



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

TRENDS • IMPACTS • PROVIDER PERSPECTIVES

QUARTER 2 REPORT: RESILIENCE IN THE FACE OF UNCERTAINTY

THE BIG PICTURE

Illinois Partners for Human Service is collecting data from our coalition partners for 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. [The first report](#), released in September 2025, established our baseline by capturing information from January to June 2025. This, the second report, covers July through September 2025.



FEDERAL FUNDING FIGURES

88% of respondents receive either direct or pass-through federal funding.

38% of respondents operating budgets, on average, comes from federal funding.

24% of respondents who receive direct federal funding report a decrease between July 1 and September 30, 2025.



QUARTERLY FOCUS: SNAP

Respondents shared data about current and pending changes to the Supplemental Nutrition Assistance Program (SNAP).

Common client concerns include:

- Confusion about work requirements, redetermination processes, and proof of disability paperwork;
- Reluctance to visit food pantries or attend in-person interviews due to fear of Immigration and Customs Enforcement (ICE) activity.

The most prominent impediments to families enrolling and utilizing SNAP benefits are:

- Understanding changing requirements;
- Language barriers;
- Insufficient technical expertise, and/or limited internet access;
- A complicated enrollment process that undermines participation and challenges provider capacity to assist more clients.



FINANCES & OPERATIONS

Between July 1 and September 30, 2025:

70% of respondents report an increase in overhead expenses.

73% of respondents report an increase in demand for services.

69% of respondents report an increase in administrative burden.



EXECUTIVE ACTIONS & ORDERS

90% of respondents are concerned about the potential effects of Executive Actions & Orders.

QUARTER 3 AND BEYOND

WHAT WE ARE WATCHING OUT FOR...

- Impacts of [H.R.1\(119th Congress\)](#) on the sector;
- Trends in overhead expenses for Illinois human service providers;
- Effects of the implementation of ongoing changes to SNAP and Medicaid;
- Shifts in funding due to litigation at the federal level and the initiation of state-led measures to mitigate delays and funding gaps;
- Pending release of the modified Notice of Funding Opportunity (NOFO) for the Continuum of Care grant program.

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 surveys are designed to shed light on financial and operational impacts of social, political, and economic shifts, as well as the effects of Executive orders and proposed cuts to programs like the Supplemental Nutrition Assistance Program (SNAP) on service delivery. These surveys also provide opportunities for leaders of community-based human service organizations to share concerns, elaborate on perceived threats, and offer ideas for how the state might intervene to help manage the volatile climate at the federal level. We released the second survey in October of 2025 and included a special section dedicated to current and potential impacts of changes to SNAP eligibility requirements related to [H.R.1* \(119th Congress\)](#), that passed in July. The data in this report reflects organizational facts and figures for July through September 2025.

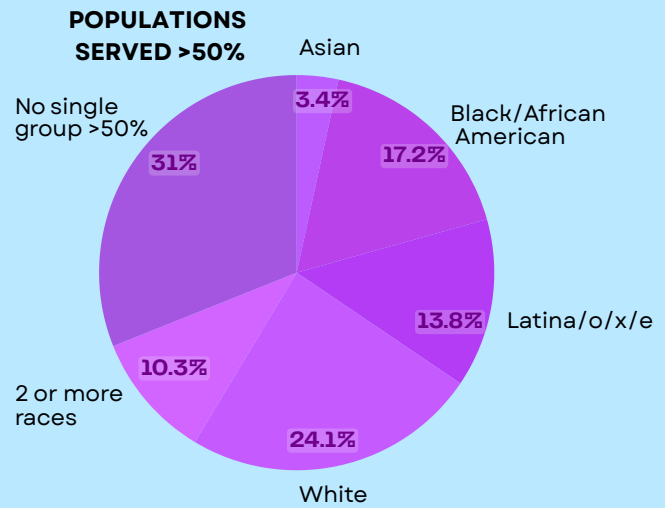
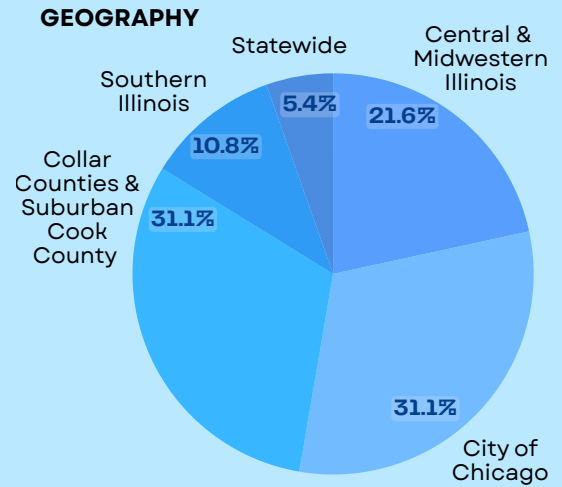
*Also known as the One Big Beautiful Bill Act (OBBBA)

