

How the Government Has Corrupted Charity

Craig J. Cantoni

Let's begin with a quiz. The USGA is:

- a) A golf association headquartered in a ritzy suburb
- b) A sports conglomerate with \$150 million in revenue
- c) A nonprofit charity according to the federal government
- d) All of the above.

Correct answer: d

The USGA is one of the more than one million nonprofits in the country that are exempt from paying income taxes, ostensibly because they do charitable work that benefits society and provide services that the government would have to provide if they didn't exist.

In reality, most of them have nothing to do with helping the poor, educating the uneducated, or healing the sick.

If you donate to such charities, you have been duped. Actually, you have donated to them, even if indirectly, because you are forced to contribute to them and their highly paid executives through the tax code.

The nonprofit industry is one more example in a list of examples approaching infinity of how the government corrupts everything it touches and creates powerful special interests that are impossible to remove once they attach themselves to every nook and cranny of the body politic. And this happens whether the government is controlled by Democrats or by Republicans.

You might ask about nonprofit hospitals. Don't they heal the sick? Don't they fill a void left by those evil profit-making hospitals that allegedly throw bleeding poor people out onto the street? No, they don't. The fact is that there is not a significant difference between nonprofit and for-profit hospitals in the degree of uncompensated care that they provide as a percent of their revenue. Moreover, contrary to conventional wisdom, there is about a 61 percent chance that a for-profit hospital is profitable, vs. a 77 percent chance that a nonprofit hospital is profitable.

Take famous New York-Presbyterian Medical Center, or the equally famous Mount Sinai Medical Center in New York City. They have used charitable contributions from Wall Street plutocrats—who get tax deductions in return—to build swank wings where the well-heeled can have amenities and services on par with luxury hotels.

Or take First Lady Michelle Obama, who is said to care so much for the “little” people. She held a \$300,000 make-work patronage position at a Chicago hospital while her husband was doling out government money (aka your money) as a community organizer.

Then consider former President George W. Bush and

the “fiscally conservative” Republican Party. Under GWB, Department of Education grants to 21st Century Learning Centers went from \$40 million to \$1 billion. Unless you are an institution or contractor on the receiving end of this largesse, you probably haven't heard of the Learning Centers. They are another ill-considered idea to bring at-risk kids to after-school programs to remedy behavioral and learning problems, most of which are due to longstanding and misguided social-welfare programs that have obliterated two-parent families and resulted in an exponential growth in one-parent households, which tend to be incubators for crime, poverty, and dropouts.

Once a program like the Learning Centers takes hold, the Law of Concentrated Benefits and Dispersed Costs takes effect. More than anything else—more than crony capitalism, more than Federal Reserve money printing, more than the current socialist/fascist/imperialist state—this law is the cause of the nation's fiscal decline and ultimate demise.

The law states that those on the receiving end of government handouts are better organized, more motivated, and more politically powerful than the individual taxpayers who foot the bill. If you doubt this, then try to get Congress to rescind the Learning Centers—or any other endeavor funded by taxpayers at large. You will spend the rest of your life and all of your money to no avail. Not only that, but you also will be attacked by the special interests and their enablers in government and news media as mean-spirited, selfish, and hardhearted.

Speaking of the media, are there any bigger dupes than graduates of journalism schools? Other than learning to write simple declarative sentences and to regurgitate statist cant, they show no sign of being sentient beings. To wit:

Once a year in my hometown of metro Phoenix, graduates of the Walter Cronkite School of [Statist] Journalism at Arizona State University put on their cheerleading skirts and grab their pompons to cheer for the Fiesta Bowl with their saccharine coverage. They don't have the inquisitiveness, intelligence, or courage to point out that the Fiesta Bowl is considered a nonprofit charity under tax law and that it receives government handouts in addition to getting a pass on income taxes.

To protect their nonprofit tax status, Fiesta Bowl executives tout the relatively paltry amount of money they give to charity. They are less vocal about their rich pay and perquisites. In 2009, for example, Fiesta Bowl CEO John Junker was paid \$592,418. To him, charity began at home—

his home.

Other Bowl organizations are also uncharitable charities. They spend millions of dollars on entertainment and gifts for college officials and themselves. The Orange Bowl staff alone spent \$1.6 million in 2009 on entertaining, catering, and golf outings. At the same time, federal subsidies to the Orange Bowl amounted to \$1.2 million.

Admittedly, I have a personal grudge against college bowl games. One year, as I approached a busy traffic intersection, a squadron of motorcycle police squealed into the intersection to stop me and other drivers. Was it an emergency? Was the President of the U.S. in town? No, swank motor coaches full of Fiesta Bowl gladiators, er, athletes, were being given a police escort from their resort to the Roman Coliseum, er, football stadium. In other words, taxpayers had to stop, but tax recipients didn't have to stop.

The book *With Charity for All: Why Charities Are Failing and a Better Way to Give* by Ken Stern (Anchor, 2013) shows how easily we are hoodwinked. It details how charities exploded in number and political influence when the government expanded tax exemptions for dubious causes, and outsourced social-welfare services to private charities and nonprofit foundations. This has allowed phony do-gooders like billionaire Warren Buffet to extol the virtues of estate taxes while he ensconces his offspring in a nonprofit foundation funded with tax deductions that get around the estate tax. Of course Buffet is applauded by the Left and

gets invited to the White House.

Even big-name charities are big scams, as the book explains. They claim to achieve results that can't be verified or measured.

In my experience, the worst charities are those run by Leftists. Having had the misfortune of consulting with several of them, I found that the executives—for all their professed concern for the poor and the downtrodden—are greedier, more inclined to backstabbing, and more status-conscious than executives of Wall Street investment banks.

Government money not only corrupts charities, but also transforms their ideologies. Those that would otherwise have a conservative bent, such as Catholic Charities, have become bastions of left-liberalism and lobbyists for big government, because of their addiction to government subsidies.

If asked for money by a government-funded uncharitable charity, you might want to say, "Thanks, but you already got my money through the tax code."

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