

## IF REPUBLICANS SLASH FUNDING FOR LOW-INCOME AMERICANS, CAN NONPROFIT AND RELIGIOUS CHARITIES FILL THE GAP?

*by Scott W. Allard, University of Chicago*

Around the corner from my house in Chicago is a storefront food pantry always bustling with volunteers. It serves about 1,200 people each month, one-third of them elderly and many limited by various physical or mental disabilities. In addition to food, the pantry offers counseling, referrals to direct people to help for a variety of needs, and job search assistance. The storefront is hard-pressed. Donations barely keep up and the pantry always needs more of everything. What would happen if, suddenly, many additional needy people starting knocking on its doors?

As a scholar who studies safety net programs, I have learned about the dramatic federal budget overhaul designed by Representative Paul Ryan of Wisconsin. Republicans in the U.S. House of Representatives have already voted overwhelmingly for this plan – and the GOP wants to make it the law of the land as soon as possible. To cover the cost of trillions of dollars of new tax cuts for the wealthiest people in our country, the Ryan budget proposes big cuts in Medicare, Medicaid, and many safety-net programs that help low-income Americans. Nonpartisan estimates show that the Ryan budget would cut than \$300 billion every year from programs for Americans surviving below or just above the poverty line (\$22,113 for a family of four in 2010).

In another SSN brief, I have spelled out how the Ryan budget would harm millions of low-income people. Here I look at the consequences for the tens of thousands of nonprofit and church-run groups that reach out every day to help the poor in communities across America.

### **Additional Spending Cuts Mean More Closed Nonprofit Doors**

Far from the front lines in daily life, politicians talk as if the less government does to help the vulnerable, the more churches and charities will be able to do. This is not true. Nonprofit organizations can do a lot, but they often work in cooperation with government agencies to provide vital services like job training for the unemployed or home-care for the elderly. Nonprofits cannot replace publicly funding health care, food stamps, and the tax credits for low-income workers. And much more than many of us realize, nonprofit organizations draw directly upon public dollars to operate their own programs for the poor. Private giving covers less than \$1 of every \$3 used by nonprofits to hire staff and deliver help to low-income Americans.

The last decade has been instructive. Given tight budgets amid the current economic crisis, the federal government and the states have trimmed funding to the bone, giving smaller grants to nonprofits serving the poor and eliminating many programs. What happens? Nonprofits find it harder to pay rent and make payroll. Rather than more groups opening their doors, rather than existing groups offering more aid, the opposite happens. Low-income workers and poor families seeking help wait in longer lines or find “closed” signs. By piling huge new public funding cuts on top of those already in effect, the Ryan budget would make things much worse.

- Local charities would face surges in demand far beyond what they can handle, because the Republican plan would cut income-supports and public services to the poor, leaving millions of people desperately searching for new help.
- The Ryan budget cuts would also directly hobble nonprofits – and thus reduce their capacities as needs rises. In every U.S. community, local religious and secular nonprofits serve the poor with the help of grants from the federal and state government. But the Republican-Ryan budget would unravel all this from the top. To fund tax cuts for the rich, it would take away federal monies, leaving the states with much less to channel through charities. Many local nonprofits would have to close their doors, and even familiar regional social service organizations – like Catholic Charities, Lutheran Social Services, and Jewish Family Services – would find it hard to maintain services, let alone expand them to new needs.

### Would Charitable Dollars Make Up the Difference?

In a word, no. Many of the Republican legislators who voted for the Ryan budget assume that religious people and charitably minded private donors are going to give enough money to make up for much of the public funding they plan to take away. Americans are quite charitable, but there is no way that private charitable giving could replace taxpayer funding for low-income programs. According to the annual reports put out by GivingUSA, philanthropic giving from elites and millions of smaller donors to nonprofit organizations serving the poor has stayed flat over the past decade – at the level of about \$35 billion annually.

Private giving directed specifically to nonprofit organizations most likely to help poor people equals only ten cents out of every dollar slated to be cut in the GOP-backed Ryan budget over the next decade. ***Private giving to low-income charities would have to multiply more than ten-fold by 2016 just to keep up with House Republican budget cuts.*** No one in the charitable world imagines that anything close to this would be possible.

### An Unacceptable Bottom Line

The bottom line is clear: If the Ryan budget plan goes forward, the most vulnerable Americans would look for much more help from religious and other nonprofit charities – but those organizations would have much less capacity to meet the rising needs. Food pantries like the one in my neighborhood would be flooded. Employment programs would have less to offer job-seekers. Summer programs would end, leaving disadvantaged youth at loose ends. Low-income parents seeking help to raise their children would find little help. At church-based organizations and secular nonprofits alike, overwhelmed volunteers and staffers would burn out, unable to meet the new deluge of social needs with less funding from government.

Americans do not want such a sad story to play out. Charity for the poor starts close to home, but it also depends on what we do together as citizens through our democratic government. We need to let our legislators know what we think – and what we want them to do to preserve the nationwide safety-net for the poor. In every town and city neighborhood, much of the work to help the poor and vulnerable is done by local nonprofits and by volunteers who understand the distinctive values and needs of people in their region. But the local groups cannot just be cut off, told to go it alone. Like millions of low-income Americans, the nonprofits that help the poor depend on what state and national governments also do – and on the resources taxpayers direct to meeting shared needs.