Call to Action: Understanding and responding to federal policy risks

Outline

National context: Why the moment matters

Local impact: How federal changes are felt on the ground

Call to Action: How stakeholders can respond


CPAC
SIDE QUESTS


Reciprocal Tariffs

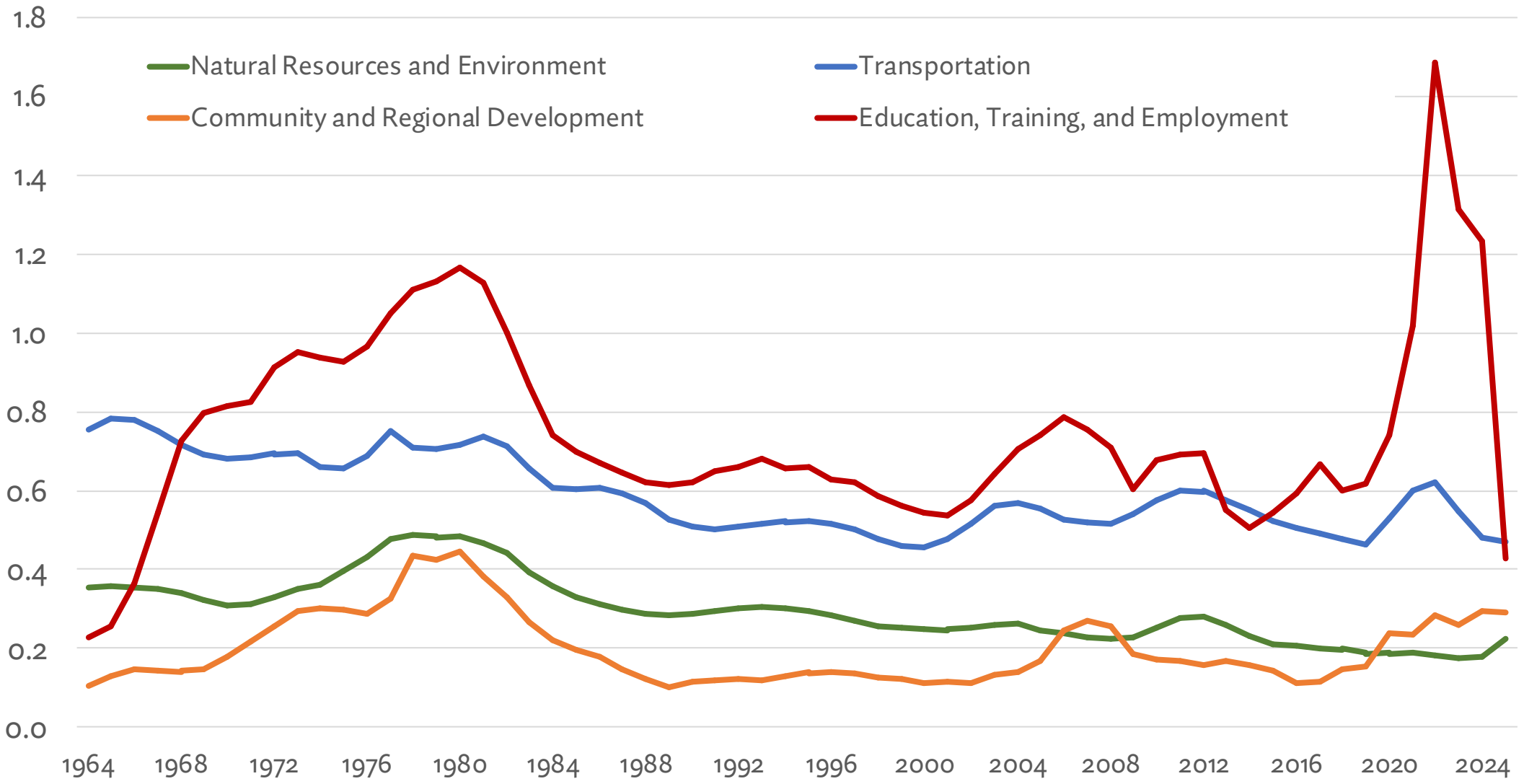

POLICE
POLICE
FEDERAL OFFICER


ONE BIG


DO YOUR
JOB
SOICAN
DO MINE

Reagan-era cuts had lasting impacts on domestic policy

Outlays as % of GDP, selected budget functions, 1964-2025 (3-year rolling average)



Source: Office of Management and Budget

Federal spending accounts for 25% of PA GDP

Federal spending by category, Commonwealth of PA, FY2024

Direct payments
(Social Security, Medicare, SNAP)
$190 billion

Grants
(Medicaid, NIH, Education)
$52 billion

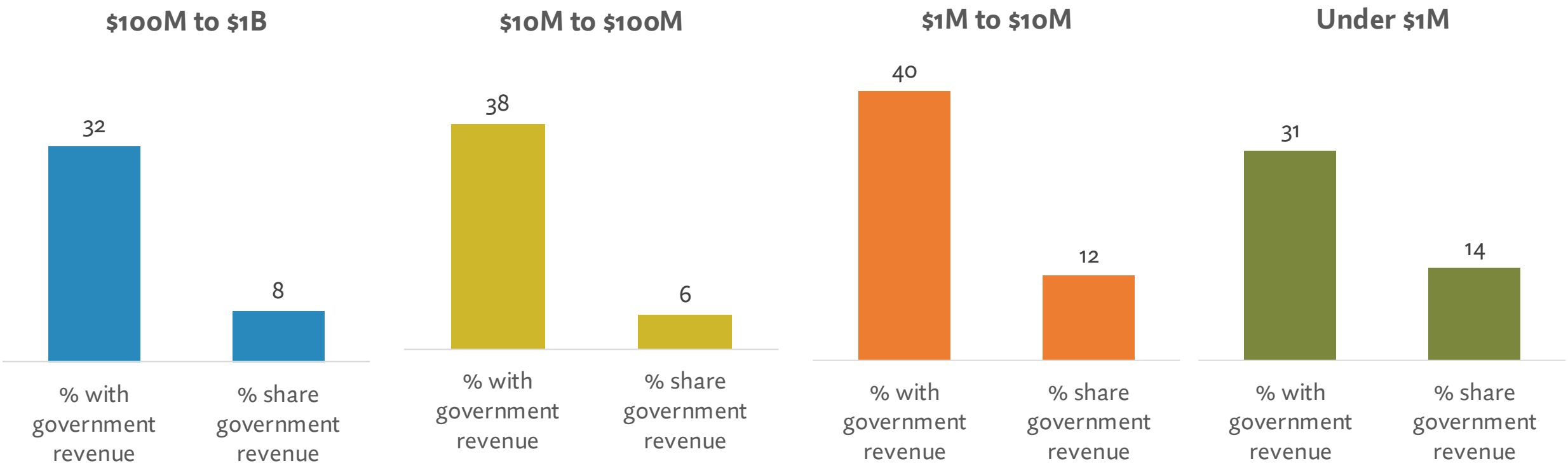
Contracts
(Defense, energy, food)
$27 billion

Employment
(Civilian and military)
$16 billion

Source: USASpending.gov

30-40% of PA nonprofits receive government funds

Share of nonprofits with government dollars and government share of total revenue, by total revenue, 2023



Source: IRS 990 data

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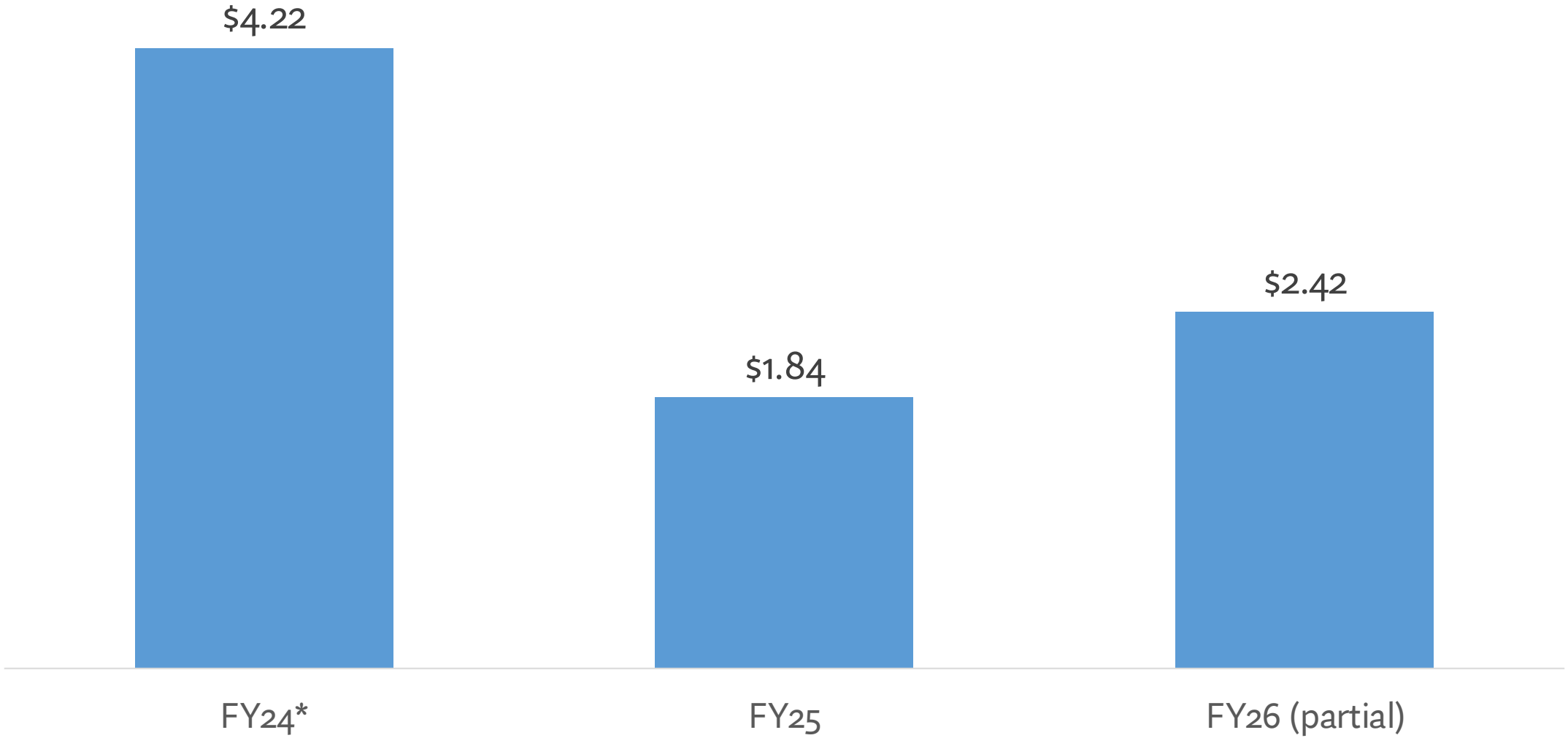
Grants to PA nonprofits declined in FY25, but have rebounded in FY26

