Center on Budget and Policy Priorities
1275 First Street NE, Suite 1200
Washington, DC 20002
Tel: 202-408-1080
info@cbpp.org
www.cbpp.org

May 29, 2026 | **By Sam Berger and Devin O'Connor**

President Trump's New Slush Fund Flagrantly Disregards Law to Serve His Personal Ends at Taxpayer Expense

In an act that has been called the most blatant example of presidential corruption in modern times, the Trump Administration announced the creation of a $1.776 billion politically directed slush fund — sidestepping Congress and the courts — that is clearly designed to benefit the President and his allies at taxpayers' expense, with no oversight.[1]

While the Administration has engaged in widespread documented abuses of funding laws over the past 16 months, this latest effort crosses a new line. The logic establishing the slush fund could be used again by this Administration and future administrations to spend taxpayer dollars for any purpose without congressional authorization, fully usurping the legislature's role. While a district court has temporarily paused potential payments from the slush fund, it is critical that Congress not rely solely on the success of court interventions but instead take swift action to protect taxpayers from this misuse of public dollars and reassert its constitutional prerogative over spending.[2]

A Pattern of Abusing Federal Funding Power

The Trump Administration has a pattern of abusing federal funding power — at times by refusing to spend money that it is legally required to disburse, and at other times by spending money when it has no legal authority to do so. The Administration has blatantly attempted to block or withhold funding that Congress lawfully provided to coerce and punish the President's perceived political enemies.[3] It has also violated the law and misused funding to address political concerns: when funding was not available during government shutdowns, the Administration illegally paid troops and disaster management workers with funds provided for other purposes.[4] It did this to relieve pressure on the White House and congressional Republicans to compromise on budget bills with Democrats in Congress. The Administration has also willfully refused to implement programs or funding enacted into law, such as when it illegally and unilaterally terminated billions of dollars in congressionally appropriated support for home solar energy programs.[5]

Similarly, the Administration has engaged in other abusive schemes to divert taxpayer dollars so the President and his chosen representatives can direct funds in a manner rife for abuse and fraud. This includes committing to redirect $10 billion to the "Board of Peace," an entity that President Trump created and indefinitely chairs, whose members he selects, and whose spending decisions are subject to his approval.[6]

New Settlement Fund Allows President to Use Taxpayer Dollars for Personal Agenda Without Oversight

The Administration's latest action continues its pattern of funding abuses, but it is also something new: conjuring up funds that Congress did not provide to serve the President's personal agenda, at his direction, with no oversight. This new fund has not been authorized by Congress, undermining congressional authority over the use of taxpayer dollars.

The Department of Justice (DOJ) created this new "settlement" fund as a result of a lawsuit President Trump, two of his adult children, and his family business brought against the federal government. They claimed they were owed $10 billion in damages due to the unlawful disclosure of tax information that occurred during President Trump's first term. At least one other person whose tax information was similarly unlawfully disclosed sued the federal government and settled for an apology in 2024 with no monetary damages.[7]

Faced with significant judicial skepticism about whether President Trump can sue his own Administration (well-founded skepticism, given that the Administration did not attempt to mount a defense despite the readily available arguments identified by its own career lawyers), DOJ announced it was preemptively dismissing the case before a judge could rule.[8] Instead, it directed the establishment of a new, never-authorized settlement fund that will pay up to a total of $1.776 billion to claimants who say they were negatively affected by alleged government overreach, as determined by appointees of the Attorney General whom the president can remove at will. This is despite the fact that such claims are unrelated to the purpose of the lawsuit that was settled, and the people who receive this funding need not show they could have pursued a meritorious claim through the judicial process. In response to these actions, 35 former judges appointed by presidents of both parties filed a motion with the judge overseeing the original suit, arguing that the case and subsequent "settlement" constituted a fraud on the court that should be investigated.[9]

The DOJ press release announcing the settlement indicated the funding for these awards would come from the Judgment Fund, a permanent, indefinitely authorized appropriation that Congress established in the 1950s to pay out court judgments and settlements of actual or imminent litigation against the government.[10] The existence of the Judgment Fund does not provide the Executive Branch with the ability to provide funding for whatever purpose it conceives; it is a limited authority, and its use in these circumstances almost certainly violates the law.[11] Congress needs to step in to protect its funding prerogatives.

The design of the settlement fund helps highlight its corruption.

- **First, there will be no independent oversight or accountability over the awards issued by the fund**. The political appointees running the fund will review claims and determine whether they are "just and appropriate" based on procedures they themselves determine.
- **Second, the fund's size is completely arbitrary.** The acting Attorney General spuriously claims that the fund's size "is based on the projected valuation of future claimants' claims," but DOJ set the amount at $1.776 billion, seemingly an allusion to the year the Declaration of Independence was signed.[12]
- **Third, the fund will operate and process claims through the end of December 2028**, timed to ensure claims are only awarded at the political direction of the current Administration.
- **Fourth, the settlement also includes an addendum, seeking to shield President Trump, his family, and their companies** from any prosecution for, or investigation of, prior lawbreaking, including tax evasion.[13]

Fund Creates Precedent for Future Abuses of Taxpayer Money

Even more worrying, the logic establishing the fund could be used on an ongoing basis to support similar abuses in the future.[14] Any president or someone at their behest merely needs to bring a baseless lawsuit against the federal government; settle before the intervention of any judge on the merits or allowability of the case; determine how much money and for what purposes it should go, even if not closely related to the violation alleged in the lawsuit; and then establish a politically controlled, non-transparent, and unreviewable fund for doling out money as a President sees fit.

Though it will go unprosecuted as long as President Trump is in power, this misuse of taxpayer funds to benefit the President and his allies seems clearly in violation of the purpose of the Judgment Fund. As a result, the use of these funds is very likely a violation of the Anti-Deficiency Act and those involved in the transfer and awarding of these funds may be incurring criminal and civil liabilities that could be pursued by the next administration.

But there is no reason Congress should wait to intervene or allow this abuse to occur in the first place. Senator Bill Cassidy has said he does not "see any legal precedent" for the fund and that the President "can't just make up things."[15] Senator Thom Tillis equated the fund to "tyranny," and Senate Majority Leader John Thune is "not a big fan" and doesn't "see a purpose for" the fund.[16]

But they need to do more than raise concerns, especially because the Administration could move quickly to disburse the fund to its allies. Failing to prevent the fund's operation would serve to enable this abuse. Moreover, if Congress doesn't intervene, it will be establishing a precedent for a future President to similarly abuse the Judgment Fund to direct funding to *their* political allies or to create new spending or compensation programs without congressional authorization.

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