“The actions taken by the federal government are consistently in direct opposition to the mission and values of our organization. I also experience a great deal of anxiety about non-profit service providers coming under attack in the future.”

Quarter 1 Recap

In our [Quarter 1 report](#), “Bracing for Impact,” we established a baseline for our series by capturing financial and operational information provided by our coalition partners for January to June 2025, prior to when many new federal policies and orders had gone into effect. While some respondents reported already having federal grants terminated prematurely or reward amounts reduced without warning, the majority had experienced few financial ramifications. Still, many believed it was only a matter of time before their organizations would be affected, and those with reduced, frozen, or delayed federal funding expected to face additional challenges in the months that followed. In response, many organizations were taking precautionary measures to mitigate future threats and prepare for the chaos and potential disruptions induced by executive orders and actions. Particularly apparent was a chilling effect felt

Respondent Demographics



TOP PRIMARY AREAS OF SERVICE PROVISION REPRESENTED IN SURVEY RESPONSES

1.	Developmental Services
2.	Housing
3.	Adult & Older Adult Services
4.	Food & Nutrition
5.	Youth Services
6.	Child Welfare (including Foster Care)
7.	Advocacy
8.	Mental & Behavioral Health
9.	Healthcare Services
10.	Violence Prevention & Recovery

across the sector. Providers wanted to protect their communities and organizational cultures while also reinforcing client confidence in their ability to provide essential services. However, in the face of financial uncertainties they knew the responsible course of action was to consider and prepare for worst case scenarios. For some that meant scaling back services, delaying hiring, or postponing programs until they understood how they would be impacted. Despite this uncertainty, these community-based providers' expressed an unwavering commitment to their work, their workers, and the recipients of their services as they move forward with purpose to navigate an increasingly uncertain federal landscape and future.

Quarter 2 Summary

In Quarter 1, the data revealed a human services sector in a holding pattern, bracing for the inevitable impacts of changing federal policies but unclear on when and how these impacts would be felt. In Quarter 2, we find a sector still largely in limbo, but a sense of frustration is gradually overtaking the fear and apprehension reported in Quarter 1. This frustration is rooted in the unprecedented uncertainty that prevails as executive orders are issued, then revised or rescinded, and policies are enacted and then suspended as they are challenged in the courts. It grows as federal directives feel at odds with the stated purpose of the work for which funding was originally granted and providers are forced to monitor and revise the language they use to describe their programs to avoid additional government scrutiny and consequences of failing to comply with new standards. These circumstances are exacerbated by staffing upheaval in federal agencies, worries for the safety of immigrant populations amidst aggressive Immigration and Customs Enforcement (ICE) activities, concerns about the future of SNAP and Medicaid, and increasing demand for services as more and more people are seeking support. While anxiety and frustration persist, these challenges are also catalyzing resilience and a renewed sense of purpose within the sector. Human service organizations continue to serve as a critical lifeline, demonstrating that even amid policy turbulence and operational strain, the commitment to community well-being remains steadfast and unshaken.

“There has been no change YET in our federal contracts, which are secured through 6-30-26. However, we have received no information on how changes in federal funding and the impact of executive orders will impact our funding beyond FY26. We are faced with unprecedented uncertainty.”

Of note...

