**USAID**

**Center for Faith-Based and Community Initiatives**

**Fact Sheet:** Final Rule Implementing Executive Order 13559: Fundamental Principles and Policymaking Criteria for Partnerships with Faith-based and Other Neighborhood Organizations

**Date:** April 5, 2016

**Background**

In 2009, President Obama appointed a diverse Advisory Council for Faith-Based and Neighborhood Partnerships and asked them to make recommendations for strengthening the social service partnerships the Government forms with nongovernmental providers, including strengthening the constitutional and legal footing of these partnerships. While Council members differed on some important issues in this area, they were able to come to agreement on a number of significant recommendations.

In response to the Advisory Council’s recommendations, on November 17, 2010, President Obama issued [Executive Order (E.O.) 13559, *Fundamental Principles and Policymaking Criteria for Partnerships with Faith-Based and Other Neighborhood Organizations*](https://www.gpo.gov/fdsys/pkg/FR-2010-11-22/pdf/2010-29579.pdf), which amended [E.O. 13279 (December 2002), *Equal Protection of the Laws for Faith-Based and Community Organizations*](https://www.gpo.gov/fdsys/pkg/FR-2002-12-16/pdf/02-31831.pdf). E.O. 13559 outlines criteria to guide Federal agencies in developing policies that will promote compliance with constitutional and other applicable legal principles and strengthen the capacity of faith-based and other neighborhood organizations to deliver services effectively to those in need.

In addition, Executive Order 13559 created the Interagency Working Group on Faith-Based and Other Neighborhood Partnerships (Working Group) to review and evaluate existing agency regulations, guidance documents, and policies for consistency with the Executive Order, and to submit a [report](https://www.whitehouse.gov/sites/default/files/uploads/finalfaithbasedworkinggroupreport.pdf) to the President recommending changes necessary to ensure that relevant regulations and guidance documents are consistent with the fundamental principles set forth in the Executive Order.

E.O. 13559 also required that, following receipt of the Working Group’s report, the Office of Management and Budget (OMB), in coordination with the U.S. Department of Justice, issue guidance to agencies on the implementation of the Executive Order. In August 2013, OMB issued that [guidance](https://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-19.pdf) and stated that participating agency heads must amend regulations and guidance to ensure that such regulations and guidance are consistent with the fundamental principles stated in the Executive Order. On August 6, 2015, the Agencies published [proposed regulations](https://www.whitehouse.gov/blog/2015/08/05/promoting-common-ground-reforms-social-service-partnerships) consistent with this OMB guidance.

The Working Group Report, issued in April 2012, stated that “When applying [the guidance contained in this report] to the special circumstances of programs operating in foreign countries, additional considerations may be implicated. Guidance for these programs should be provided, as appropriate, by departments and agencies operating them in consultation with the Department of Justice, rather than by this report, which focuses largely on domestic considerations.” Thus, many of the amendments contained in the final regulations are applicable only to domestic federally funded social service programs.

Following receipt and consideration of public comments, the Department of Education, Department of Homeland Security, Department of Agriculture, Agency for International Development, Department of Housing and Urban Development, Department of Justice, Department of Labor, Department of Veterans Affairs, and Department of Health and Human Services are issuing these final regulations.

**Overview of Final Rule**

The final rule issues new regulations or amends the current regulations of the nine agencies regarding partnerships with religious and other community organizations. USAID’s final regulations:

* Require USAID to ensure that all decisions about Federal financial assistance are based solely on merit, without regard to an organization’s religious affiliation or lack thereof, and free from political interference, or the appearance of such interference.
* Clarify what activities can and cannot be supported with direct Federal financial assistance by replacing use of the term “inherently religious activities” with the term “explicitly religious activities” and providing examples of such activities.
* Prohibit organizations that receive Federal financial assistance for social service programs from discriminating against beneficiaries, including denying services or benefits, based on religion, a religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice.
* Clarify that standards in the regulations apply to subawards as well as prime awards.

While these regulations become effective 30 days after publication in the Federal Register, recipients of Federal financial assistance have until 90 days after publication in the Federal Register to satisfy the obligations in the new regulations**.** For more information, click here: https://federalregister.gov/a/2016-07339.