

## Frequently Asked Questions about the FBICI

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### **Question 1: Is there money set aside for Faith-Based Organizations?**

Answer: No. The Federal government does not set aside a separate funding stream specifically for faith-based groups. Rather, they are eligible to apply for government grants on an equal footing with other similar non-governmental organizations.

### **Question 2: How can my organization find out about Federal grants?**

Answer: All Federal grants must be announced to the public and the most comprehensive source is [www.Grants.gov](http://www.Grants.gov), which is a one-stop "storefront" for most grants available from the United States Government. You can search Grants.gov by keyword (e.g. "malaria"), agency (e.g. "U.S. Agency for International Development"), or by category (e.g. "International Development"). You will see a chronological listing of open grants which you can then click on individually to access and read the solicitations. The various WebPages of our [Federal Partners](#) are also good sources.

### **Question 3: Does our religious organization have to form a special nonprofit organization in order to receive Federal funding?**

Answer: In general, no. There is no general Federal requirement that an organization incorporate or operate as a nonprofit or obtain tax-exempt status under section 501(c)(3) of the Internal Revenue Code in order to receive Federal funds. However, some Federal, State, or local programs may impose such a requirement.

Although it will take some time and cost some money, a faith-based organization may wish to establish a separate nonprofit organization to use the government funds it receives. Taking this step can make it easier for a faith-based organization to keep track of the public funds that it receives and spends. It will also be easier for the government to monitor the group's use of grant funds without intruding on the group's internal affairs, in the event that an audit is conducted. We recommend you contact existing NGOs for information regarding this process.

Since USAID programs are geared specifically to assist Private Voluntary Organizations (PVOs), groups may find it helpful to register to be a PVO. To learn more about these types of programs [click here](#).

**Question 4: What kinds of grants are available from the Federal government?**

Answer: The Federal government uses two kinds of grants: discretionary grants and formula (or "block") grants.

Discretionary grants are those which are handed out by an agency of the Federal government. Formula (or block) grants put Federal money in the hands of States, cities, or counties to distribute to charities and other social service providers, usually under their own rules and regulations.

Therefore, you can apply directly to the Federal government or you can apply for funds to an entity that distributes money it receives from the Federal government. Additionally, program assistance can be obtained by partnering with organizations that have received funding from the government.

**Question 5: How do I apply for a Federal grant?**

Answer: Announcements regarding Federal grants are often referred to as "Request for Proposals" (RFPs) or "Solicitation for Grant Applications" (SGAs). Each RFP or SGA will contain instructions on how to apply, including where to get an application packet, information the application should contain, the date the application is due, and agency contact information.

Most Federal agencies have experts who are available to help organizations apply for and manage their grants. Applicants may call the official identified in the grant announcement or contact an agency's regional office. Agency staff is available to answer questions over the phone. They may also refer applicants to local or nearby technical assistance workshops or to organizations that are under contract with the Federal government to provide this kind of assistance.

Each grant announcement will contain instructions on how to apply, including where to get an application packet, information the application should contain, the date the application is due, and agency contact information.

**Question 6: What if I apply for a Federal grant, but my request is turned down?**

Answer: There is no guarantee you will receive a grant if you apply. However, if you do not receive a grant, you should try to find out why you did not receive funding and how you could improve a future application. You can follow up with the program officer identified in the announcement. This individual will either be able to provide you with information about your application, or point you to the right person to contact. In addition, you may even be able to obtain written comments on your proposal, which can provide helpful analysis.

Remember that many, many organizations compete for Federal funds, and many groups apply several times before they receive an award. Getting feedback on your application can help you improve your chances of receiving funds the next time around.

**Question 7: What are the rules for the use of Federal funding by faith-based organizations?**

Answer: Grant funds may not be used for inherently religious activities such as worship, prayer, proselytizing, or devotional Bible study. The funds are to be used to further the objectives

established by Congress such as economic development, food aid, fighting disease, disaster relief, as well as other USAID stated programs and goals.