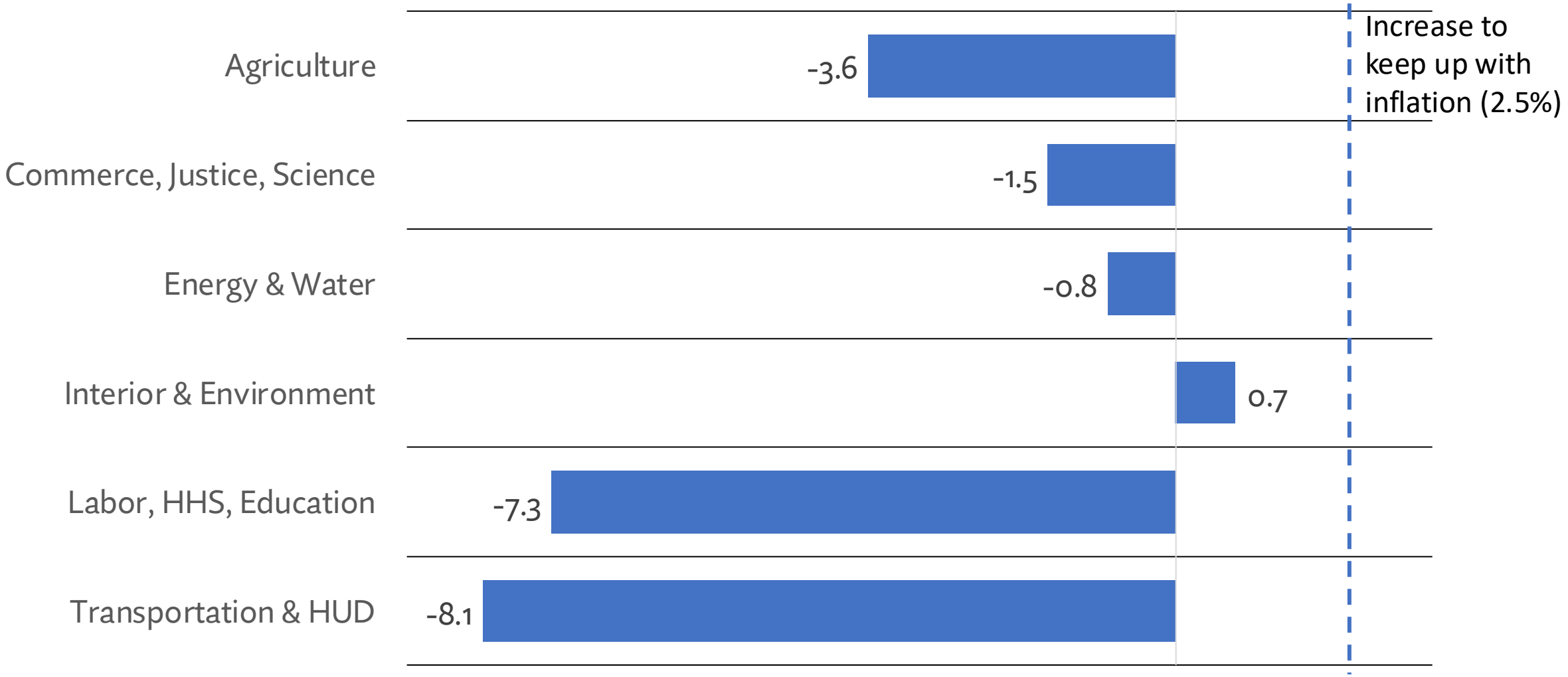
Federal grant dollars ($B) to nonprofits (excluding higher ed), Pennsylvania, FY2024-FY2026



*Source: USASpending.gov. *$2.2B of this total was allocated to Opportunity Finance Network, a Philadelphia-based CDFI, under the IRA's Greenhouse Gas Reduction Fund. The Trump administration froze those funds, but a federal appeals court reinstated them August 4.*

Recent House-passed bills would cut most domestic spending

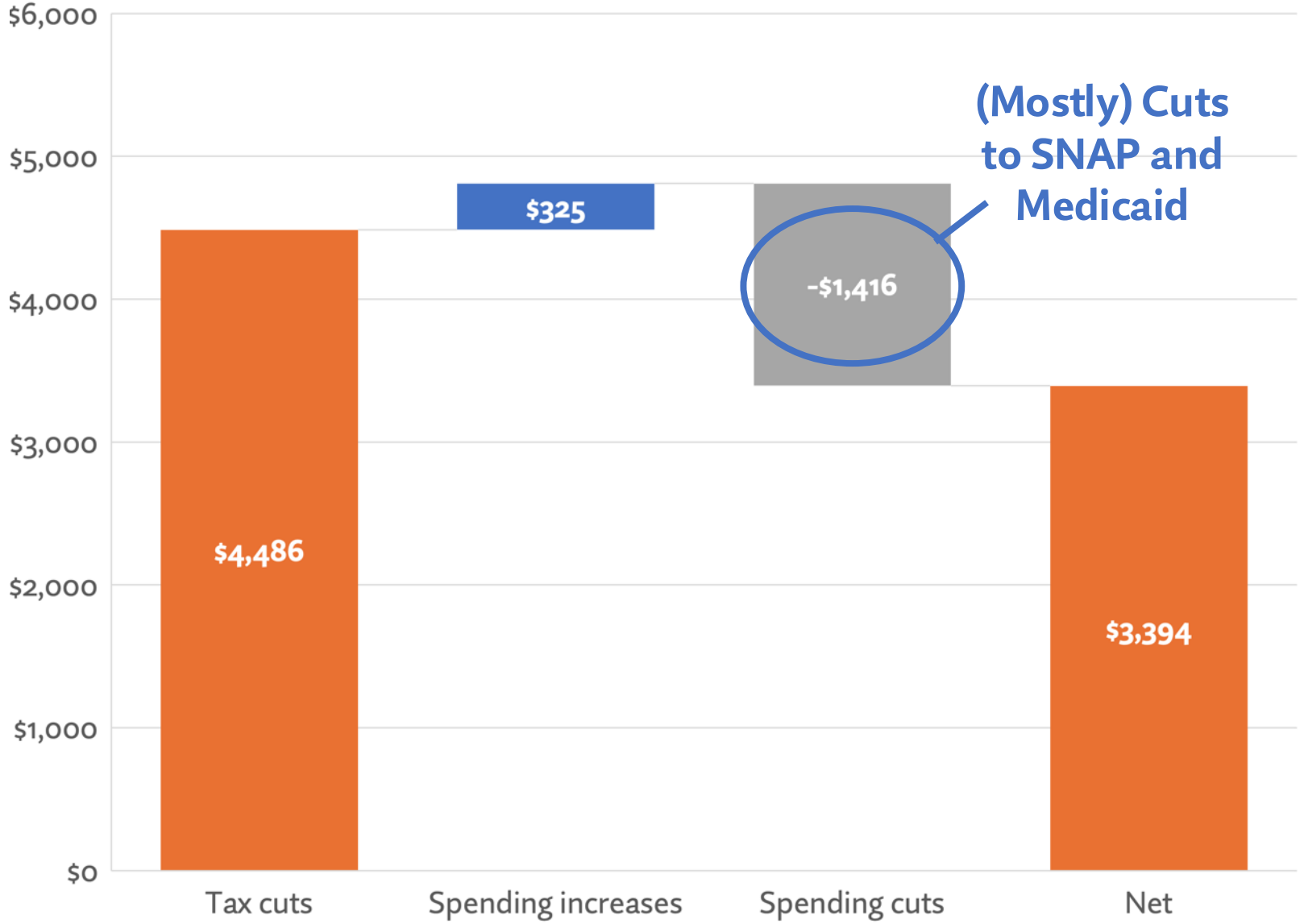
Non-defense appropriations, selected House subcommittee bills, change (%) from 2026 to 2027



Source: Center on Budget and Policy Priorities

H.R. 1 extended tax cuts and shrank safety net programs

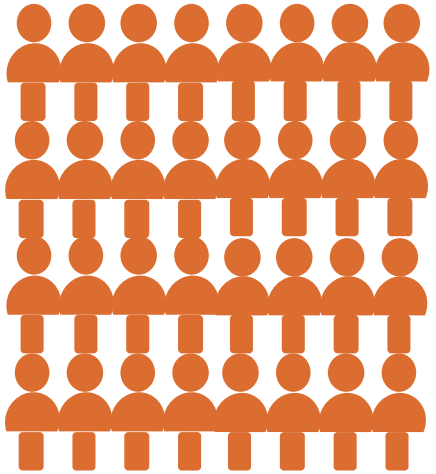
10-year costs of major components of H.R. 1 ($B)



Medicaid in Pennsylvania

- About **3 million** Pennsylvanians—more than one in five statewide—received health insurance through Medicaid in 2025.
- Of these, about **750,000** statewide were adults covered through the Medicaid expansion created by the Affordable Care Act, who may have incomes up to 138% of the federal poverty line.
- Medicaid is jointly financed by federal and state governments, with the state share varying depending on measures of economic need and fiscal capacity. The Commonwealth of Pennsylvania pays approximately 40% of statewide Medicaid program costs (KFF, 2024).

