



# The Compassion Capital Fund: Brief Facts and Current Developments

(name redacted)

Specialist in Social Policy

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## Summary

The Compassion Capital Fund (CCF) was created in 2002 appropriations law (P.L. 107-116) and has since been operated under the authority of annual appropriations acts and the research/demonstration project authority contained in section 1110 of the Social Security Act. It is intended to help build service capacity and skills among faith- and community-based organizations serving those in need, and encourage replication of effective service approaches—it does not pay for direct services. Through FY2005, the CCF has spent some \$167 million: (1) \$124.5 million in matching grants to experienced “intermediary” organizations that aid and make sub-grants to local providers to help them improve and expand their services; (2) \$22.8 million in capacity-building \$50,000 “mini-grants” given directly to faith-based and community organizations; and (3) \$19.6 million for research grants and other types of support.

The FY2006 appropriation is \$65 million (\$64.3 million after two across-the-board reductions applied to “discretionary” programs)—up from \$54.55 million in FY2005. As part of its \$100 million FY2006 request, the Administration would have targeted some \$50 million toward support for youth “anti-gang” programs. And, while no specific amount is included in its appropriation, the CCF has decided to earmark \$30 million of its FY2006 appropriation for these activities under a Communities Empowering Youth (CEY) project. The Administration’s FY2007 CCF appropriations request is \$100 million, but the House and Senate FY2007 appropriations measures (H.R. 5647/S. 3708) would provide only \$54.55 million (the FY2005 amount).

S. 6, the Family and Community Protection Act of 2005 (introduced January 14, 2005), contains provisions that would provide underlying law supporting CCF-like activities administered by various agencies.

This report will be updated to reflect new data and budget figures, major program changes, and legislation.

## **What Is the Compassion Capital Fund (CCF)?**

The CCF is a federal program (it is not a “trust fund”) advanced by the Bush Administration that (1) provides grants to match non-federal support with federal dollars to help experienced organizations aid small faith-based and community groups to better serve social needs; (2) gives funding directly to smaller groups to expand or to emulate model programs; and (3) provides research, technical assistance, and other support for these efforts. It is a key element of the Administration’s faith-based initiative, announced in January 2001, to expand the use of faith-based and community groups as providers of social services.<sup>1</sup> Its expenditures depend on how much Congress chooses to appropriate for any given year (i.e., it is a discretionary program).

Just as important, many federal agencies (e.g., the Departments of Agriculture, Health and Human Services, Housing and Urban Development, Justice, Labor, Veterans Affairs) make grants to faith-based and community-based organizations as part of their regular activities. These can “look like” CCF grants in that they provide money to faith-based and community groups (as well as others), but are not CCF-funded.

In addition, a number of specific activities closely associated with the Administration’s faith-based initiative (and often linked to faith-based and community providers) receive federal money outside the CCF: a prisoner re-entry program, a project for mentoring children of prisoners, the “Access to Recovery” substance abuse treatment program, an initiative supporting maternity group homes, abstinence education, support for healthy marriages and responsible fatherhood, and assistance for the homeless and in resettling refugees.

## **How Much Has Congress Appropriated for the CCF?**

To date, appropriations for the CCF have totaled almost \$232 million—\$29.9 million (FY2002, the fund’s first year), \$34.8 million (FY2003), \$47.7 million (FY2004), \$54.5 million (FY2005), and \$65 million (FY2006).<sup>2</sup> The Administration requested \$89 million for the first year and \$100 million annually for each subsequent year.

As with earlier years, the FY2007 budget request is \$100 million. However, the House FY2007 Labor/HHS/Education appropriations bill (H.R. 5647; H.Rept. 109-515; reported June 20, 2006) provides \$54.55 million—the same level of support as in FY2005, \$9.8 million less than for FY2006, and \$45.5 million below the requested level. The Senate version of the FY2007 appropriations measure (S. 3708; S.Rept. 108-287; reported July 20, 2006) follows the House, providing \$54.55 million.

## **How Does CCF Operate?**

The CCF is administered by the DHHS Office of Community Services (OCS) in the Administration for Children and Families (ACF). The CCF program consists of three parts: grants to intermediary organizations under a “demonstration initiative,” direct awards (“mini-grants”) to

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<sup>1</sup> For related information on the President’s faith-based initiatives, see CRS Report RL32736, *Charitable Choice Rules and Faith-Based Organizations*, by (name redacted).

<sup>2</sup> These appropriation amounts do not reflect across-the-board rescissions in recent years and a special additional discretionary cut made by the Secretary of Health and Human Services in FY2006—e.g., a 1% (\$650,000) rescission and a further \$44,000 discretionary reduction in FY2006.

“grassroots” groups for a “targeted capacity-building initiative,” and various technical and support services provided by the federal government (e.g., research, information technology support, printing services). The ACF/OCS determines the balance of spending among these objectives, and grants and contracts are made through the ACF/OCS—not states or, except in the case of the demonstration initiative sub-awards (see below), other entities.

