

Illinois Early Learning Council Ad Hoc Committee on Federal Resources and Programs

8.14.2025

Agenda

1. Welcome & Review Committee Goals *(5 min)*
3. Federal Government Update *(5 min)*
 - FY26 Senate Appropriations
4. Medicaid/SNAP Presentations *(20 min)*
5. Breakout Discussions + Share Out *(20 min)*
6. Public Resource Share Out *(5 min)*
7. Public Comment + Next Steps *(5 min)*

Please put the
following in the chat

- Name
- Organization

Goals:

- Ensure there's a common understanding of the implications associated with changes in federal funding and programs among early childhood stakeholders.
- Coordinate and support federal advocacy efforts to protect and enhance access to early learning programs.
- Consider adjustments to state programs, policies, and investments to protect and enhance access to early learning programs given changes in the federal landscape.
- Review and consider what types of supports early childhood providers need to protect and enhance access to early learning programs given changes in federal landscape.
- Support short term strategies as we inform long-term transition efforts.

**Ad Hoc
Committee on
Federal
Resources and
Programs**

Federal Govt. Update: FY26 Senate Appropriations

The Senate Committee on Appropriations advanced the Labor, Health and Human Services and Education FY26 bill. This appropriations bill is in very early stages. The ECEC appropriations in the bill are:

- \$8.83 billion for the Child Care and Development Block Grant - an \$85 million increase over fiscal year 2025.
- \$12.36 billion for Head Start - an \$85 million increase over fiscal year 2025.
- \$315 million for Preschool Development Birth Through Five (PDG-B5)
- \$14.3 billion for IDEA Part B – a \$50 million increase from fiscal year 2025

**Every other ECEC related line item is proposed as flat funded*

Changes to Medicaid in the H.R. 1 Budget Reconciliation Law & the Impact in Illinois

August 14, 2025



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Illinois Department of
Healthcare and Family Services

Medicaid Background

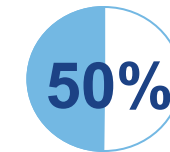


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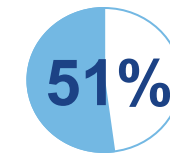
Medicaid 101

Medicaid is a joint federal and state program that provides health coverage for people with limited income and resources.

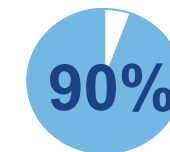
- The federal government pays a specified percentage, called the Federal Medical Assistance Percentage (FMAP), of Illinois' program expenditures.
 - The FMAP is based on the state per capita income, meaning that higher per capita income states get proportionally fewer federal dollars.
- Illinois funds its share of Medicaid expenditures through general revenue, health care related taxes (e.g., hospital assessment, nursing home assessment), and other sources.



Federal FMAP floor



IL FFY25 FMAP



ACA expansion FMAP

Medicaid 101

At the end of SFY24, over 3.4 million Illinoisans were enrolled in Medicaid.

Who are Illinois Medicaid customers?

- 44% are children
- 9% are seniors
- 7% are adults with disabilities
- **Approximately half of Medicaid customers are also SNAP recipients.**

29.8%

of Illinois child care workers were enrolled in Medicaid in 2023

Source: <https://ccf.georgetown.edu/2025/04/25/the-u-s-already-has-a-child-care-crisis-medicaid-cuts-would-make-it-much-worse/>



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H.R. 1 and the Law's Projected Impact



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The Impact of H.R. 1 in Illinois

- Projected Coverage Losses:
 - National experts project between **330,000 - 544,000 Illinoisans** will lose coverage.
 - Internal HFS projections show that about **270,000 – 500,000 Illinoisans** will lose coverage due to the work requirements provision alone.
- Projected Funding Losses:
 - Manatt projects the state will face about a **\$51 billion reduction** in Medicaid expenditures in the next decade.
 - Internal HFS projections for certain provisions show the state will face at least **\$26 billion** reductions in federal funding in the next decade.
- **Note: H.R. 1 makes no changes to Medicaid eligibility for children.**