Enrollment in Medicaid, Pennsylvania, 2025

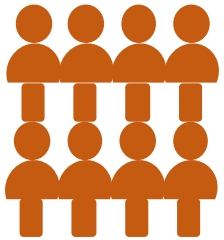


3,000,000

Total Medicaid enrollees

23%

Share of state population



750,000

Medicaid expansion enrollees

10%

Share of population age 18-64

Source: PA Department of Human Services

H.R. 1 makes several changes to Medicaid that will reduce enrollment

- The Congressional Budget Office, projects that H.R. 1's changes to the Medicaid program will reduce nationwide program enrollment by **7.5M** over the next several years, relative to current law
- Most of these changes will take effect in the next 1-2 years
- Financing changes will reduce state flexibility gradually over a 5-year period
- States can take steps to mitigate the impact of H.R. 1's changes on enrollment, and/or can use own-source revenues to fill the resulting coverage gaps

Immigrants: H.R. 1 makes several categories of legal immigrant adults (e.g., refugees, asylees, humanitarian parole) ineligible for Medicaid
Effective: October 1, 2026

Work requirements: H.R. 1 establishes work requirements for adults age 19-64 receiving Medicaid expansion (80 hours/month)
Effective: January 1, 2027

Recertification: H.R. 1 obligates adults receiving Medicaid expansion to undergo eligibility renewals every 6 months (up from 1x/year)
Effective: December 31, 2026

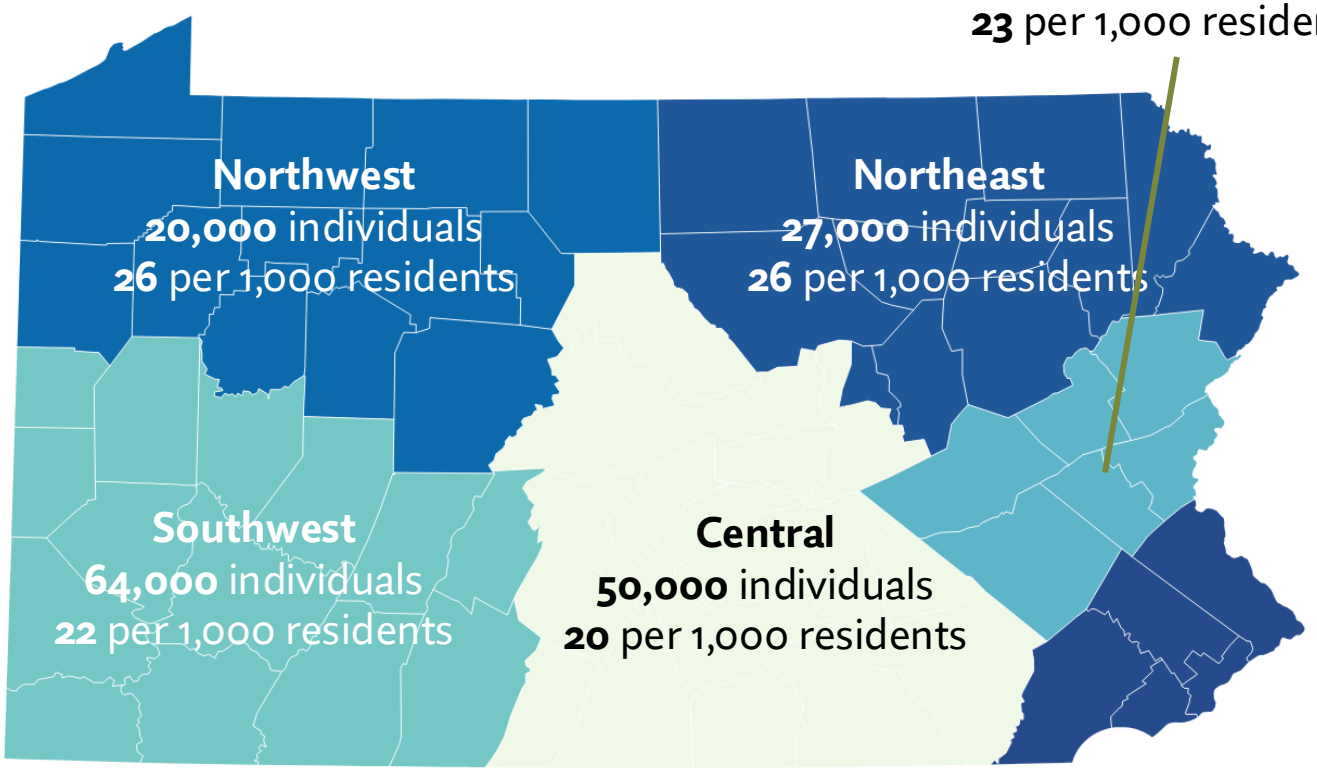
Financing: H.R. 1 limits states' use of provider taxes and state-directed payments to finance their share of Medicaid spending
Effective: October 1, 2027—September 30, 2032

Source: KFF, PA Health Law Project

H.R. 1 will cut eligibility and enrollment for Medicaid statewide

- Pennsylvania DHS projects that H.R. 1's changes to the Medicaid program will reduce program enrollment in PA by **310k** over the next several years, relative to current law
- Most of the changes will impact low-income adults in the Medicaid expansion group
- Southeastern PA will see the largest absolute reduction in Medicaid beneficiaries, and similar losses in per-capita coverage to Northeastern and Northwestern PA
- Based on federal data showing $7,600 in annual per-enrollee federal spending for PA's Medicaid expansion population, this would mean **$2.4 billion** in annual cuts to federal benefits

Impacts of H.R. 1 Medicaid cuts on enrollment by PA region

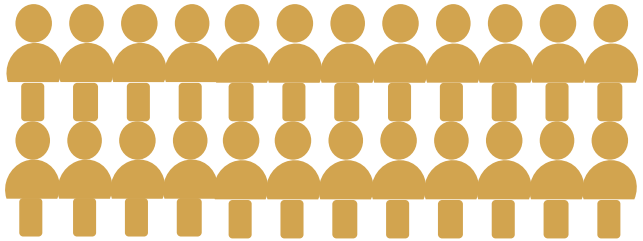


Source: Pennsylvania DHS, Centers for Medicare and Medicaid Services

SNAP in Pennsylvania

- About **2 million** Pennsylvanians—roughly one in seven statewide—participated in the Supplemental Nutrition Assistance Program (SNAP) in 2025.
- The average PA SNAP household receives **$340** per month in benefits toward the purchase of food for consumption at home. That equates to roughly **$4.2 billion** annually for PA participants.
- SNAP benefits are fully funded by the federal government, and federal and state governments split the administrative costs. Recipient households generally have incomes below 130% of the poverty line, or about $35,000/year for a family of three.

SNAP recipients and benefits in PA, 2025



2,000,000

Total persons receiving SNAP

15%

Share of state population

$4.2 billion

Total annual SNAP benefits

$340

Average monthly SNAP benefit

Source: U.S. Department of Agriculture

H.R. 1 makes several changes to SNAP similar to those impacting Medicaid

- The Congressional Budget Office, projects that H.R. 1's changes to the Medicaid program will reduce nationwide program enrollment by **7.5M** over the next several years, relative to current law
- Some of the program changes have already happened (immigrant eligibility, work requirements), while others will take effect in the next 1-2 years
- States can take steps to mitigate the impact of H.R. 1's changes on enrollment, and/or can use own-source revenues to fill the resulting coverage gaps

Immigrants: H.R. 1 makes several categories of legal immigrant adults (e.g., refugees, asylees, humanitarian parole) ineligible for SNAP
Effective date: July 4, 2025

Work requirements: H.R. 1 expands the range of able-bodied adults without dependents who must meet work requirements (80 hours/month) to receive SNAP
Effective date: November 1, 2025

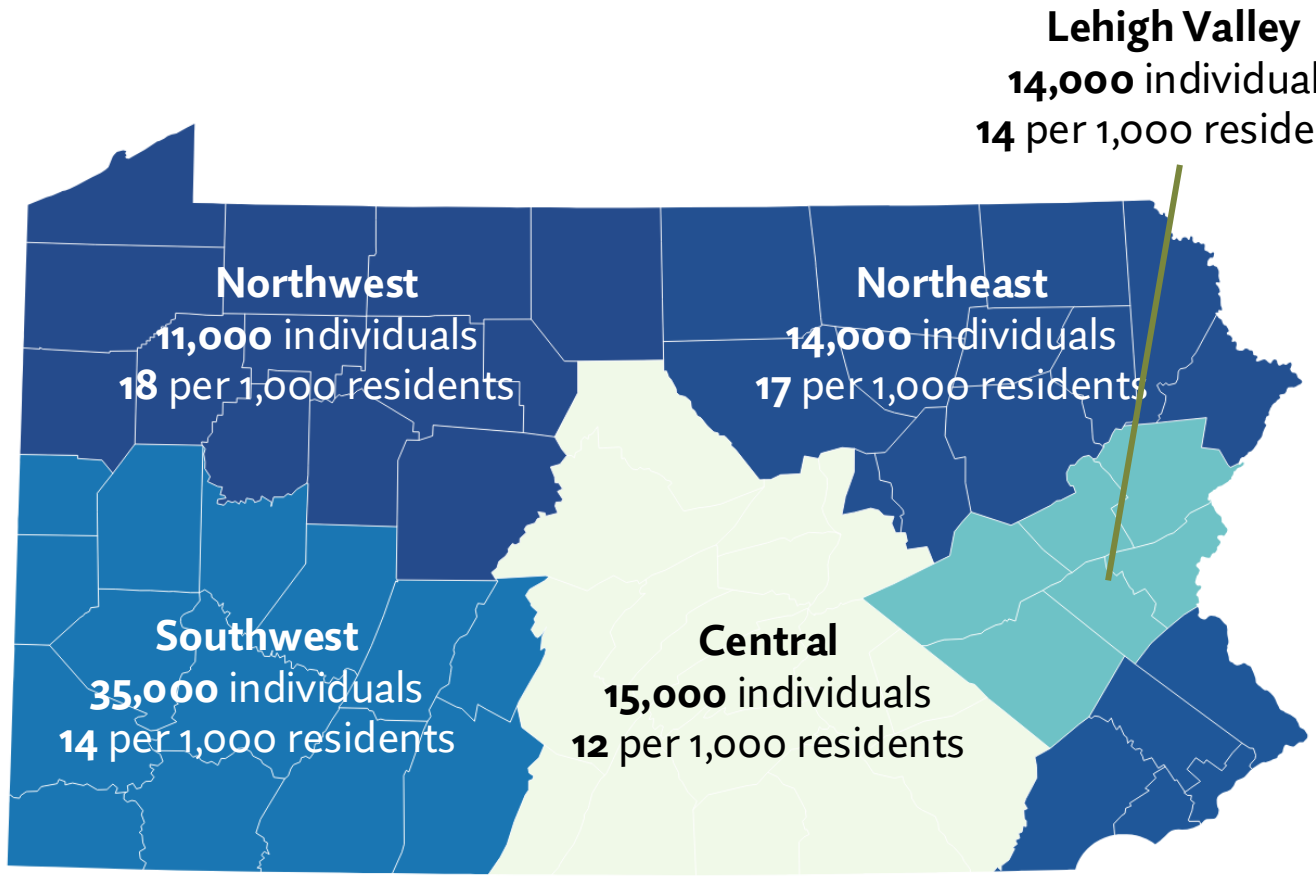
Benefit cuts: H.R. 1 eliminates certain allowances and adjusts food price calculations in ways that trim SNAP benefits for many households
Effective date: October 1, 2025—October 1, 2027