## **What Are the Rules of the CCF Demonstration Initiative?**

This effort offers matching funds for competitive grants to relatively large “intermediary” organizations that have established relationships with faith-based and community organizations. These intermediary organizations are seen as forming a “bridge” between the federal government and grassroots groups. Funding is aimed at helping small faith-based and community organizations improve their effectiveness, management, training, and other skills; it does not support the actual provision of services. Intermediary grantees (1) use the majority of funding to provide technical and other aid to small faith-based and community organizations and (2) make sub-awards to faith-based and community organizations for training, technical assistance and capacity-building. Eligible groups for demonstration awards include faith-based and community organizations, as well as units of state and local government, institutions of higher education, federally recognized Native American tribal governments, nonprofit organizations, and small businesses. Grantees must provide 20% of the total cost of the project. The program announcement for the FY2005 round of grants to intermediaries (70 *Federal Register* 22331-22341, April 29, 2005) and the announcement for the FY2006 round—<http://www.acf.hhs.gov/grants>—contain the most current rules for the demonstration initiative (the FY2006 announcement includes a separate announcement for CEY intermediary grants; see below). Grant applications typically are due in the late spring (near the end of June 2006), and awards are announced in August or September (September 29, 2005, for FY2005 grants).

Intermediary grantees must use at least 40% of their federal funding for sub-awards and a minimum of 50% for “direct and individualized technical assistance” activities (e.g., “one-on-one” help for local groups’ leadership). Grant awards are directed to organizations dealing with social service needs of named at-need groups—the homeless, prisoners re-entering the community, children of prisoners, elders in need, at-risk youth, and those in transition from welfare to work—as well as to organizations that help couples who choose marriage for themselves to develop the skills and knowledge to form and sustain healthy marriages. Other rules: participation must be open to faith-based and community-based organizations; grantees must be chosen through a competitive process and may not be pre-selected; selection criteria must not include consideration of the religious nature of a group or the religious nature of the program it offers, but the approach must include outreach to both faith-based and community organizations; funding cannot be used to support “inherently religious” activities and, if engaged in, recipient organizations must take steps to separate them from CCF-funded services in time or location.<sup>3</sup>

FY2005 demonstration initiative grants totaled to \$33.3 million—\$17.7 million in 20 new awards, plus \$15.6 million for more than 20 continuation grants. Through FY2004, intermediary grants typically were for three years. However, beginning with FY2005, the new awards are being made for up to 17 months.

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<sup>3</sup> Rules pertaining to the treatment of faith-based organizations (including the prohibition against federal funding of inherently religious activities) can be found at the DHHS website: <http://www.hhs.gov/fbci/waisgate21.pdf>.

The CCF has announced the availability of a total of \$42.8 million in demonstration grants for intermediaries for FY2006, up 29% over FY2005. The allocation of FY2006 intermediary grant awards is also to be very different from earlier years—(1) up to 10 new intermediary grants totaling \$5 million, (2) \$7.8 million to continue 14 existing grants, and (3) \$30 million for some 100 awards for a new Communities Empowering Youth (CEY) project. The CEY project will offer grants totaling up to \$750,000 each over the grant period to intermediary organizations building the “organizational capacity and sustainability of faith-based and community organizations working to provide alternatives to [youth] gang involvement and violence.”

### **What Are the Rules of the CCF Targeted Capacity-Building Initiative?**

The targeted capacity building initiative makes direct, competitive, one-time, one-year “mini-grants” of up to \$50,000 to small (e.g., an organization with an operational budget of less than \$500,000) nonprofit community and faith-based groups. The purpose is to assist grantees in improving their programs’ effectiveness and sustainability, access funds from various sources, and replicate model programs and best practices. These awards are 100% federally funded and do not support the actual provision of services. As with grants to intermediaries, the use of federal CCF funds for inherently religious activities is prohibited, and the religious nature of the applicant is not to be a factor in approval (see the discussion above).

Mini-grants are given to small organizations serving “distressed communities” (those with high unemployment/poverty rates) in four social service priority areas: at-risk youth, the homeless, marriage promotion/support, and rural community services. The program announcement for the FY2005 round of mini-grants (70 *Federal Register* 22322-22331, April 29, 2005) and the announcement for the FY2006 round—<http://www.acf.hhs.gov/grants>—contain the most recent rules for targeted capacity-building mini-grants. Grant applications typically are due in the late spring (near the end of June in 2006), and awards are announced in August or September (September 29, 2005, for FY2005 grants).

FY2005 mini-grants were made to 310 organizations, and totaled \$15.2 million. The majority (180) were for programs serving at-risk youth. Organizations dealing with marriage promotion/support, the homeless, and rural communities shared the remainder equally.

For FY2006, the CCF has announced the availability of new mini-grants totaling \$15 million for an expected 300 awards.

### **What Has CCF Spending Been?**

The table below summarizes CCF grant awards and other spending through FY2005. FY2006 and FY2007 funding is discussed in a later section of this report covering ***Current Appropriations and Funding Allocations***.

