



FEDERAL CHANGES, COMMUNITY CONSEQUENCES: THE STATE OF HUMAN SERVICES IN ILLINOIS

TRENDS • IMPACTS • PROVIDER PERSPECTIVES

QUARTER 1 REPORT: BRACING FOR IMPACT

THE BIG PICTURE

In June and July of 2025, Illinois Partners for Human Service collected data for the first in a series of quarterly reports to shed light on how changes in federal funding and policies are affecting community-based health and human service providers in Illinois. We released a survey to our coalition partners to ascertain financial and operational impacts of recent policy shifts in Washington. Data collected reflects organizational information for January to June 2025 and establishes our baseline for future reports.



FEDERAL FUNDING FIGURES

82% of respondents receive either direct or pass-through federal funding.

35% of respondent operating budgets, on average, comes from federal funding.

19% of respondents report a decrease in direct federal funding since January 2025.



EXECUTIVE ACTIONS & ORDERS

97% of respondents are concerned about how Executive Actions & Orders have or will affect their organizations.



FINANCES & OPERATIONS

73% of respondents report an increase in overhead expenses* since January 20, 2025.

58% of respondents report an increase in demand for services since January 20, 2025.

65% of respondents report an increase in administrative burden since January 20, 2025.



PROPOSED CUTS TO SNAP & MEDICAID BENEFITS

The predominant concerns reported by respondents relate to:

- Impacts on client and community well-being, including health and food security;
- Impacts on employees who also utilize and rely on these services;
- Increased administrative burdens as more service recipients experience challenges and require more support.

QUARTER 2 AND BEYOND

WHAT WE ARE WATCHING OUT FOR...

- Federal legislation and new policies related to SNAP & Medicaid benefits;
- New funding cuts and related service disruptions;
- State response efforts to mitigate Federal uncertainties;
- New Executive actions that cause additional confusion and chaos;
- Rising overhead expenses;
- Opportunities for coordinated responses to ongoing threats.

*For more details about overhead expenses, please see our ["Essential Expenses" report](#).

Introduction

Illinois Partners for Human Service is conducting quarterly surveys of our coalition partners to highlight how changes in federal funding and policies are affecting community-based health and human service provision in Illinois. The survey is designed to shed light on financial and operational impacts of social, political, and economic shifts and the effects of executive orders and proposed cuts to programs like Medicaid on client access to services and provider ability to deliver them. The survey also provides opportunities for leaders of community-based human service organizations to share concerns, elaborate on impending threats, and offer ideas for how the state might intervene to help manage the volatile climate at the federal level. The first survey was released in June and reflects organizational data for January through June of 2025.

"The time spent scenario planning, advocating, and managing the information flow and communication around the mayhem has taken a significant amount of leadership and administration time in the past six months."

Quarter 1

The current mood can best be summarized in a single phrase—bracing for impact—with many providers reporting few financial ramifications to date, but feeling like it is just a matter of time before they begin. Those who have already experienced reduced, frozen, or delayed federal funding share expectations that the immediate future will bring additional operational and budgetary challenges. In response, most are taking precautionary measures now to mitigate the potential risks ahead. They are also confronting existential threats that reach beyond financial concerns, striking at the heart of organizational culture, service delivery, and community trust. These threats are the direct result of Executive Orders and Actions intentionally crafted to cause chaos and create a chilling effect across the sector. Even so, these community-based providers remain committed to their work, their workers, and the recipients of their services as they move forward with resilience and purpose to navigate an increasingly uncertain federal landscape and future.

Respondent Demographics

GEOGRAPHY

Geography	Percentage
City of Chicago	58.1%
Collar Counties	16.2%
Southern Illinois	12.2%
Central & Midwestern Illinois	13.5%

POPULATIONS SERVED >50%

Population	Percentage
White	25.7%
Black/African American	17.6%
Latina/o/x/e	13.5%
No single group >50%	29.7%
2 or more races	9.5%
Asian	4.1%

TOP PRIMARY AREAS OF SERVICE PROVISION REPRESENTED IN SURVEY RESPONSES

1.	Developmental Services
2.	Housing
3.	Adult & Older Adult Services
4.	Mental & Behavioral Health
5.	Advocacy
6.	Child Welfare (including Foster Care)
7.	Health Care Services
8.	Workforce Development
9.	Youth Services
10.	Child Care