Financing: H.R. 1 halves the share of SNAP administrative costs paid by the federal government, and obligates states to pay a share of benefit costs if they fail to reduce payment error
Effective dates: October 1, 2027 and October 1, 2028

H.R. 1 will cut eligibility and enrollment for SNAP statewide and in Southwestern PA

- Pennsylvania DHS estimates that H.R. 1 will reduce SNAP enrollment statewide by **144,000** individuals
- Most of the initial changes will impact adults without younger dependent children (**PEERs**—Pennsylvanians with Employment and Engagement Requirements)
- While Southeastern PA (**56k**) and Southwestern PA (**35k**) will see the largest numbers of individuals impacted, a higher number of residents per capita in Northwestern PA will lose benefits
- Based on federal data showing $2,335 in annual per-participant benefits for PA's SNAP enrollees, this would mean **$336 million** in statewide cuts

Impacts of H.R. 1 SNAP cuts on enrollment by PA region



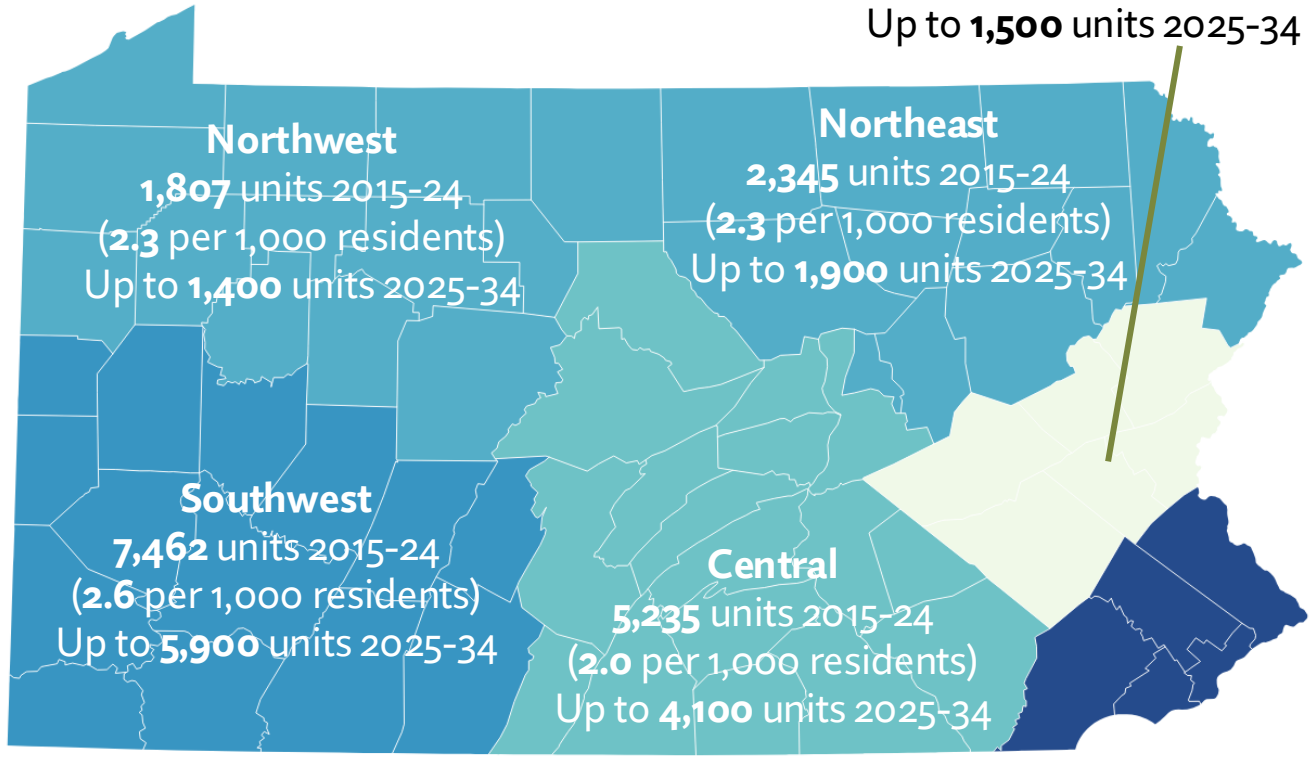
Source: Pennsylvania DHS, USDA

H.R. 1 could modestly expand affordable housing supply in PA

- H.R. 1 expands access to valuable 9% Low Income Housing Tax Credits (LIHTC) and private activity bond (PAB) financing to stimulate affordable housing construction
- Housing advisor Novogradac projects that this will lead to **up to 26,400** *additional* affordable units built in Pennsylvania over the next decade, about **11,600** of which could land in Southeastern PA if historical patterns hold
- However, the ultimate impact of these expanded credits will also depend on availability of complementary HUD funding (e.g., public housing, vouchers) and private/philanthropic capital, and a host of other market and policy factors

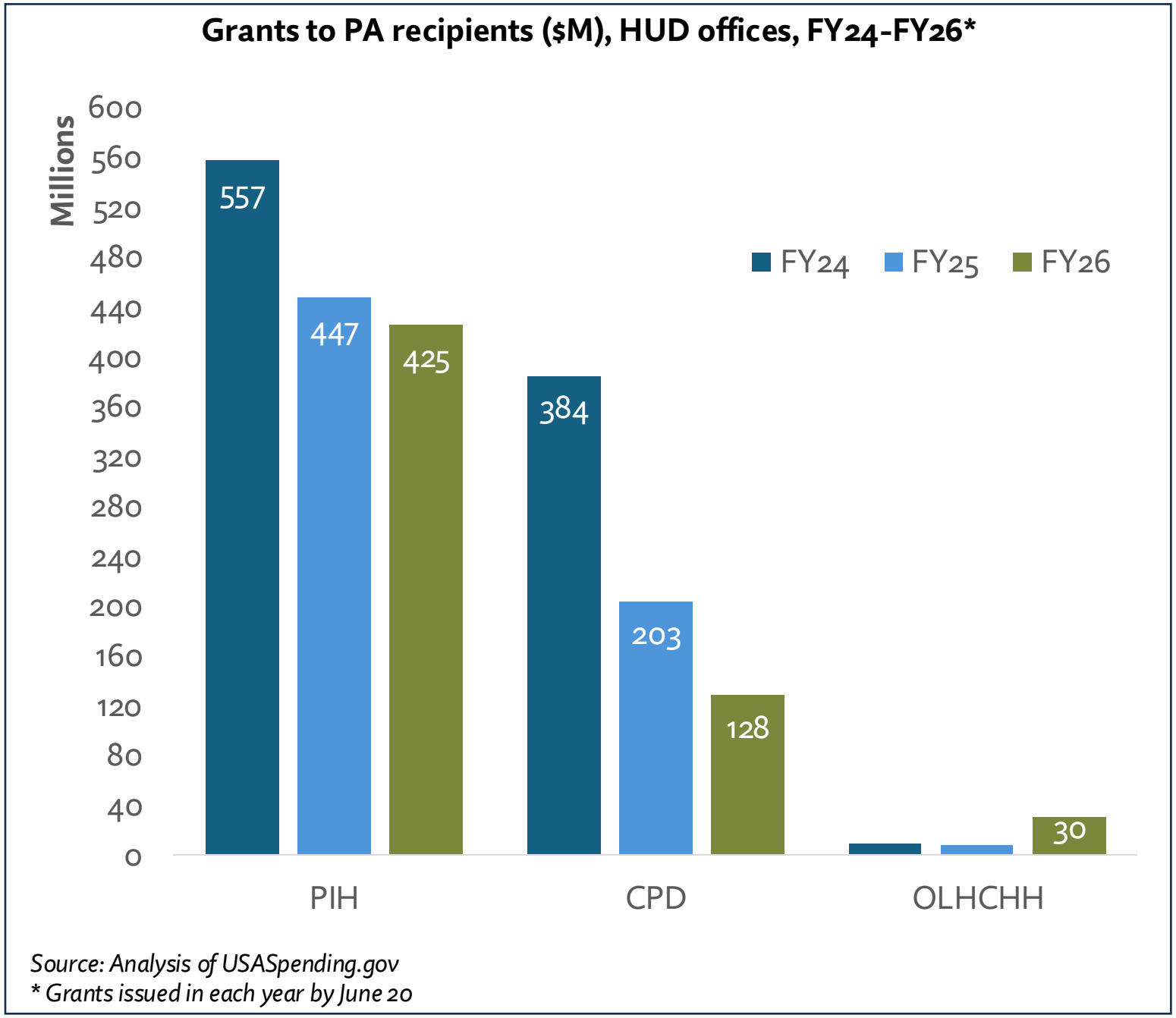
Source: Analysis of HUD LIHTC and Novogradac data

LIHTC units allocated by PA region, 2015-24, and projected impact of H.R. 1, 2025-34



Federal housing grants to PA show signs of slowing

- While DOGE layoffs and administration-proposed budget cuts have targeted HUD, Congressional action has preserved most funding for vouchers, public housing, and community development
- However, staffing challenges and grant actions by the Trump administration have slowed distribution of HUD dollars to PA recipients
- Grants from the offices of Public and Indian Housing and Community Planning and Development, which comprise most of HUD's funding, are down this year from their levels in both FY24 and FY25
- PA has received more funding this year from the Office of Lead Hazard Control and Healthy Homes, but not enough to make up for looming shortfalls in other areas