The bulk of the money has been spent for grants to intermediaries. However, it should be noted that in FY2005, there was a marked shift in funding toward mini-grants and shorter-term awards to intermediaries, as well as an increase in spending for support services.<sup>4</sup> DHHS figures indicate

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<sup>4</sup> Increased money for mini-grants has not continued into FY2006. Instead new funding has gone to intermediaries (especially the new CEY project) and an increase in support spending (see later section on “Current Appropriations and Funding Allocations”).

that more than 3,000 organizations (including those getting sub-awards from intermediaries) have received CCF money since the program began in 2002. For details on grants that have been made and newly announced grants, see <http://www.acf.dhhs.gov/programs/ccf>.

**Table I. CCF Spending (Obligations): FY2002-FY2005**  
(in millions)

	FY2002	FY2003	FY2004	FY2005	Total
Demonstration matching awards to intermediaries (new and continuing grants)	\$24.8	\$28.4	\$38.0	\$33.3	\$124.5
Targeted capacity-building mini-grants to small organizations	0	2.6	5.0	15.2	22.8
Research and information technology grants, grant/review panel costs, printing costs, other support	5.1	3.8	4.7	6.0	19.6
All spending (obligations from appropriations)	\$29.9	\$34.8	\$47.7	\$54.5	\$166.9

**Sources:** Budget justifications for the DHHS, ACF: FY2003, FY2004, FY2005, and FY2006; ACF news releases announcing grant awards for FY2002, FY2003, FY2004, and FY2005; the ACF Office of Legislation and Budget (OLAB).

## How Can One Apply for a CCF Grant?

For details about the CCF and how to apply for CCF grants, see <http://www.acf.dhhs.gov/programs/ccf>. Also, see the regulations cited above. The CCF *Catalog of Federal Domestic Assistance* (CFDA, <http://www.cfda.gov>) number is 93.009.

## Current Appropriations and Funding Allocations

For FY2007, the Administration has asked for a CCF appropriation of \$100 million. (See the earlier discussion—*How Much Has Congress Appropriated for the CCF?*—for details on congressional action on the Administration’s FY2007 request)

For FY2006, the Administration also asked for \$100 million, with \$50 million of CCF money to be earmarked for a new “anti-youth-gang initiative” of competitive grants to community and faith-based organizations to help youth at risk of gang influence and involvement. Information about the proposed three-year (\$150 million) anti-gang project is available through the White House website of the Office of Faith-Based and Community Initiatives.<sup>5</sup>

Congress’s *initial* FY2006 appropriations measures for the DHHS (H.R. 3010) included CCF funding totaling \$75 million (House) and \$95 million (Senate). The House earmarked \$25 million of this amount for the Administration’s anti-gang initiative (H.Rept. 109-143); the Senate stipulated \$45 million of its amount (S.Rept. 109-103). But the *final* appropriations measure covering the CCF (P.L. 109-149) appropriates a total of \$65 million for FY2006, and no specific earmark for a youth-oriented anti-gang initiative is included. This amount has been reduced to \$64.3 million after (1) a 1% across-the-board rescission directed for discretionary programs

<sup>5</sup> The Office’s website is at <http://www.whitehouse.gov/government/fbci/>.

(\$650,000) and (2) a \$44,000 cut carried out under the authority the appropriations law gave to the Secretary of Health and Human Services.

In May 2006, the CCF announced how it would allocate its FY2006 funding and asked for grant proposals. Demonstration awards (new and continued) to intermediaries are to total \$42.8 million (including \$30 million for the new CEY project; see the earlier discussion of the CCF demonstration initiative). This effectively provides \$30 million for the Administration's proposed anti-gang project. Mini-grants are funded at \$15 million. And the remainder (\$6.5 million) is to go to research and other support activities. FY2006 grants are expected to be announced in August/September 2006.

## **Legislation**

On January 24, 2005, Senator Santorum introduced a bill—S. 6, the Family and Community Protection Act of 2005—that includes provisions intended to provide underlying authorizing law for CCCF-like activities that would be administered under the aegis of several federal agencies. Title III of the bill proposes to authorize the Departments of Health and Human Services, Housing and Urban Development, and Justice, as well as the Corporation for National and Community Service, to award grants (and enter into cooperative agreements with nongovernmental organizations) that provide technical assistance to small community-based groups, information about and assistance in “capacity building,” information about and assistance in identifying/using best practices for delivering aid (and encourage research on these practices), information about and assistance in utilizing regional intermediary organizations to boost community-based organizations' capabilities, and assistance in replicating effective programs. Appropriations totaling \$150 million in FY2006 (and “such sums as may be necessary” for FY2007-FY2009) would be authorized. This bill effectively replicates the CCF provisions of the CARE Act of the 108<sup>th</sup> Congress—contained in H.R. 7 (passed by the House) and S. 476 (adopted by the Senate)—although it does not specifically create authorizing legislation for the existing CCF.

## **Author Contact Information**

(name redacted)  
Specialist in Social Policy  
[redacted]@crs.loc.gov, 7-....

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