Revenue From Federal Sources and other Financial Factors

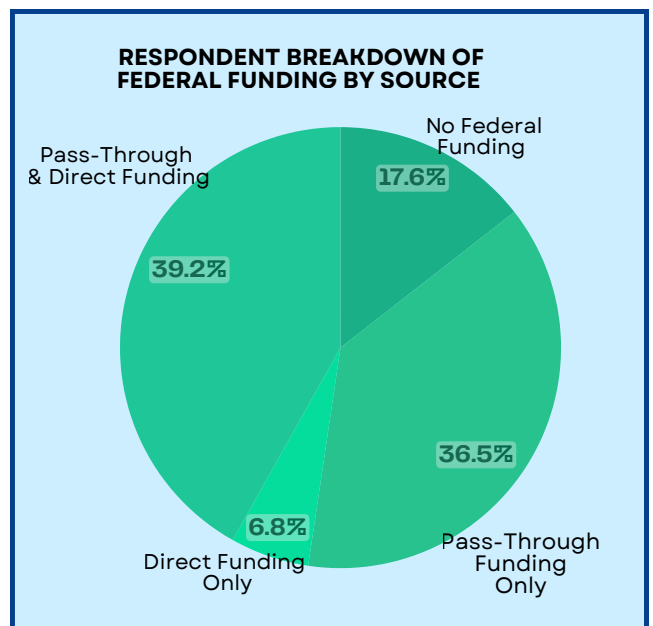
82% of respondents receive some form of federal funding, either through direct federal grants or state pass-through dollars. At this time, 19% of respondents note decreases in their direct federal funding and 20% report decreases in federal pass-through dollars. Though Initial findings indicate the majority of respondents have not yet seen dramatic changes to their federal funding, some have already experienced delayed, frozen, or canceled funding from the federal government.

To establish a baseline, the survey asked for federal funding data from FY24, the fiscal year completed before the start of the current administration. The 74 participants receive a combined average of 35% of their revenue from federal funding sources. The largest group—29 organizations—reported that a combination of federal pass-through and direct dollars accounted for an approximate average of 54% of their total budgets in the prior year.

Broken down further:

- **25 organizations (33.8% of respondents) receive 50% or more** of their funding from the federal government.
- **10 organizations (13.5%) receive 75% or more** of their funding from the federal government.
- **5 organizations (6.8%) receive more than 90%** of their funding from the federal government.

"The recent actions with federal direct grants have made us very cautious when receiving federal pass through dollars. In years past, we would start projects even before the funds were released, understanding there is no greater partner than the United States Government. We no longer have this degree of confidence."



FEDERAL FUNDING BY SOURCE VS ORGANIZATIONAL REVENUE & BUDGET DATA			
TYPE OF FEDERAL FUNDING	# OF ORGS	AVERAGE REVENUE	Average of Fed Funding as % of FY24 Org Budget
No Federal Funding	13	\$3,104,811	0%
Pass-Through Only	27	\$8,978,754	33%
Direct Only	5	\$16,658,000	31%
Pass-Through & Direct	29	\$21,214,643	54%
All Participant (All Funding)	74	\$13,260,859	35%

"We are very confused about what work we can do using federal grants. Deliverables we have been contractually obligated to perform are now being viewed as contrary to Administration priorities."

REVENUE & BUDGET DATA: FEDERAL FUNDING % BY REGION

GEOGRAPHIC REGION	# OF ORGS	AVERAGE REVENUE	Average of Fed Funding as % of FY24 Org Budget
Central & Midwestern	10	\$9,965,887	31.4%
City of Chicago	43	\$15,568,813	36.2%
Collar Counties	12	\$8,001,550	31.9%
Southern Illinois	9	\$8,877,851	38.6%

73% of respondents are contending with increased overhead costs. Some respondents have already had federal grants terminated prematurely or reward amounts reduced without warning.

"Staying in the black becomes harder each day."

These changes make managing overhead expenses more challenging and are further exacerbated when private foundations shift funding practices and models, as well. While many have not yet experienced profound changes, the common refrain echoed by leaders is the need to brace themselves and their organization for what is to come and prepare for worst-case scenarios. Everyone is tightening their belts while they endure this waiting game.

FINANCIAL FACTOR	% of Respondents who have seen:		
	INCREASE	NO CHANGE	DECREASE
Fed Gov Contracts & Grants	1.4	79.7	18.9
Fed Pass Through Dollars	1.4	78.4	20.3
State Gov Contracts & Grants	13.5	74.3	12.2
Fee for Service Revenue	12.2	81.1	6.8
Foundation Grants & Corporate Giving	18.9	54.1	27.0
Investment Income	6.8	74.3	18.9
Staff Compensation	43.2	51.4	5.4
Overhead Expenses	73.0	21.6	5.4



Operational Concerns

Federal uncertainties have caused disruptions to service delivery, client comfort, and fundraising strategies such as:

- Unexpected funding delays prompting some providers to suspend services or reallocate resources for the purposes of litigation, advocacy, and community outreach;
- Providers finding it more difficult to meet demands for services and manage staff retention due to job insecurity and low morale prompted by federal policies and overworked, underpaid employees;

"We are now having to seek private funding to complete work we started using federal funds. The federal divestment from civil rights, specifically fair housing law, has made a deeply adverse impact signaling to housing providers that there is no consequence for discriminating against Americans."

