

Nonprofits relieved after budget deal restores grant funds

[Karl Baker](#), The News Journal Published 7:41 p.m. ET July 3, 2017 | Updated 10:13 p.m. ET July 3, 2017

Employees and volunteers at Delaware nonprofits breathed a collective sigh of relief Monday after learning that state financial contributions to charities will be restored.

[Using a hodgepodge of marginal tax increases and budget cuts](#), lawmakers agreed to reverse the elimination of the state's grant-in-aid program, which scores of Delaware nonprofits have come to rely upon to fight fires, feed the homeless and provide arts programs, among other activities.

"It was kind of a game of chicken the way I saw it. Nobody wanted to be politically responsible for cuts to Meals on Wheels," said Ron Ozer, president of the Arden Concert Guild, which last year used about \$11,000 of state grant money to bring to Delaware "offbeat" music performances.

The state budgetary committee on Thursday had declared no money existed for the grant-in-aid program, prompting [a nonprofit show of lobbying force on Friday in Legislative Hall](#). Hours later, legislators for the first time in more than 40 years failed to pass a budget by a July 1 deadline. Fiscal battles resumed Sunday.

Ozer, who is one of hundreds of nonprofit volunteers in Delaware, tracked the late-hour budget deliberations on Twitter. By early Monday morning, as political infighting calmed and legislators agreed to a deal to fund state government operations and restore \$37 million in grants-in-aid, Ozer was relieved, but frustrated.

"I was glad that they reached a deal ... but I'm not thrilled with the compromise," he said.

Grant-in-aid doled out \$45 million to charities during the 2017 fiscal year, which extended from last July until Friday. Most organizations received between \$10,000 and \$100,000.

For the upcoming year, legislators increased taxes on real estate sales, alcohol and tobacco, which in total will bring in about \$62 million. Ozer argued they should have come to a long-term solution that would prevent another budget battle next year, which again could put charities at risk.

Gina Dzielak, spokeswoman for the Girl Scouts of the Chesapeake Bay, said the 80 percent restoration to the grant-in-aid funding is the best-case scenario for a legislative session that featured a roughly 400 million budget gap between estimated costs and anticipated revenues.

"You go into this time of year hoping for the best," Dzielak said. "There's never a guarantee, so every year is going to be a worry."

The budget agreement means a drastic service reduction will be averted at the Delaware Boys and Girls Club of Delaware, said George Krupanski, CEO of the organization. He hopes to claw back through donations the roughly \$100,000 in grant-in-aid cuts that the organization experiences during the upcoming year.

It "hurts but it's certainly not like it originally was; we thought everything was going to go," Krupanski said.

Delawareans gave a total of \$476,117,000 to charities of all kinds in 2012, according to [a report from the Chronicle of Philanthropy](#).

While charities under the new budget will receive roughly \$8 million less in state money compared with the previous year, other programs will experience larger cuts.

The Education Sustainment Fund, which school districts use to pay for things like after-school programs or reading and math specialists, will be cut by \$11 million.

Some in the nonprofit sector since last week have questioned whether the initial elimination to grant-in-aid funds simply was a bargaining chip — one that no legislator intended to remain after a final budget passed.

Ozer saw it as political maneuvering with each side pursuing what it wanted.

Ultimately, though, neither party achieved its stated goal. Democrats had wanted to increase income taxes — an idea originally proposed by the governor. Republicans had refused to provide votes to pass that bill unless Democrats considered eliminating or reworking the prevailing wage for state construction projects, among other changes.

"You could say the Democrats were playing power or you could say the Republicans were saying 'Hey, we want these consolation prizes,'" said Ozer, who favored an income tax increase. "But thankfully the bulk of the grant-in-aid wasn't cut."