not always clear-cut. This is especially true in the case of Faith-Based Organizations. Theoretically, one might say such an organization continues to survive as long as it continues to file its annual 990 tax form required by Internal Revenue Service (IRS). But this criterion can mask many permutations in organizational identity and function. **Has a Faith-Based Organization survived or become extinct if…**

> **This resource is designed for faith based organization (FBO) leaders - executive directors, fundraising and outreach staff, board members, clergy, lay leaders and policy makers seeking to better understand the organizational survival of FBOs from both a general and religion-specific Perspective.**
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> **We outline key findings about the importance of maintaining ties to the founding faith community and its traditions for both faith communities and FBOs and offer suggestions on ways that these ties can be strengthened.**

1. ***…it becomes a subordinate part of a merged entity set up by the sponsoring faith community?*** For example, The Jewish Federation of Greater Washington DC encouraged the merger of four local organizations for Jewish youth, resulting in a single combined entity, the Partnership for Jewish Life and Learning. Similarly, Catholic Charities of Montgomery County, MD, merged with three other groups, and the combined agency took the Catholic Charities name. Did the smaller component entities thereby cease to exist?

2. ***…it is subordinated to a faith community umbrella group?*** For example, Quaker Seniors Services was established as an umbrella over its "wholly owned subsidiary" Heather Hills, and, for a period of time, Catholic Charities in Baltimore served as an umbrella over St. Ambrose Housing. How independent can a Faith-Based Organization be under such an umbrella? How autonomous must an organization be in order to be considered as existing on its own?

3. ***…it partners with organizations set up by other denominations, with government organizations, or with secular nonprofits?*** Such collaboration may actually be required for government funding. How mutually interdependent can several separate organizations' activities be before they can no longer be considered separate organizations?

4. ***…it experiences a gradual transformation and moves away from its original purpose or function?*** The classic example of this is the YMCA, which began as an organization for safeguarding rural migrants to 19th century American cities from influences that would threaten their Protestant faith, and has since evolved into a health

club for middle-class suburbanites. Similarly, the Charitable Christian Foundation began as an informal group of church people who wished to evangelize newly-arrived European immigrants, and later shifted its focus to prison and hospital ministry. Quaker schools have frequently evolved into private schools for the wealthy of all faiths, sometimes a cause for concern to their sponsoring Meetings. Are these the same organizations as they were at their original founding or has the old organization died and been replaced by a new one? At what point did the "death" occur?

Survival Decisions

In the course of their development, all Faith-Based Organizations must make specific decisions that will ultimately affect their survival. These decisions cannot be avoided. If not faced specifically and intentionally an organization will "back into" them, eventually ending up in a condition that it and its sponsoring faith community would not have chosen:

Survival Decision #1

A Faith-Based Organization and its sponsoring faith community must first of all <u>define what its "survival" means</u>. Will the organization still exist as a faith-based organization if it severs its formal ties to the sponsoring faith community? If it adopts more formalized bureaucratic procedures? If it becomes a mere department or contractual agent of a larger denominational entity?   If it collaborates with other denominational groups? If it collaborates with the State or Federal Government?

Faith community ties:

The decision to create, retain, or sever ties with a faith community has obvious implications for a Faith-Based Organization. The most obvious implication is financial. The bulk of an organization's funds may come from other sources – tuition, user fees, or government grants or contracts. But, even if the sponsoring faith community provides only a small percentage of the operating costs – The Jewish Federation of Greater Washington DC, for example, provides only 10-12% of the monies needed by its member social service agencies – the contractual nature of this funding gives the faith community disproportionate control over agency policy. Additionally, the member organizations may fear that if they sever their official ties to the sponsoring faith community, individual members of that faith community may be less willing to donate or volunteer there. The drying up of these funding and volunteer sources would have obvious implications for an organization's survival.