OBBBA Provision	Effective Date
Freeze current and prohibit new provider taxes	July 4, 2025
Prohibit Medicaid funding to Planned Parenthood for 1 year	July 4, 2025
Cap new SDPs at 100% Medicare payment rates	July 4, 2025
Rural Provider Relief Fund	Application period will end no later than December 31, 2025
Narrow the definition of "qualified aliens"	October 1, 2026
6-month eligibility redeterminations for ACA adults	January 1, 2027
Work requirements	January 1, 2027 (January 1, 2029, with good faith effort determination)
Cost-sharing for ACA adults	October 1, 2028
Phase-down provider hold harmless threshold	October 1, 2028
Reduce current SDPs by 10 percentage points per year until the SDPs are no greater than 100% of Medicare	January 1, 2028
Modify "generally redistributive" provider tax criteria	Transition period of up to 3 years
Several other eligibility-related proposals	January 1, 2027 – October 1, 2029

Provider Tax Reform in H.R. 1

- The bill **freezes current provider taxes** as well as prohibits new ones at the time of enactment (July 4, 2025).
- Phases down the hold harmless threshold for provider taxes **from 6% to 3.5%** of net patient revenues (except for nursing home and intermediate care facilities) for expansion states starting October 1, 2028.
 - This provision will impact Illinois's hospital and MCO taxes.
- Bill modifies the criteria in determining whether a health-care related tax is considered “generally redistributive.” Effective upon enactment with a transition period TBD.
 - i.e., No taxing Medicaid businesses at higher rates than non-Medicaid businesses
 - This provision will impact Illinois's MCO and nursing home taxes.
 - CMS also proposed a rule which would have the same effect as this provision. If finalized, we anticipate this rule could be effective as early as SFY28.



State Directed Payments

- State directed payments (SDPs) allow states to direct Medicaid managed care organizations to make specific payments to providers.
- Bill caps new SDPs at **100% of Medicare payment levels** (110% for non-expansion states) upon enactment.
- Bill requires states to **reduce their current SDPs** by 10 percentage points per year until the SDPs are no greater than 100% of Medicare for expansion states starting January 1, 2028.
- This will require Illinois to reduce our directed payments to hospitals by about **\$3.4 billion** over the funding reduction period.



Mandatory Work Requirements

- These requirements mandate Medicaid customers prove they work or are involved in eligible activities in order to be eligible for benefits.
- Work requirements apply to non-disabled, Medicaid customers ages 19 – 64 without dependents under age 14.
- Current estimates show that between **270,000 – 500,000** Medicaid customers would lose coverage in Illinois.
- Effective January 1, 2027, though states can apply for a "good faith effort determination" exemption until January 1, 2029.



Eligibility and Cost-Sharing

- Requires states to conduct eligibility redeterminations for ACA expansion population adults **every six months**, as opposed to annually, effective January 1, 2027.
- Requires **cost sharing** for certain Medicaid expansion enrollees on or after October 1, 2028. For expansion adults with income above 100 percent of the federal poverty level (\$15,560/year), states must impose copayments (up to \$35) on all services except those exempted under existing law (e.g., primary care, prenatal care, family planning services, and emergency services).



Coverage Penalties



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Coverage Penalties in H.R. 1

- **Narrows the “qualified aliens”** – those non-citizens eligible for Medicaid benefits – to lawful permanent residents, certain Cuban immigrants, and individuals living in the U.S. through a Compact of Free Association (CoFA) effective October 1, 2026.
 - Refugees, parolees, asylees, victims of trafficking, and other groups currently considered qualified aliens would no longer qualify.



Coverage Penalties in H.R. 1, cont.

- Prohibits federal payments to **“prohibited entities”** that provide abortion services for a period of 1 year following bill enactment.
 - “Prohibited entities” are defined as certain non-profit family planning providers that offer abortions for reasons other than rape, incest, or a medical emergency and that received at least \$800,000 in Medicaid payments in 2023, including funds to “affiliates” or “nationwide health care provider networks.”
 - The funding ban applies to all services offered by such entities, including family planning services.
 - In essence, this is a targeted funding ban on Planned Parenthood (PP).
 - On July 7, PP Federation of America, and two PP members – PP League of Massachusetts and PP Association of Utah – filed a lawsuit in the U.S. District Court for the District of Massachusetts against the provision. On July 28, the district court indefinitely blocked the prohibition provision from being implemented by issuing an injunction. HHS is expected to appeal the decision.