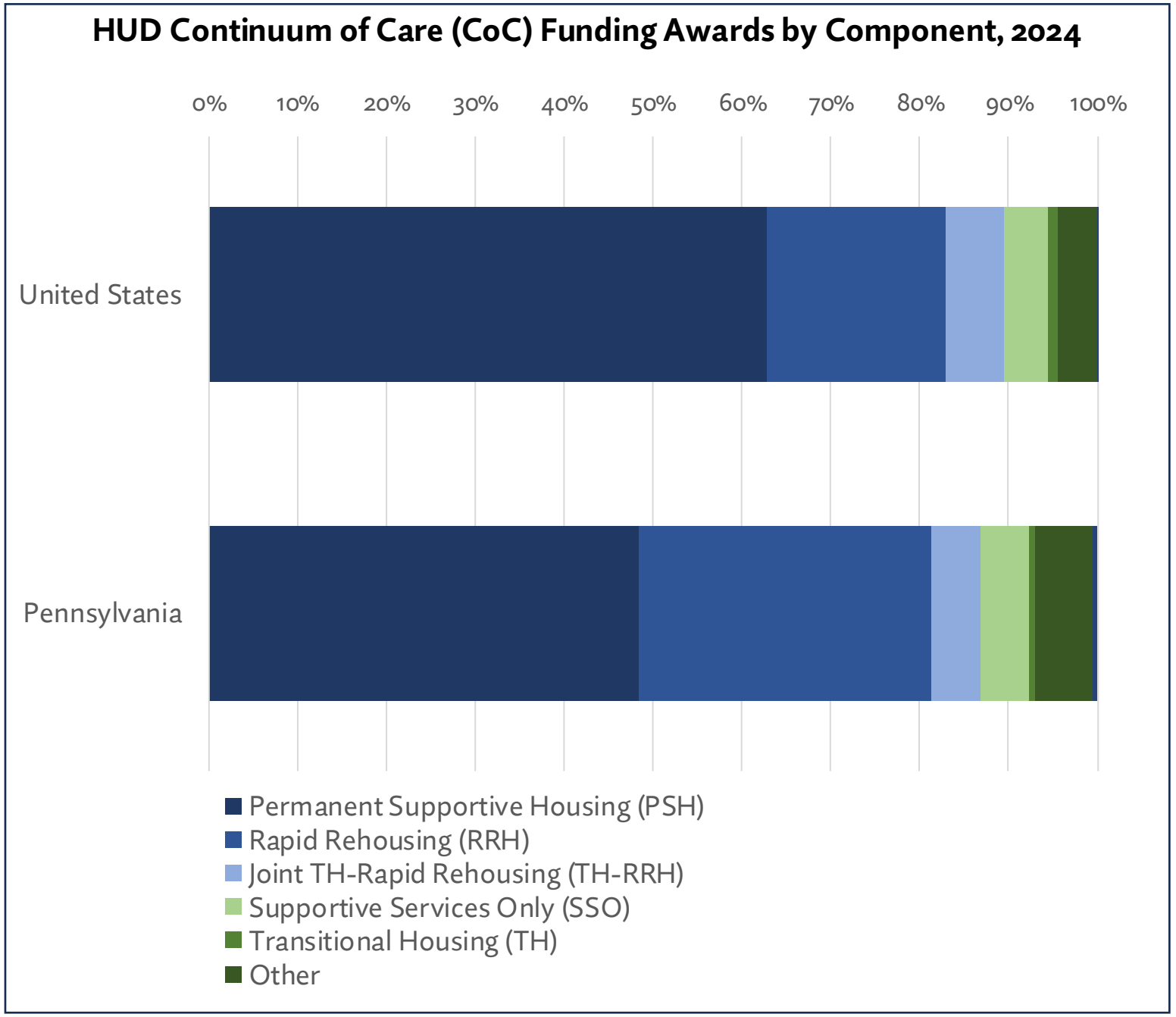


Source: Analysis of USASpending.gov
** Grants issued in each year by June 20*

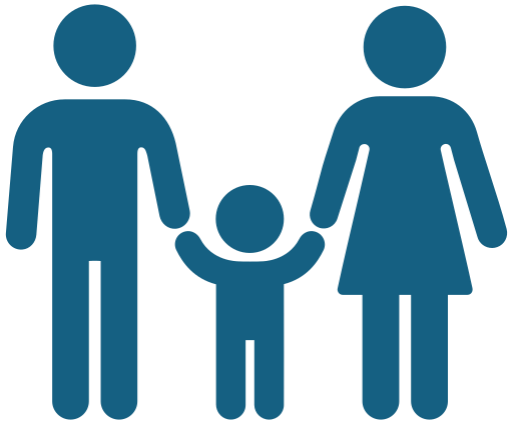
The Trump administration is seeking to overhaul anti-homelessness funding

- The administration does not support "Housing First" approaches to preventing and alleviating homelessness, preferring transitional housing tied to treatment and work requirements.
- Most grants made through HUD's Continuum of Care (CoC) program—including to groups in PA—support evidence-based rapid rehousing and permanent supportive housing
- In June 2026, HUD issued a $4B CoC Notice of Funding Opportunity that would cap Housing First approaches to **60%** of dollars, down from nearly **90%** of awards in previous years. This could strip housing assistance from tens of thousands of formerly homeless people.
- 23 states (including PA) have sued HUD over this new NOFO, but providers awaiting final ruling face planning challenges now.

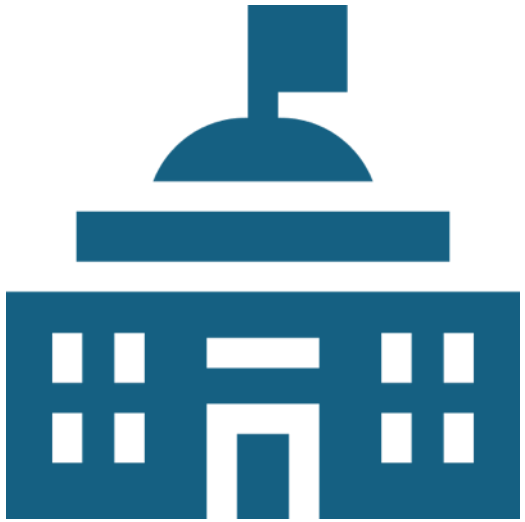
Source: HUD, Center on Budget and Policy Priorities



These cuts will have wider community impacts



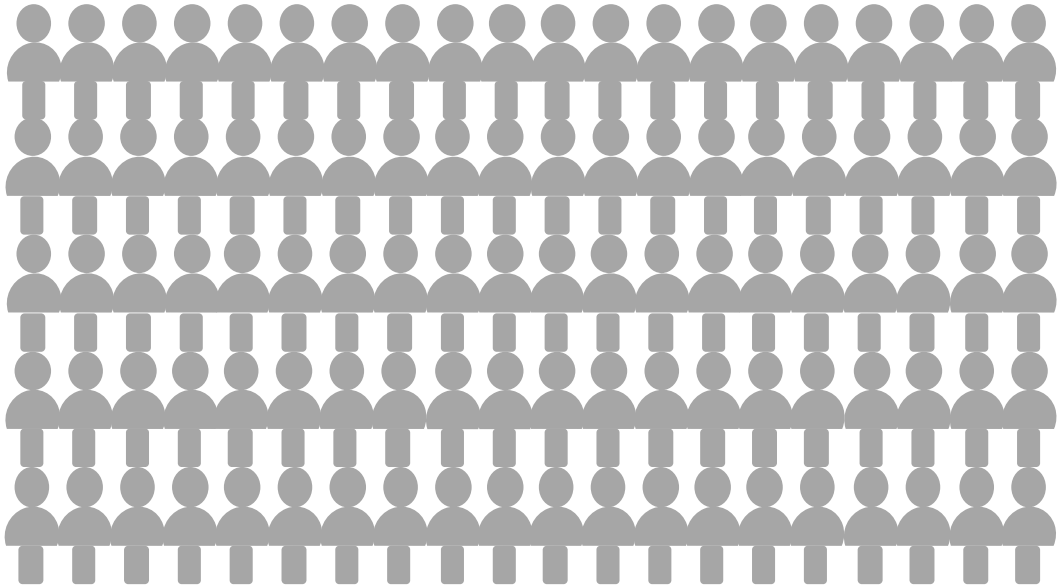
Vulnerable individuals, families, and households



Local governments and taxpayers

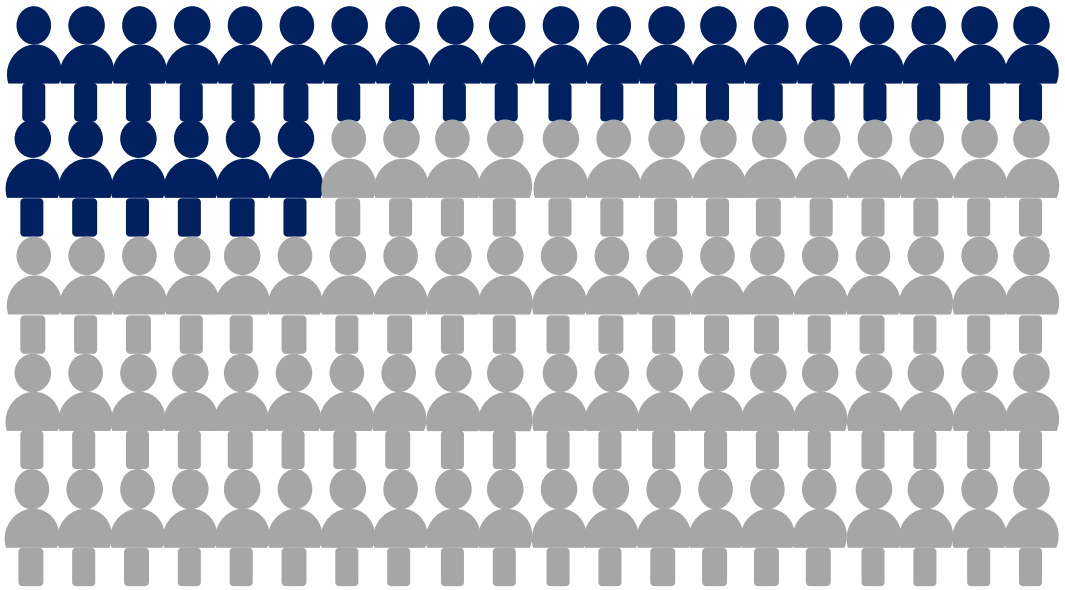
Providers: hospitals, clinics, grocery stores, food banks