A second implication of creating, retaining, or severing ties with the sponsoring Faith Community, however, is its effect on the Faith-Based Organization's autonomy. Some organizations, such as St. Ambrose Housing in Baltimore and Our Daily Bread in Cincinnati, eschew formal links with their respective Catholic dioceses because such subordination would compromise their independent power of action:

The organization began to change, to become a part of the mainstream archdiocese as Catholic Charities was. So there was more paper to do and there were more discussions that you had to have before you made any kind of big moves in terms of program activities and all that. We had to get authorizations on some things. So we went from being an organization able to do everything you wanted to being more accountable to the folks downtown. That went on for I don't know how many years until it got to the point – and I was gone by then – but the impression that I have is that the folks at St. Ambrose were starting to feel like they couldn't move; that they were being strangled.

In some faith traditions, maintaining a Faith-Based Organization's ties to its sponsoring denomination or congregation is considered to be of primary importance. The organization would not really be "faith-based" without such a tie. In other traditions, however, such ties may not be necessary. Numerous researchers have noted, for example, that denominational distinctions in Mainline Protestantism have been declining. Many denominations have even merged: the Evangelical Lutheran Church in America, the United Methodist Church, and the Unitarian Universalists are all the products of denominational mergers. Reflecting this larger trend, many of the Mainline Protestant organizations in our study were affiliated with several different denominations. This was true, for example, of GEDCO, Chesapeake Habitat for Humanity, and Severna Park Assistance Network. When a Faith-Based Organization is thus connected to several faith communities, its religious character does not depend on any single one of them.

Bureaucratization:

Organizations that merge with a larger entity, or which simply increase in size on their own, must also decide whether and to what extent they must adopt standardized bureaucratic procedures:

There is good and bad to that. You lose some of the spontaneity and some of the spunk and all of that. On the other hand, what also came with that was organizations realized they had to be more accountable to the people who worked there. So with [our affiliation with] Catholic Charities came the pension system and a Christmas bonus and some of those kinds of acknowledgements that you had real live employees and everybody who worked here wasn't a priest or a nun. They had to be concerned about this life as well as the next life because they had families and they didn't have a religious order or a diocese that was going to take care of them.

Sometimes, such bureaucratization is necessary in order for a Faith-Based Organization to be seen as legitimate by clients, donors, and the state. Often, however, bureaucratic practice clashes with the basic ethos or theology of the faith community:

As discussion over the proposed bylaws change progressed, it was interesting to see the undertones of an ongoing struggle between Quaker process and formal business process. Because the discourse over a point of contention must be resolved before the meeting can proceed, dialog and exchange is much more protracted than might otherwise be acceptable for a "Robert's Rules of Order"-style meeting.

Long-standing volunteers and Faith Community members may feel that the organization has chosen survival at the expense of "losing its soul;"

> You have a faith community that is based on some fundamentals and some strong convictions. How is that against where this organization is today vs. how it started out? There are many times when I say, "I am so glad [the founder] is on our board," because of what her true vision was for Our Daily Bread so we never lose it. I come from a business background and so I think very practice-oriented, very business-oriented; very black and white at times. There are times when [the founder] has to tell the rest of the board, "God will provide and we don't have to worry about that." Her pushback was very good for us. We were trying to make Our Daily Bread something that was not what she wanted it to be.

Subordination to Government Regulation:

Government regulations may also negatively impact Faith-Based Organizations. Changing Medicare and Medicaid reimbursement policies may make it impossible for hospitals and health clinics to continue serving the recipients of these programs and survive financially. The increased monitoring and paperwork that accompanies government funding may place an extra burden on already overburdened staff. Recent research shows that efforts under Presidents Bush and Clinton to encourage churches to establish federally-funded social service agencies have met with little response. Some Faith-Based Organizations consider that the "strings" attached to this funding would compromise their very existence:

> That is one of the reasons why, for example, Evangelicals are very strong about not taking government money. "We can't convert. If we take government money, we may have to not discriminate as to who we hire. We are not going to hire somebody who is not born again," or whatever.