In CY2024, Illinois received approximately \$4M in federal reimbursement for family planning services delivered to Medicaid customers at PPIL clinics that the state will no longer be eligible to receive after the prohibition.



Rural Healthcare Transformation Program

- The bill establishes a \$50 billion fund for rural healthcare.
- To qualify for funding, states will need to apply to CMS for approval. CMS is required to approve or deny applications by December 31, 2025.
- Funding will be distributed in \$10 billion annual allotments from FYs 2026 to 2030:
 - 50% of the funding will be allocated equally across all states.
 - 50% will be distributed at CMS Administrator discretion.



Looking Ahead At Implementation

- Partner with DPH, DHS, DoIT, CMS, other state agencies, and other stakeholders
- Building additional staff capacity
- Robust communication to customers



Discussion Questions

- What (if any) is the impact of the Medicaid/SNAP cuts and changes on families, workforce members, and/or providers in Illinois broadly?
- How do you feel the Medicaid/SNAP cuts and changes will impact your community?
- What are some of your unanswered questions with today's presentation?

Instructions

We will break up into 4-6 groups to discuss the following questions

We will then come back for a full group share-out

Please ensure that one person volunteers to report out from each group and captures notes

Empty Promises, Empty Cupboards:

The Impact of Federal SNAP Cuts on Illinois Families

Last updated: August 13, 2025

The **Supplemental Nutrition Assistance Program** (SNAP) (formerly Food Stamps) **helps low-income people and families buy the food they need for good health.**



Benefits are provided on the Illinois Link Card - an electronic card that is accepted at most grocery stores. The program is managed by the Food and Nutrition Service (FNS) of the United States Department of Agriculture. The Department of Human Services administers the program in Illinois.



Eligibility is determined based on:

- income and expenses
- the number of persons who live and eat together



Households may be eligible for benefits with gross incomes less than **165% of the Federal Poverty Level (FPL)** or less than 200% FPL if the household includes elderly or disabled members or veterans (above the federal minimum of 130%).



- **\$4.7B in SNAP benefits** issued to Illinoisans, annually:
- **~1.0M households**
- **~1.9M people**
- This includes **44,217 Veterans**¹
- Notably:
 - **37%** SNAP households have **older adults**¹
 - **45%** SNAP households have **children**¹
 - **44%** SNAP households have a person with a **disability**¹



\$7.2B

ECONOMIC IMPACT

Annually on Illinois' GDP

- For every \$1 in SNAP benefit, there is an economic impact of \$1.54 on communities², the threat to the entire \$4.7B, **threatens \$7.2B in positive economic impact for IL.**

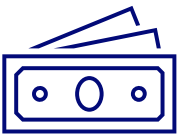


18,254

JOBS

Supported across Illinois

- SNAP is responsible for **11,584 U.S. grocery industry jobs** and drove growth of nearly **6,670 jobs in supporting industries** (e.g., agriculture, manufacturing, transportation, municipal services).³



\$966M

IN WAGES

Generated Annually

- Jobs required to administer SNAP at the grocery store level generated more than **\$476.3 million in grocery industry wages**. Paychecks earned by workers in supporting industries push the total to **more than \$966.6 million.**³

Trump Budget Bill Impact on Illinois

OBBBA changes threaten Illinois' SNAP program by:

1. Shifting costs to States

- **Forcing states to pay for benefits:** Since the program's inception more than 60 years ago, SNAP benefits have been 100% federally funded. Trump's budget bill forces states to incur some of the costs of benefits using the payment error rate **leading to an estimated annual State liability of \$705M.**
- **Reduces the federally funded portion of administrative costs:** Results in **more than \$80M annual loss in federal admin match** for the State.
- **Administrative Burden:** Conservatively, we estimate that ~258 FTEs would be needed to respond to the resulting application churn and change reports, costing over \$20M annually.

2. Changing eligibility for benefits

- Expands age range and reduces children considered "dependents," broadening people considered Able-Bodied Adults Without Dependents (ABAWDs).
- Removes exemptions from work requirements, subjecting ABAWDs and other people to work requirements.