The needs of vulnerable communities overlap



13,000,000 people
in Pennsylvania

The needs of vulnerable communities overlap

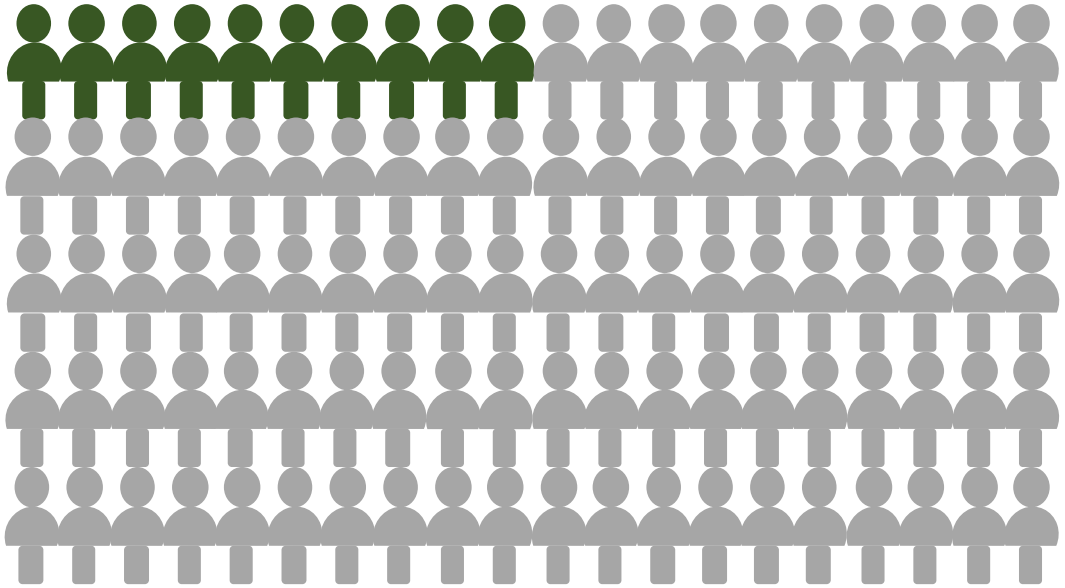


25%
receive Medicaid/SCHIP

3,250,000 people
in Pennsylvania*

** Based on estimates from U.S. Census Bureau, "Who is Receiving Social Safety Net Benefits?" (2024)*

The needs of vulnerable communities overlap



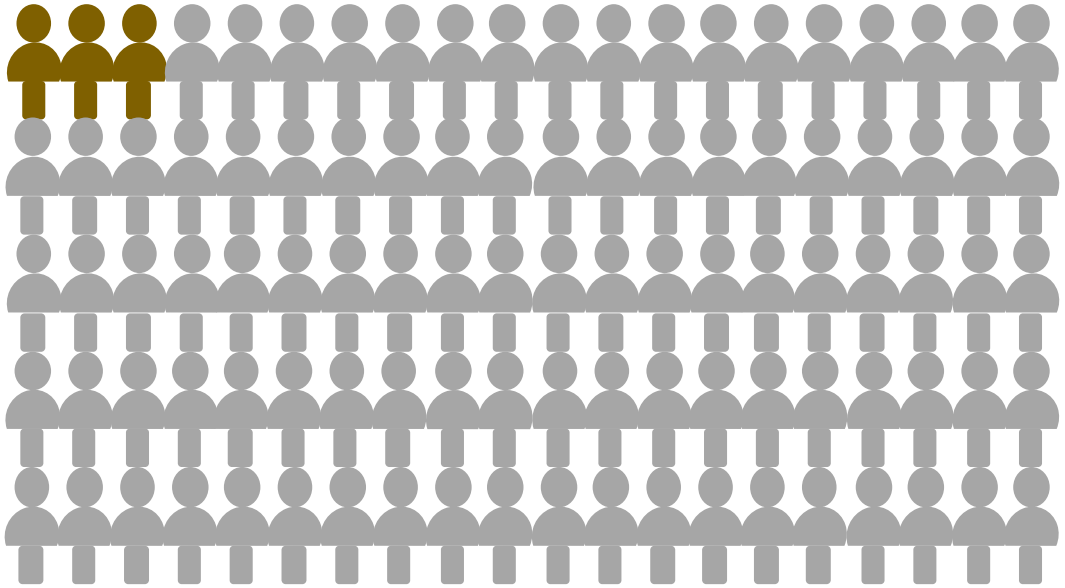
1,300,000 people
in Pennsylvania*

25%
receive Medicaid/SCHIP

↳ 40% of them
also receive SNAP

** Based on estimates from U.S. Census Bureau, "Who is Receiving Social Safety Net Benefits?" (2024)*

The needs of vulnerable communities overlap



286,000 people
in Pennsylvania*

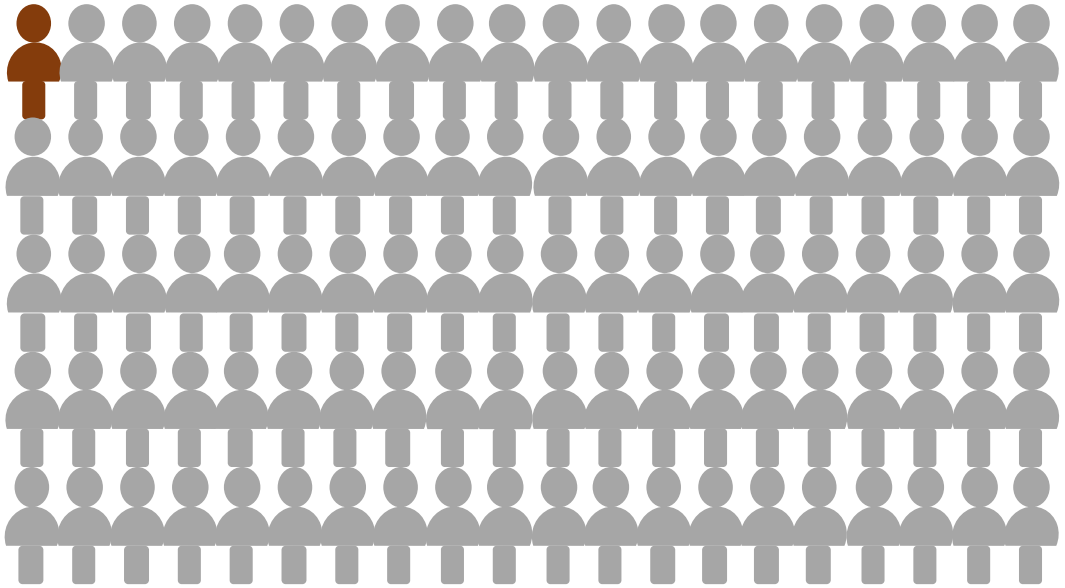
25%
receive Medicaid/SCHIP

↳ 40% of them
also receive SNAP

↳ 22% of them
also receive rental subsidies

** Based on estimates from U.S. Census Bureau, "Who is Receiving Social Safety Net Benefits?" (2024)*

The needs of vulnerable communities overlap



97,000 people
in Pennsylvania*

25%
receive Medicaid/SCHIP

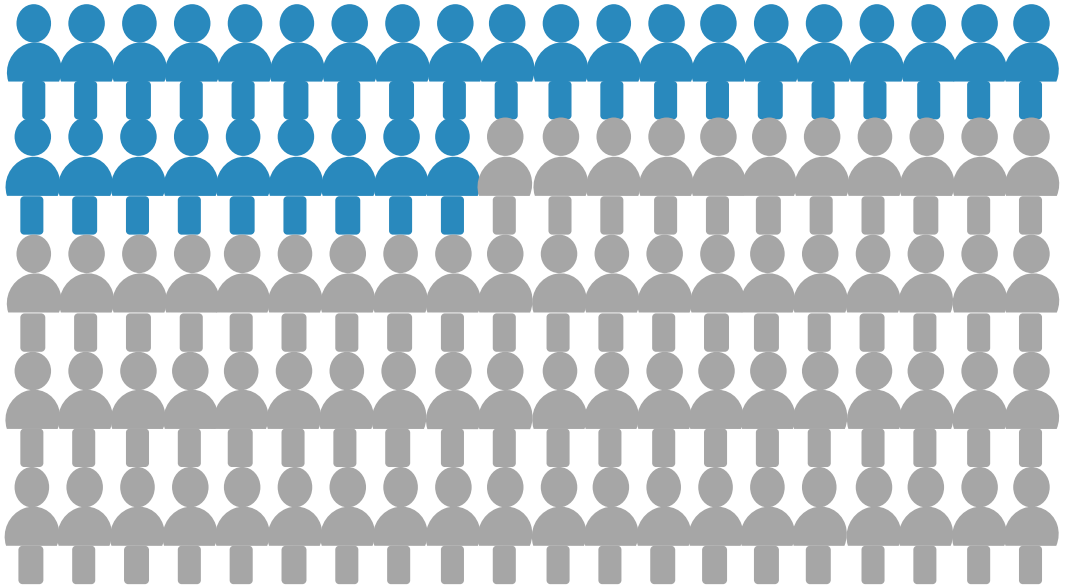
40% of them
also receive SNAP

22% of them
also receive rental subsidies

34% of them
also receive energy assistance

** Based on estimates from U.S. Census Bureau, "Who is Receiving Social Safety Net Benefits?" (2024)*

The needs of vulnerable communities overlap



3,800,000 people
in Pennsylvania*

29%
receive Medicaid/SCHIP

OR
receive SNAP

OR
receive rental subsidies

OR
receive energy assistance

** Based on estimates from U.S. Census Bureau, "Who is Receiving Social Safety Net Benefits?" (2024)*

Front-line providers affirm the challenges

- ***Interconnected systems*** mean that cuts in one area (e.g., nutrition, health, housing, childcare) create downstream pressure in others
- ***Administrative complexity*** in the form of increased paperwork, more frequent recertification, unclear exemptions, and fragmented systems, is already causing eligible people to lose access to benefits
- ***Misleading fraud narratives*** obscure the most important sources of error: burdensome documentation and procedural requirements to access/retain benefits
- ***Fragile non-profit providers*** may absorb increased unmet need while losing federal revenue and other supports