If a Faith-Based Organization manages to navigate government regulations successfully, many in the faith community itself may begin to question whether it has ceased being a truly *faith-based* organization in the process. Fewer of the members of Catholic religious orders, for example, are willing to work in the orders' hospitals, preferring less-bureaucratized, hands-on service to the poor. And one Quaker interviewee noted that the members of their Meeting increasingly wondered about the connection of their senior services agencies to the Quaker faith.

The first decision, therefore, is whether an organization can make these compromises and still survive in its original mission – or whether, conversely, it can *refuse* to make these compromises and survive financially. Which leads to the second decision an organization must make:

Survival Decision #2

A Faith-Based Organization and its sponsoring Faith Community must also <u>determine whether survival is possible or desirable at all</u>. Sometimes an organization's survival chances can be improved through better leadership, specific changes in its operations, or more efficient fund-raising practices. In other organizations, however, the environment itself has become unfavorable. These organizations will decline even with the best of leadership. Which of these two scenarios applies to the Faith-Based Organization at the present time?

There are many ways environmental changes can impact a Faith-Based Organization's survival. Several interviewees cited the current economic downturn as having had a profound effect on their ability to continue operations. Most thought that this effect was a negative one: increasing the amount of aid needed by clients while simultaneously decreasing the amount of donations. The following quotations from three different faith-based organizations illustrate this view:

> The essential mission of GEDCO is "Housing with services." Unfortunately, given the limited funding resources in both the public and private sectors and the current dire economic situation, the need for housing is insatiable, but building is finite.

> The organization has been losing money because they are facing rising expenses, but their income rates have stagnated. The actual donations by individuals have increased, but donations from congregations are either holding steady or dropping. This is partly due to the fact that donations are often a percentage of a church's monthly income total, and also because churches often give less when they are concerned with serving their own members in need.

> This will be a very hard year. Many people in our community are close to, or below the poverty level. Demands on the kosher pantry are 50% higher already, and vocational services have seen a 30% increase. . . One thousand people, half of them children, are now getting assistance from The Associated charity, which spent $1 million on direct assistance this year. We expect $1.5 million next year.

On the other hand, one interviewee thought that people actually gave *more* in bad economic times:

> I think that when the economy is bad, this is one of your richest times for fundraising because when you get into bad social times, good caring Christian people want to be helpful, and they may be hurting, but if you can show to them that there are other people who are hurting as much or more than they are, they will be willing to share. And what a tremendous benefit that is for the person who is the Christian

that shares as well as the person who is receiving. So many organizations have a different understanding. They think that if we get into bad economic times that the money is going to go away, and it doesn't necessarily have to be. I think that's more a self-imposed thinking concept than it is reality if you really reach out.

Recommendations for Faith-Based Organizations

The interviewees at the organizations we studied gave several recommendations for the faith-based organizations facing survival decisions. These can be grouped under three headings:

- *Mission and Strategic Planning.* It is vital to schedule regular reviews of the organization's mission, goals and objectives: Is the organization still needed? By whom? Have some of its programs become outdated and/or irrelevant? Are there new needs that fall within its mission? Are sources of funding changing or diminishing? Which is a better strategy to relate to other environmental factors – collaboration or competition? Strongly committed faith-based groups are vulnerable to what one sociologist has labeled "Visionary Vision". Their deep identification with the spiritual calling or belief that underlies their mission may blind them to the very real obstacles which have arisen to thwart – perhaps fatally – its realization. As a result of visionary vision, faith-based organizations may neglect regular, clear-eyed, examination of their mission and resources, unless and until they are forced to do so by economic difficulties, new governmental restrictions, or challenges from the sponsoring faith community itself. But this time, it may be too late to avoid wrenching upheavals, or even organizational dissolution. Similarly, an organization may neglect a thorough-going community needs' assessment, with the result that its services become more and more irrelevant.