3. Potentially eliminating cost of living adjustment through re-evaluation of Thrifty Food Plan.



~360K
ILLINOISANS

These policies could **directly impact more than ~360K Illinoisans who may no longer be eligible for SNAP benefits** due to work requirements and eligibility changes.



\$1B
ILLINOIS
INDUSTRIES

Federal government's actions to pull back from SNAP investment could cause **wage losses of up to \$1 Billion annually across Illinois industries along the supply chain from farms to tables.**



\$7.2B
ECONOMIC
IMPACT

Threatens \$7.2B in positive economic impact for IL.

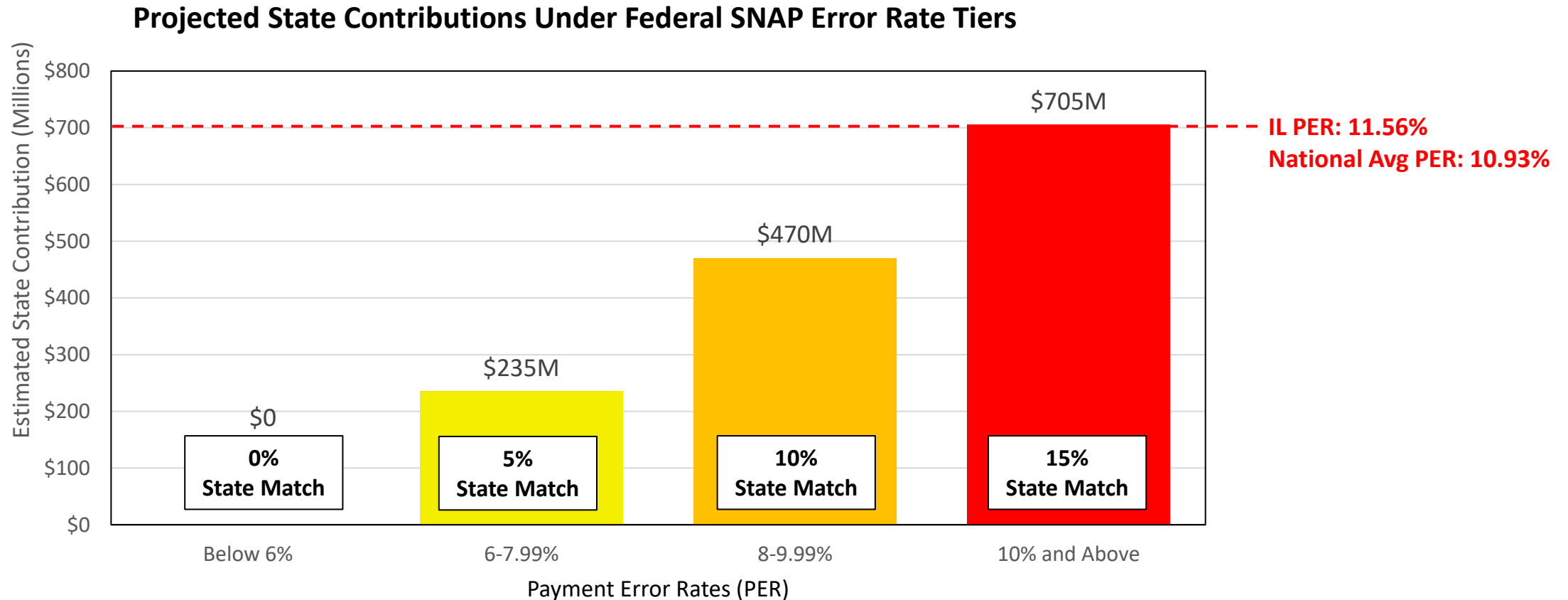


~1.7M
ILLINOISANS

Compounded impact on over 1.7 million Illinoisans who rely on both SNAP and Medicaid.