- Client safety concerns as providers serving immigrant and LGBTQ+ communities in particular grapple with new mandates that redefine their work and target the recipients of their services;
- Challenges due to DEI mandates that target or eliminate funding for organizations upholding their policies regarding representation and access based on a variety of factors including race, ethnicity, gender, disability, and sexual orientation;
- Decreases or shifts in revenue streams from traditional sources that create the need for cultivating enhanced fundraising networks to better support service provision;
- Waning federal grants prompting greater competition for private funding at a time when almost every nonprofit is looking to fortify their coffers to avoid impending financial cliffs due to a constantly shifting federal landscape.



Medicaid

In considering the myriad of impending impacts resulting from proposed cuts to Medicaid, including potential administrative or operational burdens, responses largely focused on one thing—well-being. Of individuals. Of families. And of communities. For example:

- Many respondents expressed concern about reduced access to care causing long-term and costlier adverse health outcomes, especially for children, older adults, LGBTQ+ individuals, and persons living with disabilities.
- Others worry about increased hardships for individuals, such as food or housing insecurity, prompted by inadequate care options, late-term diagnoses, and delayed treatments, which could reverse the positive effects from previous Medicaid Expansions.
- Without Medicaid funding, organizations could lose significant revenue, making it more difficult to provide the same scope of services without placing a cap on the number of individuals served and offering competitive wages.
- Without access to Medicaid, some respondents relayed concerns not only for clients, but for their employees, who rely on the program for their own healthcare needs and services.

"Operationally, we'd face increased administrative burden as we navigate more complex eligibility, lower reimbursements, and disruptions in client coverage."

"Proposed SNAP cuts would increase food insecurity among the low-income immigrant families we serve, many of whom already struggle to meet basic needs. Our agency anticipates the need for food pantries to increase as many are afraid to apply for or maintain benefits."



SNAP Benefits

As for SNAP benefits, respondents reported that most of their clients would be affected by cuts to the program. Sentiments mirrored those regarding Medicaid cuts, with overall well-being being of primary concern.

- As food insecurity increases and more families find it difficult to keep food on the table, there will be greater demand for pantries and other nutrition services to meet the escalating need.
- This increase in demand comes at a time when their own funding streams are under threat.
- Administrative burden will also likely be impacted across the sector as providers are faced with a growing number of clients needing nutritional support.
- Case management will become more complex and time-consuming for all providers as they try to adequately support their communities to ensure that the most basic needs are being met.