The time period in which Quarter 2 data was collected included passage of [H.R.1 \(119th Congress\)](#) in Washington, but much of the implementation of policy related to this legislation, including the majority of changes to SNAP, was not set to go into effect until 2026 and beyond. While concerns expressed by providers regarding how H.R.1 will affect their organizations, clients, and communities are discussed in this report, the cumulative impacts of these changes over time will be addressed in future surveys.

Also, the longest shutdown in the history of the Federal Government occurred as data was being collected for Quarter 2. Since the information organizations provided was for a time period prior to the shutdown, the tangible impacts are not reflected in this report. This data will, however, be addressed in a subsequent report.





Revenue From Federal Sources and other Financial Factors

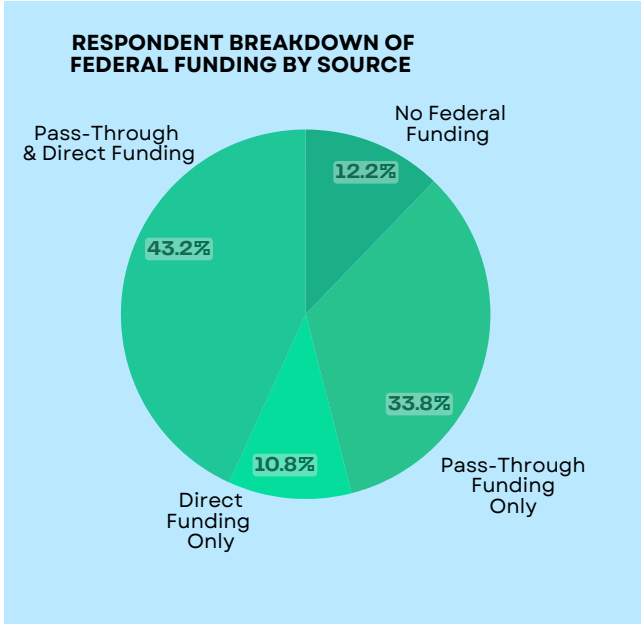
88% of respondents receive some form of federal funding, through direct federal grants and/or state pass-through dollars, which is an increase of 6% from our first Quarter respondent pool. 24% of respondents note decreases in their direct federal funding and 20% report decreases in federal pass-through dollars. Though 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 as well as increased administrative burden.

The 74 participants receive a combined average of 38% of their revenue from federal funding sources. The largest group—32 organizations—reported that a combination of federal pass-through and direct dollars account for an approximate average of 44% of their total budgets in the prior year.

Broken down further:

- 25 organizations (34% of respondents) receive 50% or more of their funding from the federal government.
- 14 organizations (19%) receive 75% or more of their funding from the federal government.
- 6 organizations (8%) receive more than 90% of their funding from the federal government.
- 14 organizations (61%) from the City of Chicago report revenue greater than \$10M whereas 75% or more of respondents from all other regions report revenue less than or equal to \$10M.

"Funding was canceled, then restored, then new grants were delayed, then awarded, and now will be delayed should the government shut down -- delaying the start of newly awarded grants and extending a funding gap."



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	9	\$13,526,671	0%
Pass-Through Only	25	\$10,346,737	43.5%
Direct Only	8	\$7,404,494	41.4%
Pass-Through & Direct	32	\$24,643,919	43.6%
All Participant	74	\$16,153,137	38%

REVENUE & BUDGET DATA: FEDERAL FUNDING % BY REGION

GEOGRAPHIC REGION	# OF ORGS	AVERAGE REVENUE	Average of Fed Funding as % of FY24 Org Budget
Central & Midwestern	16	\$8,491,866	21.6%
City of Chicago	23	\$31,387,017	31.1%
Collar Counties & Suburban Cook	23	\$8,094,995	31.1%
Southern Illinois	8	\$10,730,585	10.8%
Statewide	4	\$18,275,988	5.4%

"We are planning to lay off 7-10 for the first time in 5 years and only the 2nd time in 20 years because of financial issues."

"Our health insurance has gone up 30%. This is a horrible amount to absorb unexpectedly."

"Personally, as a leader, this stress is affecting my physical health; I've heard other providers say the same."