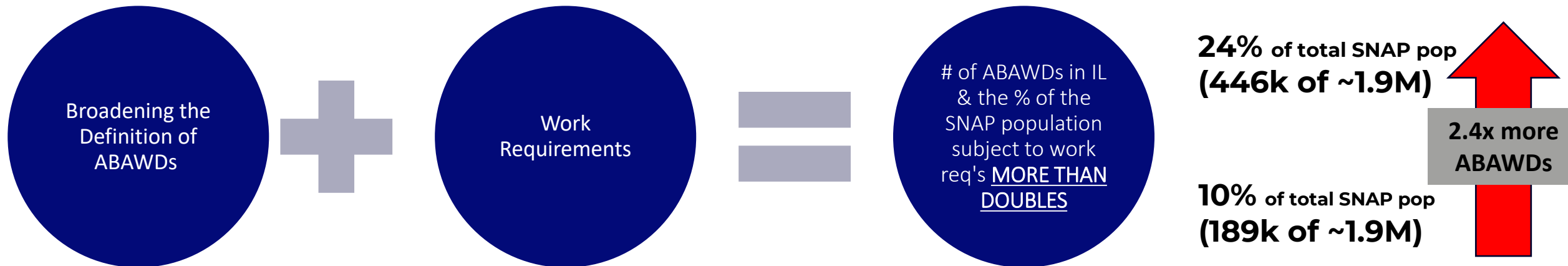
Deep-Dives: Federal Policy Changes & Impacts on IL

- **Context:** On average, annually, IL issues ~\$393M in benefits per month, totaling ~\$4.7B per year. Trump's budget bill would implement a State cost share of benefits based on the State's Payment Error Rate (PER).
- **Impact:** Illinois' **FFY24 SNAP payment error rate of 11.56%** would place the State in the 15% cost sharing bracket, leading to an estimated State liability of **\$705M**.



Able-Bodied Adults Without Dependents (ABAWDs) are adults 18-64 with no "dependent" children and no disabilities. They are often subject to **work requirements***, unless a state or county has an ABAWD work requirement waiver. Changes to ABAWD eligibility requirements include:

- **Broadening the Definition of ABAWDs:**
 - **Broadening age range and redefining "dependent":** Age range **expanded from 18-54 to 18-64 years old**. Now, "dependents" are children **under 14 years old**, rather than under 18 years old.
 - **Removing Exemptions:** Now, Veterans, people experiencing homelessness, and former foster children are subject to ABAWD work requirements.
- **Work Requirements:**
 - **Making Waivers Harder for States to Access:** Now, ABAWD work requirement waivers will only be permissible if the county or county-equivalent has an **unemployment rate above 10%** - a threshold which no IL county meets.



*Without a waiver, ABAWDs are subject to 80 hour/month work requirements that can be met through work, volunteering, education, or training

- Impacts:



Expanded ABAWD Population & Illinoisans At-Risk of Losing SNAP: Expanded definition increases the IL ABAWD population size from ~189,000 to ~446K. Based on historical data, an estimated **~340k ABAWDs would be at risk of losing benefits**. Of those at risk, historically, 45% would lose eligibility after the 3-month time limit. Amongst the ~340k, **23,000 unhoused, veterans, or youth aged out of foster care in IL** would lose their ABAWD exemptions.



Administrative Burden & Cost: Conservatively, we estimate that **~258 FTEs** would be needed to respond to the resulting application churn and change reports, costing over **\$20M annually**.



Economic Impact: Given that, during a slowing economy, for every \$1 in SNAP benefit, there is an economic impact of \$1.54 on communities², and assuming at-risk ABAWDs all constitute 1 person households receiving an average of \$208 per month, this implies potential **economic loss of \$110M/month**.

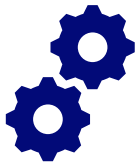
- **Context:** Reduces the federal portion of administrative costs from 50% to 25%. In FY2024, Illinois was reimbursed \$164M by the federal government for SNAP administration.

- **Impacts:**



Revenue Loss & Cost Shift

Results in a **more than \$80M loss in revenue/reimbursement** for the State, significantly reducing federal support for SNAP administration.



Service Delivery Strain

Impacts access to services by leaving the State with limited ability to address **staffing, IT infrastructure**, and **administrative operations** across SNAP programs, potentially increasing Payment Error Rates in the future.

- **Context:** Limits SNAP eligibility to U.S. citizens, lawful permanent residents, Cuban and Haitian entrants, and those allowed to live and work in the U.S. under Compacts of Free Association (COFA). Specifically, **removes ~20,000 legally present refugees, asylees, and humanitarian parolees.**

- **Impacts:**



Technology System Updates

The State's technological systems would require upgrades to reflect new eligibility criteria, including integration with federal verification databases and eligibility rule changes.



