

# A Tariff ‘Tidal Wave’

Costs for food, clothing, and housing all look set to rise, causing new problems for charities — and their clients.

By BEN GOSE



**P**RESIDENT TRUMP'S shifting approach to tariffs is adding new headaches for nonprofits already grappling with chaos related to executive orders from his administration.

Even after Trump backed away from his plan for reciprocal tariffs on about 90 countries, most goods entering the country will still face a 10 percent tariff. Meanwhile, the trade war with China is accelerating, with the United States raising the tariff on some Chinese imports to 145 percent and China retaliating with tariffs on U.S. imports hiked to 125 percent.

Unlike for-profit companies, which can pass along increased costs to consumers, nonprofits have few tools for handling the rising cost of goods. Items such as food, clothes, and auto parts are likely to increase in price. In fact, many nonprofits may suffer on two fronts — their costs will likely rise, and their donors, stung by the tariff-induced stock-market plunge, may become less generous.

“Nonprofits aren’t going to get added donations to cover the cost of things going up,” said Rick Cohen, a spokesman for the National Council of Nonprofits and its chief operating officer. “Government contracts aren’t getting revised upward to reflect the increase in costs. These tariffs will just further stretch nonprofits that are already overstretched.”

Broomfield Fish, a Denver-area charity with a nearly \$5 million budget that offers a food pantry and other services, helped a record 15,000 people last year and is bracing for another record year in 2025. Many of its clients are spending 75 percent or more of their income on housing, said Dayna Scott, the charity’s executive director, leaving little for other necessities, including food. State

## THE TOP LINE

- Nonprofits will likely pay more for items like food, clothing, and construction material because of tariffs.
- At the same time, donors may give less as they face rising prices and a turbulent stock market.
- As tariffs further strain the budgets of the people nonprofits serve, demand for their services are likely to rise.

funding for housing assistance is dropping, and Scott worries that Congress will slash spending on SNAP and Medicaid.

Tariffs threaten to put an even greater strain on metro Denver families, which Scott thinks will exacerbate a trend she’s already seeing: Instead of using Broomfield Fish as a safety net, the pantry has turned into a long-term lifeline for many clients, who can visit up to twice a month to get food.

Scott also fears that some of the charity’s bigger donors, who make annual gifts worth \$5,000 or more, may pull back as a result of the declines and volatility in the stock market.

“All of that simultaneously is like a tidal wave coming at us,” Scott said. “And we’re just like, how soon can we retreat and climb the tree?”

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## UNDER PRESSURE

**Broomfield Fish in the Denver area offers a food pantry and other services. It helped a record 15,000 people last year. The rising cost of goods can hit nonprofits especially hard since they cannot pass costs on to consumers.**

BROOMFIELD FISH



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## Rising Construction Costs

The tariffs also threaten endowments at both non-profits and foundations. Many economists expect the tariffs to stoke inflation, and many endowments have spending policies that call for higher payout rates during times of inflation. Higher payout rates coupled with a declining stock market and a possible recession could shrink the purchasing power of endowments, said Clay Grayson, an attorney and endowment expert who works with many colleges and foundations.

At charities focused on affordable housing, the gap between construction costs and appraised values is already causing challenges — and tariff-related cost increases might make the problem worse.

Frontier Housing helps low-income people in rural Appalachia build houses and get home loans. A typical customer might initially qualify for a \$250,000 loan through a U.S. Department of Agriculture program for rural homeowners, said Tom Manning-Beavin, the charity's CEO, but the typical appraisal for a home that costs that much to build might come in at just \$215,000.

That "appraisal gap" means the charity, which serves 22 counties across northeastern Kentucky, must raise money to cover the difference. And that pressure is sure to increase when construction costs begin to rise.

Today, the nonprofit is paying about \$50,000 per house for the Canadian spruce used in construction. This fall, tariffs on Canadian lumber are set to more than double to 34 percent — which could add \$5,000 to \$10,000 to the tab for lumber alone.

"House to house, it will get harder for us," Manning-Beavin said. "We're going to need more subsidy."

Michael Morefield, a spokesman for AZ Impact for Good, a statewide association for nonprofits in Arizona, said charities are known for being flexible and pivoting when necessary to meet needs. But the lack of clarity from the White House about which countries will face tariffs — and at what rate — is an added stressor on charities, he said.

"If you don't know what things are going to look like next month, it's going to be very difficult to do the planning that creates long-term viability," he said. "If you're constantly trying to turn or right the ship or be flexible, that starts to affect your ability to continue to serve the community."

## Greater Demand for Services

Center of Grace, a charity in the Kansas City area that provides clothing, hygiene items, and medical equipment to people in need, is finding more demand for its services as other charities cut back. Center of Grace doesn't receive any federal aid, but other charities in the area have suffered federal funding cuts and have asked the nonprofit not to send along any more referrals, said Jessica Ferrell, the charity's director of operations.

Meanwhile, the charity is also serving an



FRONTIER HOUSING

increasing number of undocumented immigrants. Ferrell said the immigrants are more comfortable seeking help from Center of Grace in the current political environment, given the more stringent requirements being enforced by programs that rely on federal support.

Center of Grace is relaunching a food pantry for the first time in 10 years to help meet needs. The charity, which has an operating budget of \$750,000, is turning to grassroots fundraising to cover the pantry's cost, currently running at about \$10,000 per month, Ferrell said.

## BUILDING UNCERTAINTY

Frontier Housing helps residents in northeastern Kentucky obtain loans and build affordable homes. Tariffs on Canadian lumber could double, forcing the charity to try to raise more money to cover construction costs.

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Tariffs, meanwhile, will further squeeze the charity's clients. In July, Center of Grace will hold its annual back-to-school program, where it hands out free backpacks and school supplies and provides vouchers that range from \$35 to \$45, depending on age, to pay for a new pair of shoes. The tariffs on Chinese imports could lead to increases in the cost of shoes and other clothing items, forcing the charity to make more tough decisions.

"Are the parents going to have to come up with money? Are we going to have to offer bigger vouchers?" Ferrell asked. "As the cost to run these programs goes up, that will directly impact us." ■