FINANCIAL FACTOR	% of Respondents who have seen:		
	INCREASE	NO CHANGE	DECREASE
Fed Gov Contracts & Grants	5.4	70.3	24.3
Fed Pass Through Dollars	9.4	70.3	20.3
State Gov Contracts & Grants	16.2	67.6	16.2
Fee for Service Revenue	13.5	74.3	12.2
Foundation Grants & Corporate Giving	24.3	58.1	17.6
Staff Compensation	45.9	51.4	2.7
Overhead Expenses	70.3	28.4	1.4
Investment Income	21.6	71.6	6.8

Overhead continues to pose the most widespread challenge for respondents with **70% of organizations reporting increased overhead costs between July and September 2025**. Staff compensation is also a significant financial factor as 46% of respondents increased wages during the reporting period. Of note, among repeat survey respondents, there was an even more pronounced increase in these two line items, 78% reported elevated overhead expenses, as opposed to 73% in Quarter 1, and 61% have raised staff compensation* since July 1st, when 43% noted increased wages in the first survey.

**Two time-related variables may have contributed to this uptick. First, July 1 is the start of a new fiscal year for many organizations, and the increase may be attributable to annual salary adjustments. Second, Chicago's minimum wage increased from \$16.20 to \$16.60 on July 1. Given that nearly one third of total respondents are Chicago-based, the number could be related to this increase and the associated wage compression. We will continue to monitor this factor in future surveys.*



Operational Concerns

"[Federal] monitoring and restrictions on our programmatic activities have increased while administrative support has declined."

Demand for services and administrative burden are, once again, the issues most impacting the majority of respondents. 73% of organizations reported rising service demands and 69% identified administrative burden as the most prominent operational challenges they are facing. New or continued trends and concerns identified as impacting operations include:

- **The growing number of clients in crisis**, including individuals who are undocumented, seeking job assistance, experiencing housing instability or in need of supportive housing, and families whose basic needs are no longer being met.
- **The escalation in immigration enforcement activity**, frequently cited by organizations serving Chicago and the surrounding area as disruptive and anxiety-inducing for workforce and clients alike, with many noting the chilling effects of fear on constituent safety, program attendance, and staff morale.
- **Reallocation of resources to cover overhead expenses**, such as liability insurance and employee benefit costs, resulting in program cuts, decreased service delivery, and staff reductions.

"Reduction in services (closed 3 locations), reduction in staffing (55%), while experiencing a greater demand/need for services."

- **Federal actions and mandates related to DEI contributing to administrative burden**, as providers are becoming more cautious and looking to remediate websites, reframe grant reporting, and modify other written materials to avoid using language or collecting and citing data that could trigger additional scrutiny from federal monitors.
- **Declining administrative support at the federal level**, as a result of the upheaval of staffing and reorganization in federal oversight agencies, perpetuating confusion and insufficient communication about important issues, including grant guidelines.
- **Restructuring of service delivery strategies to meet the level of demand**, address critical needs, alleviate client and staff anxiety, and, when possible, conserve resources until future federal funding models are more secure.

“We are federally legislated to advocate for disability inclusion and accessibility, etc, and yet we have to change all of our language to avoid losing any federal funding to do what we have been doing since 1980. We also had to revamp all of our outreach and marketing materials to ensure none of the triggering words to the feds are included.”

OPERATIONAL FACTORS	INCREASE	NO CHANGE	DECREASE
Number of Programs/Services Offered	18.9%	64.9%	16.2%
Demand for Services	73%	21.6%	5.4%
Administrative Burden	68.9%	29.7%	1.4%
Staffing	23%	56.8%	18.9%
Diversity, Equity, and Inclusion Policies	10.8%	68.9%	18.9%
Advocacy, Lobbying, and Legal Support	50%	48.6%	1.4%
Data Collection and Analysis	39.2%	58.1%	2.7%
Fundraising	44.6%	43.2%	10.8%

“Even when these changes do not yet show up in our program counts, we feel them daily in client behavior – more crisis calls, more walk-ins seeking concrete needs, fewer planned engagements. This environment has also deeply affected our staff: many are bilingual, from immigrant families, or share the same fears and triggers as the clients they serve.”