A faith-based organization should take steps to ensure that its inherently religious activities, such as religious worship or instruction are separate - in time or location - from the government-funded services that it offers. However, you may use space in your church, synagogue, mosque, or other place of worship to provide Federally-funded services. In addition, there is no need to remove religious symbols from these rooms. You may also keep your organization's name even if it includes religious words, and you may include religious references in your organization's mission statements. If you have any questions or doubts, you should check with the official who administers your Federal funds.

**Question 8: What will happen if we violate any of the grant rules or requirements specified in the grant?**

Answer: If you violate the requirements specified in your grant or otherwise improperly use the funds you receive, you may be subject to legal action. Among other things, you may lose your grant funds, be required to repay the funds you received, and pay any damages that might be awarded through court action. If an organization uses its funds fraudulently, it could be subject to criminal prosecution.

**Question 9: Can Federal funds be used to purchase religious materials?**

Answer: No. Faith-based organizations may not use Federal funds to purchase religious materials - such as the Bible, Torah, Koran, or other religious or scriptural materials.

**Question 10: Will the way in which our faith-based organization hires employees change if we receive Federal funding?**

Answer: In most circumstances, no. There is no general Federal law that prohibits faith-based organizations that receive Federal funds from hiring on a religious basis. Nor does the Civil Rights Act of 1964, which applies regardless of whether an organization receives Federal funds, prohibit faith-based organizations from hiring on a religious basis. This Act protects Americans from employment discrimination based on race, color, religion, sex, national origin, age, and disability. But the Civil Rights Act also recognizes the fundamental rights of faith-based organizations to hire employees who share their religious beliefs. The United States Supreme Court unanimously upheld this special protection for faith-based groups in 1987, and it has been the law since then. Thus, a Jewish organization can decide to hire only Jewish employees, a Catholic organization can decide to hire only Catholics, and so on, without running into problems with the Civil Rights Act.

This special provision for faith-based groups protects the religious liberty of communities of faith. It permits faith-based groups to promote common values, a sense of community and unity of purpose, and shared experiences through service - all of which contribute to a religious organization's effectiveness. In order for a religious organization to define or carry out its mission, it is important that it be able to take religion into account in hiring staff. Just as a college or university can take the academic credentials of an applicant for a professorship into consideration in order to maintain high standards, or an environmental organization can consider the views of potential employees on conservation, so too should a faith-based organization be able to take into account an applicant's religious belief when making a hiring decision.

One final point. In general, a faith-based organization retains this exemption even if it receives Federal, State, or local financial assistance. However, certain Federal laws and regulations, as well as State and local laws, may place conditions on the receipt of government funds. For example, some employment laws may prohibit discrimination on the basis of religion. Or a State or local law may prohibit discrimination on the basis of sexual orientation or require certain organizations to provide benefits to employees' unmarried domestic partners. Some of these laws may exempt religious organizations, while others may not. Organizations with further questions about this issue may wish to consult a lawyer to find out about the specific requirements that apply to your organization and any rights you may have under the Constitution or Federal laws.

**Question 11: What are some of the legal obligations that come along with a Federal grant?**

Answer: Financial Reporting Requirements. To make sure that grant funds are used properly, organizations that receive Federal funds must file regular financial status reports. These forms should not take long to fill out, but they are important. The basic financial report form is a one-page document called Standard Form 269. Many agencies have adapted this form to suit their own programs. You can find a copy of Standard Form 269 at [www.whitehouse.gov/omb/grants/#forms](http://www.whitehouse.gov/omb/grants/#forms).

Audit. All faith-based and community groups that receive Federal funds are subject to basic audit requirements. These audits are intended only to examine the Federally-funded parts of an organization's operations and are not designed to identify unrelated problems. The audits are necessary to make sure that Federal dollars have been spent properly on legitimate costs. It is therefore extremely important for grant recipients to keep accurate records of all transactions conducted with Federal funds. Most organizations are not audited by the government itself, although the Federal government has the right to audit any program that receives public money at any time. For example, charities that spend less than \$300,000 a year in Federal funds are generally asked only to perform a "self-audit." For larger grants - those over \$300,000 a year - an audit by a private, independent outside legal or accounting firm is required. More information on audits may be found on the Office of Management and Budget's web site ([www.whitehouse.gov/omb/circulars](http://www.whitehouse.gov/omb/circulars)).