

## President's Budget Proposal Targets Foundations

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While most of the media coverage of President Trump's proposed budget has focused on his plan to [eliminate sixty-six programs](#) and slash funding for hundreds more, until now one major aspect of the plan has escaped attention: the White House budget blueprint silently, yet effectively, targets private philanthropy as the fallback subsidy for government programs that would be downsized or eliminated.

For Fiscal Year 2018, which begins October 1, 2017, the Trump budget proposes to cut \$54 billion from "non-defense" (mostly domestic) programs that provide jobs, food, housing, safety, health care, education, and more for tens of millions of individuals across the country. Yet, the president's [Budget Message to Congress](#), [Budget Summary](#), [Major Savings and Reforms](#), and [Appendices](#) all fail to disclose how the budget would simultaneously cut government spending and address people's ongoing needs. Where will those tens of millions of people turn if these programs are cut on October 1?

As the [Washington Post](#) reports, "Trump's plan would put the onus on states, companies, churches and charities to offer many educational, scientific and social services that have long been provided by the federal government."

The White House cannot realistically expect the states to meet the markedly increased unmet human need caused by its proposed cuts to domestic spending. More than half the states have been in deficit mode during the last year, and more than half already are projecting budget shortfalls for their next fiscal year. Compounding the problem: the states, on average, receive 30.1 percent of their revenues from the federal government. When the federal government cuts domestic spending, that includes cuts to the states. For example, the FY2018 budget blueprint proposes eliminating the Community Development Block Grant (\$2.9 billion) and Community Services Block Grant (\$731 million) programs, which together provide funds for states and localities to spend on anti-poverty programs, emergency food assistance, affordable housing, public improvements, and public services. The proposed budget is rife with recommended cuts

that the [states cannot absorb](#), and which would leave tens of millions of people without a safety net.

Contrary to the *Washington Post* analysis above, anyone thinking that for-profit companies will step in to fill the gap is misguided. The very reason people in need turn to charitable nonprofits and governments is because they cannot afford what for-profit businesses charge.

That leaves the White House apparently expecting charitable nonprofits, religious groups, and private philanthropy to come up with the billions upon billions of dollars needed to assist the tens of millions of Americans who would be left behind if these cuts ever materialize.

One thing is perfectly clear: politicians across the country eager to cut government budgets are misinformed about the scale and role of private philanthropy in meeting the needs of Americans. I once heard the chair of a state legislature's appropriations committee attempt to justify deep cuts to a basic human service program by saying, "Well, if you care that much, go talk to the Gates Foundation about paying for it."

That uninformed perspective seems to have spread since the Great Recession, as more elected officials have quietly assumed they can abandon government-funded programs with the expectation that mission-driven nonprofits and foundations will step forward to meet the ongoing need.

Yet, as the graphic below plainly shows, alternative sources of revenue for the nonprofit sector (including private foundations and individual giving) cannot begin to fill the gigantic gaps created when governments cut funding for programs intended to ensure that basic human needs are met.

### SOURCES OF REVENUE, CHARITABLE NONPROFITS



Data Sources: The Nonprofit Sector in Brief, National Center for Charitable Statistics, 2015 (2013 data); Giving USA 2014 (2013 data); Foundation Center report (2013). Excludes non-reportable revenue and giving to religious institutions.

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Consider just two examples out of hundreds of proposed cuts in the White House budget to safety net and community programs:

- SNAP: The White House proposes cutting \$193 billion over the next decade (\$4.6 billion in FY2018) from the Supplemental Nutrition Assistance Program (formerly known as the Food Stamp Program).
  - If passed, what happens to the children, the elderly, and veterans who depend on the program?
  - To raise the \$193 billion to prevent such a tragedy would require the nation's twenty-three largest foundations — including Gates, Ford, Getty, Robert Wood Johnson, Lilly, Hewlett, and Kellogg — to cash out their assets and close their doors forever.
- TANF: The White House plan calls for cutting \$21 billion over the next decade (\$1.7 billion in FY2018) through changes to the Temporary Assistance for Needy Families program, which allocates grant funding to states to assist people who are either pregnant or caring for a minor child.
  - If passed, what will happen to those unborn babies, infants, and children who depend on the program?
  - The years from birth to age three are critical to human development, a fact ignored by the White House proposal.
  - To raise the needed \$21 billion would require the next eight largest foundations — including Buffett, Cargill, Casey, Mott, and Walton — to cash out and shut down their operations.

Such proposed cuts, whether to one program or to many, are too heavy a burden for nonprofits and private philanthropy to carry.

So where are the voices of foundations as government attempts to indirectly tax them to subsidize safety-net programs? Silenced, in part, by federal law that prevents private foundations, in most instances, from lobbying. At the same time, even as this quiet yet very real threat to foundations has been growing during the last decade, many foundations have shifted their giving away from support for advocacy efforts designed to protect the commons — the work of the broad 501(c)(3) community (nonprofits *and* foundations) — and instead have focused their funding almost exclusively on specific causes and foundation-centric projects.

Foundations need only connect the policy dots to see what has been happening...and what the White House budget plan assumes: charitable nonprofits and foundations will somehow ramp up their funding and services to fill gaps created by federal cuts to domestic programs — cuts that, in effect, will underwrite increased military spending and tax cuts for corporations and the wealthy.

The White House budget proposal is irresponsible and unsustainable. Foundations must invest more intentionally in proven nonprofits that have shared policy interests and the freedom under lobbying laws to expose and fight such flawed and misguided policy proposals. If they don't, their assets are likely to be drained if not completely depleted in a futile attempt to mend our tattered social safety net.



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