Source: TPF interviews with Southwestern PA providers, Summer 2026

Outline

National context: Why the moment matters

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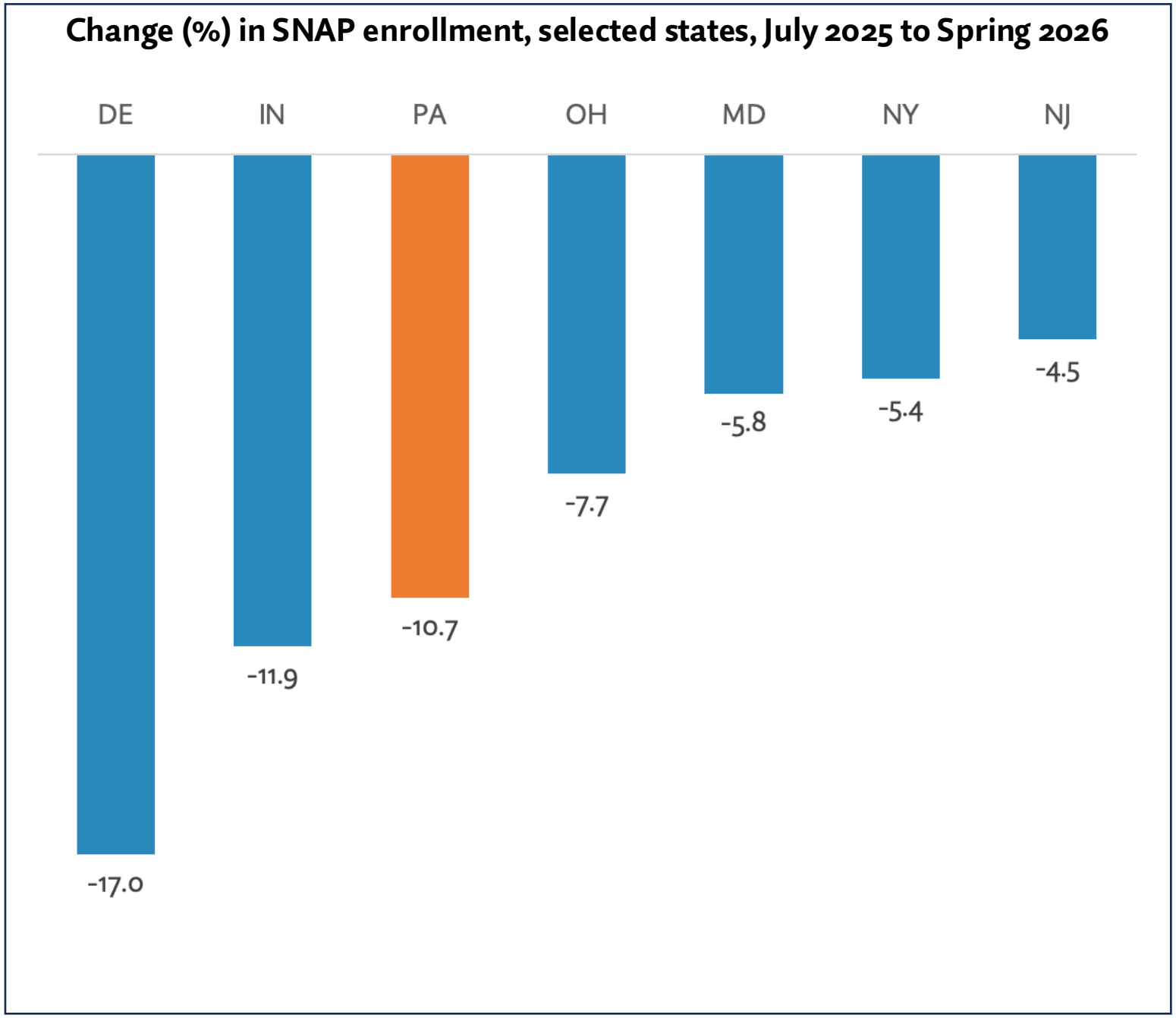
Call to Action: How stakeholders can respond

Enrollment in SNAP has already declined

- SNAP participation nationwide is down more than **4.9 million** people over the past year.
- These declines likely reflect the impacts of state actions to reduce payment error rates ahead of cost-sharing implementation. Notably, error rates **do not** include benefits denied to eligible participants.
- These actions include requiring more frequent verification of income and expenses, which can make it difficult for households to access SNAP. HR1 also cut federal contributions to state administrative costs, which could add to application delays.
- The number of people receiving SNAP in PA declined by **210,000** over the past year, the equivalent of **$454M** in foregone benefits per year. The 11% drop was higher than in most neighboring states.

Source: Center on Budget and Policy Priorities. PA data thru June 2026, MD and OH thru May 2026, others thru Apr 2026.



Philanthropy cannot replace federal spending

$2.0 trillion

Combined assets of all U.S. private and community foundations

$7.5 trillion

Federal expenditures, 2025

Liquidating all foundation assets would cover about one-quarter of federal spending for one year

Source: FRED (Federal Reserve Bank of St. Louis), Council on Foundations

State/local policymakers can mitigate impacts on vulnerable families and communities

Replace lost federal funding

- Provide health insurance access for individuals who lose Medicaid or ACA coverage
- Cover increased share of SNAP administrative costs

Use state discretion on implementation

- Connect state data systems to facilitate re-enrollment in Medicaid and SNAP
- Make policy and implementation choices that minimize burden and reduce coverage loss

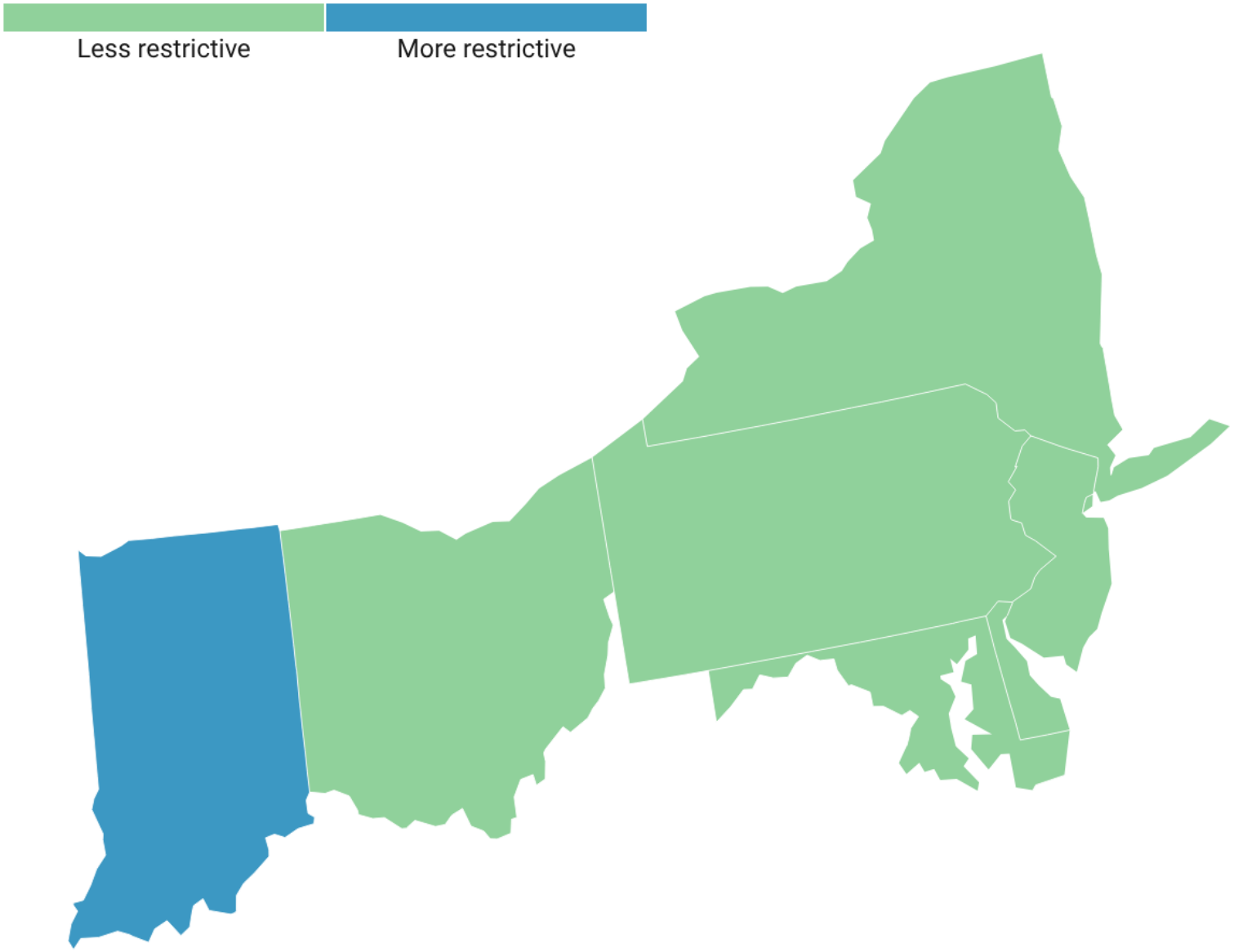
Strengthen local safety nets

- Increase support for food banks, free health clinics
- Investigate Moving to Work (MTW) option for PHAs provided by new housing bill

Advocate for federal changes

- Partner with federal delegation to support rollback of HR 1 cuts, oppose punitive rules, protect critical safety net appropriations

How Pennsylvania's neighboring states are responding to H.R. 1



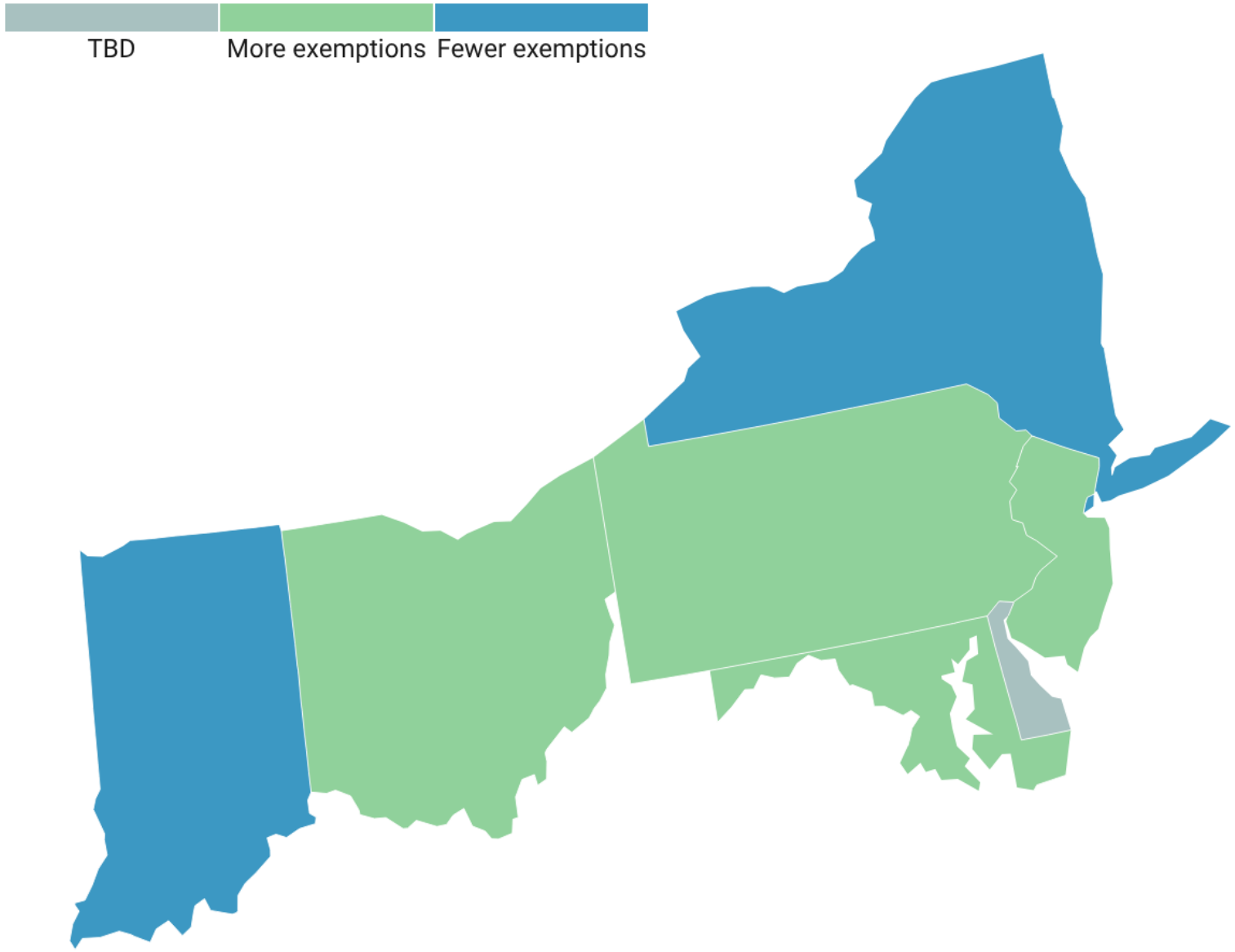
Medicaid eligibility verification

What it is: States can choose how often to verify compliance with Medicaid work requirements, including how far to "look back" for work at initial application and renewal.