Impacts of Executive Orders & Actions

90% of respondents expect to be impacted by executive orders and actions. Concerns about volatility in federal staffing, immigration enforcement orders, and scrutiny over DEI practices presented the most challenges for respondents.

- 64% of respondents are highly concerned about the effects, eliminations, or reductions in federal departments, staffing, or funding will have on timely grant or contract payments.
- 60% fear increased scrutiny over practices concerning DEI with many reporting recent remediation of terminology used in all written and promotional materials to adhere to federal actions restricting language, anti-DEI orders, and funding stipulations.
- 60% cite immigration orders and reforms profoundly affecting their work and organizational culture, including changes in client behavior, program participation, staff morale and sense of safety, and rising trauma levels, as more community members are personally affected by ICE activity.

- 27% foresee healthcare policy revisions/reversals affecting their ability to deliver services, with changes to the Affordable Care Act and guidelines for supportive housing cited frequently.
- 23% expect orders regarding education, including shifts in federal funding models and the drastic staff reductions at the Department of Education to impact services.

“So many of our students and their families have been directly impacted by the ICE, we are working with nearly 20 members who are students or employees who have had family members be detained by ICE. It's a constant. Every day, we walk with our families and today we had a hard lock down because ICE was circling our buildings.”



Medicaid & SNAP

Respondents share growing frustration related to anticipated changes to both SNAP and Medicaid and the lack of clarity around these changes. They also report the need to address misinformation and quell client fears about them. Some had already experienced impacts related to the changes and are now anxious about the possibility of hundreds of thousands of Illinoisans losing coverage and benefits due to disruptions, funding decreases, administrative burden, and confusion around shifting eligibility requirements and guidelines.

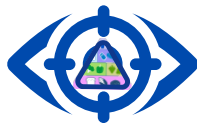
Some of the challenges and concerns cited:

- Reductions in federal funding and administrative support will strain state budgets and provider capacity as they attempt to fill the resulting gaps.
- Onerous and confusing eligibility requirements will result in an increase in uninsured patients and SNAP recipients and create additional administrative burden for providers.
- Cuts to SNAP benefits in combination with rising food prices will perpetuate an affordability crisis, making nutritious food less accessible and prompting more people to need assistance.
- Higher demands for emergency food assistance will stretch available resources beyond capacity, and without state-level coordination, more individuals and families will face hunger.
- With less federal funding, medical costs will continue to escalate for many services forcing families to make hard choices between getting medical care and meeting other basic needs.
- If access to opportunities like the Medicaid 1115 Waiver program is limited, providers will no longer be able to deliver services to clients in need of specialized support or respite care.

“Operational changes caused active disruptions for some Illinois Medicaid providers such as terminations for failure to revalidate, suspension of payments, and explicit statements that retroactive payments would not be authorized for providers who didn't revalidate. Those issues have had immediate, local effects on billing and cash flow.”

“We have increased our food distribution from once a month to twice a week due to the increased need. More than 250 people line up hours in advance during each distribution.”

Medicaid Reference:
[HFS Medicaid Timeline](#)



QUARTERLY FOCUS: SNAP

In our Quarter 2 survey, we included an optional supplemental section related to the impacts of changes to the SNAP program. Over 60% of the 29 organizations that completed these extra questions offer both SNAP enrollment assistance and referrals. Altogether, they represent multiple communities and deliver a variety of services, including one provider that distributes information to all of the nearly 2 million SNAP recipients across Illinois. Collectively, the organizations estimate that, on average, 51% of their clients utilize SNAP benefits.

The most common client concerns providers shared were:

- Clarification needed on work requirements;
- Uncertainty about redetermination processes;
- Assistance needed with paperwork required to prove disabilities for eligibility or exemptions;
- Apprehension to visit food pantries or attend in-person redetermination interviews related to fear of ICE activity.

When asked how providers access and share information about SNAP with clients:

- 90% of respondents reported obtaining information about SNAP enrollment, changes, and guidance via the Illinois Department of Human Services (IDHS).
- 72% of respondents use case management meetings to verbally share information.
- In-person enrollment events are believed to be the most effective way to deliver assistance and communicate changes.