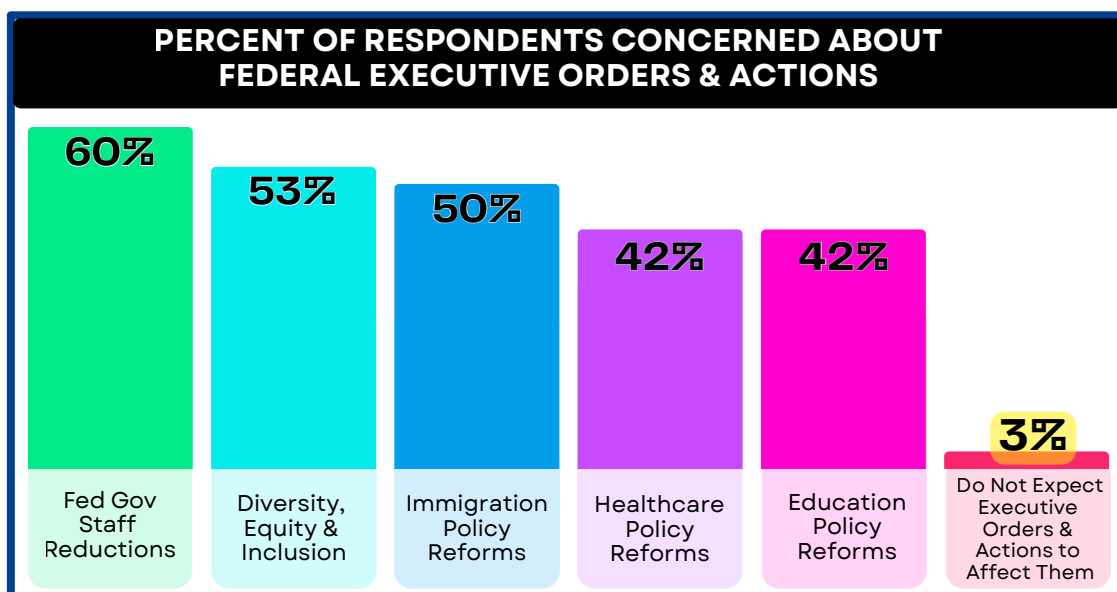
Impacts of Executive Orders and Actions

"The Executive Orders directly impact our clients, staff, and community. People have been deported, are anxious, increasingly depressed, and suicidal. Community members have lost jobs, funding, and feel targeted."

Less than 3% of organizations anticipate experiencing no impacts from Executive Orders. The chilling effects

of the barrage of Executive Orders coming from the new administration in Washington is resonating in multiple facets of organizational culture. Among them, leaders note the need to bolster staff morale as well as community confidence in their ability to continue providing services with so many confusing messages coming from the federal level. All potential areas of impact presented in the survey prompted over 41% of respondents to register some need for vigilance, with federal staffing cuts; diversity, equity and inclusion-related directives; and services for immigrant populations garnering the most concern. The full breakdown follows:

- 60% of respondents have a high level of concern about eliminations or reductions in federal departments, staffing levels, or funding streams.
- 53% believe their federal funding eligibility will be questioned due to scrutiny over their policies and practices concerning diversity, equity, and inclusion.
- 50% anticipate impacts from immigration enforcement and reforms, including matters of citizenship eligibility, immigrant rights, refugee status, migrant screening, and law enforcement.
- 42% foresee healthcare initiatives and policy revisions/reversals, including directives regarding gender-affirming care, reproductive rights, and special commissions, to affect their services.
- 42% expect orders regarding education, including provisions for school lunch and after school programs, shifts in federal funding models, and scrutiny of curricular ideology to prompt changes or disrupt funding streams and/or service delivery.



Provider Outlook

"We remain committed to staying responsive and resilient in a changing landscape while centering the well-being of the communities we serve."

"Increased enforcement and fear in the community, along with cuts to safety net programs and rising costs, have made our mission both more urgent and more challenging. While we remain committed to serving our neighbors, these shifts have strained our resources and increased staff stress as we work to meet growing needs while ensuring families feel safe seeking our help."

Overall, respondents report a high level of uncertainty and unease about the future of their organizations in light of the current federal landscape. However, this adversity does not undermine their steadfast intent to fight for their missions, their clients, and their employees. In fact, in many cases, they report that current threats have triggered a greater level of determination to advocate and protect the essential services they provide. These sentiments are best explained in their own words which exemplify the resolve respondents shared time and time again.

"Grant applications are at risk because we explicitly describe the populations we serve—such as women, people of color, immigrants, Limited English Proficient (LEP) individuals, and other underserved communities."

"My resolve for fierce advocacy on behalf of the population we serve has never been greater."

"It has made our mission more difficult but more necessary - we are here to serve our neighbors no matter who they are and where they came from. That is more important now than ever."

"I worry if tomorrow I will have enough food to serve, if my staff will quit because of the low wages, or if we will be raided by ICE."



The State Response

When asked how the State of Illinois could intervene or respond to federal funding cuts for the betterment of human service providers and/or communities, respondents shared the following areas of opportunity:

- Litigate, communicate, and advocate to combat potentially damaging federal policies that compromise equitable and effective human service provision and undermine the well-being of all Illinoisans.
- Encourage officials and lawmakers to lead the fight to protect and fortify Medicaid.
- Engage a variety of stakeholders, including sector leaders, advocates, service recipients, community organizers, and other vested entities to identify the biggest threats and develop creative new approaches and solutions to address pending cuts.
- Increase available grant funds and offer a greater variety of granting opportunities with more flexible funding parameters for community-based providers most impacted by federal policy shifts.
- Consider alternative taxing strategies and solutions, including withholding or reducing the amount the State pays to the federal government until they restore adequate funding levels.
- Be completely transparent about what cuts are coming at the state level so organizations are not further destabilized and can plan accordingly.
- Secure alternative resources or create state-level programs to protect the most under-resourced communities from the impacts of federal cuts.
- Protect and safeguard community-based organizations from federal backlash for serving targeted populations.

"The ability for all community members to access resources to fulfill their basic needs (including personal and civil rights) is paramount. Organizations must be able to proceed with DEI efforts without fear of backlash, funding cuts, or other forms of punishment. Funding must continue to support the vital role human services play in supporting the overall well-being of children, adults—and our communities."