An organization that decides to engage in ongoing evaluation, strategic planning, and needs' assessment must decide how best to accomplish these tasks. Some faith-based organizations have hired outside consultants – which entails both the advantage of outsider objectivity and the disadvantage that the consultant may not truly understand the organization or the systems in which it operates. The background of such a consultant – whether in for-profit, secular nonprofits, or faith-based nonprofits – will affect the "fit" of the recommendations s/he makes. And many organizations will not be able to afford the expense. One goal of our present project is to provide self-administered tools for the ongoing evaluation and updating of faith-based organizations' missions, and strategies for improvement. Another is to suggest strategies that have worked for other Faith-Based Organizations. Some organizations, for example, have found qualified consultants from among their volunteer pool who are willing to perform such evaluations *pro bono*.

- *Board Selection, Training, and Expectations.* The Mission and Strategic Plan of the Faith-Based Organization will affect the kind of board which is selected.   Is the board

expected to engage primarily in fund-raising? In monitoring the organization's link to its sponsoring faith community? In providing specific expertise in law, investments, or the technical minutiae of the organization's operations? Is it important that the board be diverse – and if so, along what dimensions? Should the board be entirely from the founding faith community? Our interviewees emphasized the importance of an active, engaged board. As one Quaker administrator put it, "I want the Board to have 'skin' in making policy decisions." Board members must be carefully selected and trained so that they can contribute to the Faith-Based Organization's ongoing adaptation and survival without destroying the organization's basis in its faith community's practical theology. This is difficult, especially when the distinguishing marks of the Faith Community's practical theology are less clear. This may especially be a problem for some Mainline Protestant organizations. In contrast, other denominations have responded by drawing a particular "line in the sand" for its organizations to observe – serving kosher food and closing on the Sabbath for Jewish organizations, refusal to offer abortions in Catholic hospitals, or Quaker processes for decision making, for example. However, this leads some critics to question whether the entire ethos of a particular faith community can or should be reduced to this one dimension.

- *Succession:* Especially in some of the Catholic hospitals and schools, and in some of the localized ministries of Evangelical congregations, it is necessary to plan for succession from the original faith community leadership. Catholic hospital systems and religious orders have devised specified procedures for the transfer of sponsorship to other entities within the denomination. But other Faith-Based Organizations appeared to be avoiding the question of what would happen when the original founder or sponsoring faith community was no longer willing or able to remain at the helm. Even those who tried to make plans for this eventuality met with varying success:

  > When I started this position, I was told to start my succession planning when I entered. I have been trying but it hasn't worked too well – getting a lay person to sit in my place.

Conclusion:

Organizations rarely choose to die, although some of them should, especially if their original purpose is no longer relevant. Instead, many linger in a half-life of "permanent failure," no longer adequately fulfilling their mission but prevented from disbanding. Faith-based nonprofits are especially vulnerable to permanent failure, when their sponsoring faith community is reluctant to allow them to dissolve but at the same time is unable or unwilling to provide them with the resources they need to survive. Faith-based organizations in this unenviable position need to be encouraged to ask themselves some of the questions raised in this paper. Stronger and more secure organizations also need regularly to evaluate themselves, thereby insuring that, in the process of adapting for growth, they have not drifted from their original mission and purpose. It is hoped that the materials of the Faith and Organizations Project will aid them in this endeavor.

About the Faith and Organizations Strategies Series

This resource draws on the *Faith and Organizations Project,* which used case studies from 81 organizations to understand the ways that faith based nonprofits and their sponsoring faith communities sustain their relationships. The project looked for strategies that help faith based organizations (FBOs) maintain ties to supporting faith communities, while providing quality services. It compared strategies across religions (Mainline Protestants, Catholics, Jews, Evangelicals, Quakers, and African American Christians), and among FBOs offering social services, health and senior services, education and community development.

This is one of eight pamphlets in a series. Readers interested in board issues may especially want to see companion strategies documents on *Volunteers, Conflicts* and *Maintaining Connections between Faith Communities and FBOs.* Further readings on the issue of FBO board members can be found in the supplementary document *Readings for the Faith and Organizations Strategies Series.* The project also offers a self-assessment instrument series to help FBOs and faith communities understand the strengths and weaknesses of their current relationship. These documents, general findings and reports for each religion are available at **www.faithandorganizations.umd.edu**.