The most prominent barriers families face when enrolling/participating in SNAP are:

- Difficulty understanding changing eligibility requirements;
- Difficulty completing applications due to:
 - Language barriers;
 - Lack of technical expertise;
 - Limited internet access.

Respondents also provided insight into what additional resources would bolster their ability to assist clients with SNAP benefit access. The following recommendations were shared:

- A simplified enrollment process to maximize program participation and enable organizations to assist more clients;
- Video trainings for staff with guidance on navigating existing systems;
- FAQ's and webinars with outlines that define actual changes, including timelines;
- Digital platforms that provide access to exemption forms and downloadable informational flyers in multiple languages;
- A list of resources for specific populations, such as people with disabilities, older adults, immigrants, or those experiencing housing insecurity.

"We are very concerned about our clients who are on SNAP currently. There's so much paperwork already with public benefits, now with additional work requirement reporting, our staff will be spending more time filling out paperwork than reaching more people who need help. The social, political, and economic shifts in the U.S. have resulted in an INCREASE in the number of people and organizations seeking our services but our funding has DECREASED."

"The additional upcoming requirements will lead to a huge downfall, leading individuals and families to truly suffer. Applications will decrease but the demand will increase. Stress levels will spike."

SNAP References:

[IDHS SNAP Federal Impact Center](#)
[Illinois Legal Aid-SNAP](#)

Provider Outlook

“Obviously, these shifts have been disturbing for staff at all levels of the organization, but at the same time, the resulting increase in demand for our work has energized us to better serve vulnerable households.”

“We are actively seeking ‘heal the healer’ supports, including reflective supervision, peer debriefing, and trauma-responsive wellness resources, so our team can continue to provide safety and stability for families while navigating the same community pressures.”

Respondents continue to report anxiety about the future in the current federal landscape, but they also remain steadfast in their determination to serve their communities despite the uncertainty. The challenges are catalyzing their resilience while a renewed sense of purpose prevails. Even amid policy turbulence and operational strain, the commitment to community well-being remains unshaken. These sentiments are best explained in their own words, with the following quotes exemplifying the resolve respondents shared time and time again.

“[The current climate] has given us more resolve as a human rights organization to do what we can.”

“We continue to be the voice of individuals and families and raise our unified voice against these harsh decisions and actions of the government. We continue to work with our State and Local legislators to ensure our communities are safe.”

“The heightened fear that the current administration is creating in the community we serve has increased the challenges our clients and staff face, which only speaks to the intensity of support needed. While these times have strained our resources and added administrative burdens, they also reinforce our commitment to our mission. The evolving landscape is strengthening our ability to adapt and continue serving as a trusted resource, amidst times of uncertainty.”



The State Response

“The state should sustainably increase Human Services Funding to ensure that contracts meet the true costs of providing services.”

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

- **Enact innovative and more flexible funding practices**, including emergency programs, that:
 - Help mitigate federal funding gaps and delays;
 - Allow for funding of capital infrastructure costs;
 - Safeguard and prioritize community and family well-being.
- **Streamline processes to reduce administrative burden** and expedite reimbursement.
- **Foster cross-state agency alignment** to eliminate time-consuming redundancies in applications and reporting.
- **Pass legislation to protect or expand funding**; stand by and stand up for marginalized communities, including immigrants and transgender residents; openly push back on the constitutionality of actions such as mass federal layoffs, funding restrictions, and changes to Medicaid.
- **Consider reinstating the State Food Program** to offset impacts of federal SNAP funding interruptions and reductions.
- **Enable organizations to procure group insurance plans** to alleviate financial burden from this progressively unsustainable expenditure.

“[The State of Illinois should] protect and expand state-level funding streams for food access, housing stability, and workforce development. Streamline grant and reporting requirements. Strengthen partnerships with community organizations that serve residents impacted by benefit loss or economic hardship. Invest in outreach and navigation services to ensure residents can access all available supports. These actions would help stabilize both families and the community-based organizations working alongside them.”