Increased Administrative Burden

IDHS staff will face additional workload gathering and verifying citizenship documentation, resulting in higher processing time and the use of additional taxpayer dollars.



Potential Loss of Eligibility

Up to 20,000 SNAP beneficiaries will no longer be eligible.

- **Context:** SNAP-Ed provides **nutrition education** and **health promotion** across Illinois, reaching **over 1 million residents** annually. The end of funding for this program would eliminate **statewide access** to these services in **schools, food pantries, health clinics, nonprofit organizations**, and more.
- **Impacts:** The de-funding of this program would eliminate **\$19.8M in federal allocation** (supporting hiring of over **270 FTEs through grantees**) and limit beneficiaries' ability to access educational materials on healthy eating recommendations and important changes to SNAP.

DEMONSTRATED IMPACT OF SNAP-ED



245 Communities Served
with **1M+** Residents
Reached



56,309 Direct Participants



5,060 cases of obesity &
570 cases of food insecurity
prevented in IL per year³



\$5.36 return on investment
estimated per dollar spent³

3. https://extension.illinois.edu/sites/default/files/2023-07/illinois_snap-ed_impacts_and_return_on_investment_infographic_fy20-fy22_final.pdf

What can we do?

- Trump's budget bill is intentionally designed to dismantle support for the country's most vulnerable residents to cut costs in order to fund tax breaks for the wealthy.
- States' payment error rates are being used to pass costs onto states.
- Every state has a payment error rate and through the new requirements, only 8 states in the U.S. would not have to incur any costs if it were implemented today.
- This is intentionally designed to shift costs onto states while creating additional bureaucracy and hurdles for people to obtain benefits.

- ☐ Implement IT tools and improvements to identify and reduce errors.
- ☐ Improve training tools and provide updated trainings (e.g., virtual reality training for interviews and de-escalation).
- ☐ Clarify and simplify policies, particularly for income and medical.
- ☐ As necessary, tighten customer documentation and verification requirements.

Questions

Appendix

**Nationwide FY25 data is not yet available.*

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- The map displays the following distribution of population aged 65 and over by state in 2000:
- Red (Highest percentage, 15% or more):** California, Washington, Oregon, Nevada, Idaho, Montana, Wyoming, Colorado, New Mexico, Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, West Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine, Alaska, and Hawaii.
 - Orange (10% to 14.9%):** Washington, Oregon, Nevada, Idaho, Montana, Wyoming, Colorado, New Mexico, Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, West Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine, Alaska, and Hawaii.
 - Yellow (Lowest percentage, 9% or less):** Washington, Oregon, Nevada, Idaho, Montana, Wyoming, Colorado, New Mexico, Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, West Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine, Alaska, and Hawaii.

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Summary of Chronological Policy Implementation Timelines

OBBBA Policy	Effective Date	Impact
ABAWD – Waivers / Work Requirements	IMMEDIATE*	High
ABAWD – Exemptions	IMMEDIATE*	High
Non-Citizen Eligibility Restrictions	IMMEDIATE*	Medium
Re-evaluation of the Thrifty Food Plan	IMMEDIATE*	Low
LIHEAP – Restrictions on Standard Utility Allowances	IMMEDIATE*	Low
Prohibition on Internet Expenses	IMMEDIATE*	N/A
Elimination of SNAP-ED	10/01/2025	Medium
Reduction in Federal Admin Costs for SNAP	10/01/2026	High
State Matching Funds for Benefits	10/01/2027	High

*Awaiting guidance from FNS as to expected implementation timelines for "Immediate" items and clarification on applicability of the 120 hold harmless days that apply to federal SNAP changes. 120 hold harmless days ends November 1, 2025 and Illinois' current waiver expires 1/31/26.

Public Resource Share Out

- ❖ Share any resources or upcoming events/opportunities
- ❖ Ask questions to your colleagues
- ❖ Highlight any time sensitive topics

Public Comment

Next Steps

- Meeting schedule: Ad Hoc be held **Thursdays at 11AM-12PM** every other week
- Next meeting: **August 28th from 11AM – 12PM; Topic: Head Start**
- Note: We are still working on testing out communication tools to ensure this group can more easily communicate between meetings