What it shows: Indiana has chosen more restrictive options than other states.

Source: Kaiser Family Foundation

How Pennsylvania's neighboring states are responding to H.R. 1



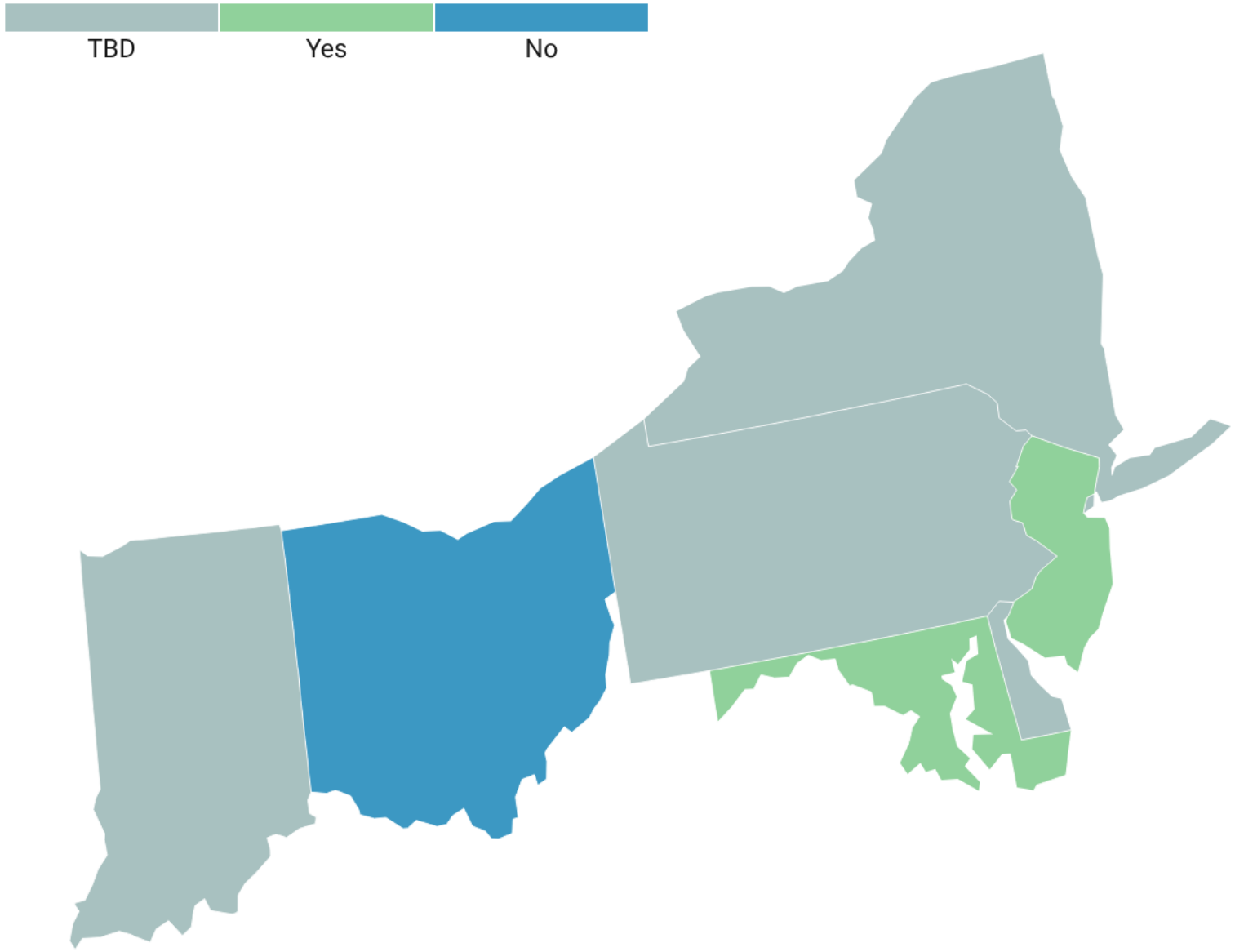
Medicaid hardship exemptions

What it is: States can choose to exempt some applicants from work requirements, such as those living in high-unemployment areas and those receiving in-patient care or traveling for medical treatment.

What it shows: Indiana elected none of these exemptions, New York elected some, and others elected all of them.

Source: Kaiser Family Foundation

How Pennsylvania's neighboring states are responding to H.R. 1



Plans to increase administrative capacity

What it is: Work requirements will increase administrative burdens for staff, and states are considering whether and how to compensate.

What it shows: Maryland and New Jersey have indicated plans to increase administrative capacity; Ohio says it will not; and other states in the region are still considering.

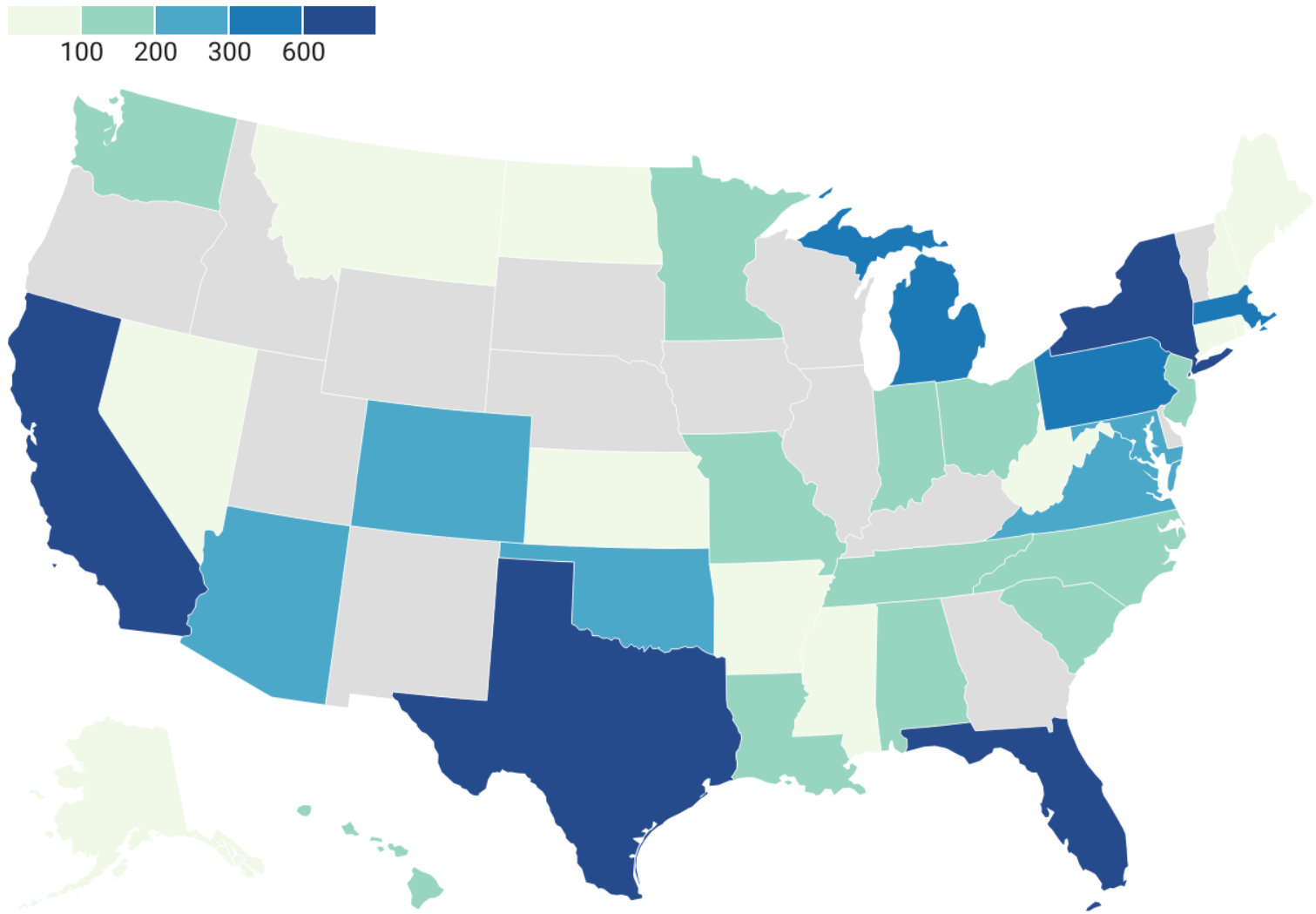
Source: Kaiser Family Foundation

State policy opportunity

Urge federal lawmakers to delay SNAP cost share

- HR 1 obligates states to pay a share of the cost of SNAP benefits starting next October, based on their SNAP payment error rates in FY25/26
- If PA's FY25 payment error rate (9.2%) holds, the Commonwealth would have to pay an estimated **$410M** in SNAP benefit costs annually, the fifth-highest total in the country
- States including PA are still adapting their systems and procedures to other HR 1 SNAP changes, and working to ensure that eligible families receive benefits
- State lawmakers can urge their federal counterparts to **delay implementation of these cost-sharing requirements** through this year's farm bill, giving states more time to strengthen program operations and improve payment accuracy

Estimated FY28 SNAP cost shift based on FY25 error rates, by state ($M)

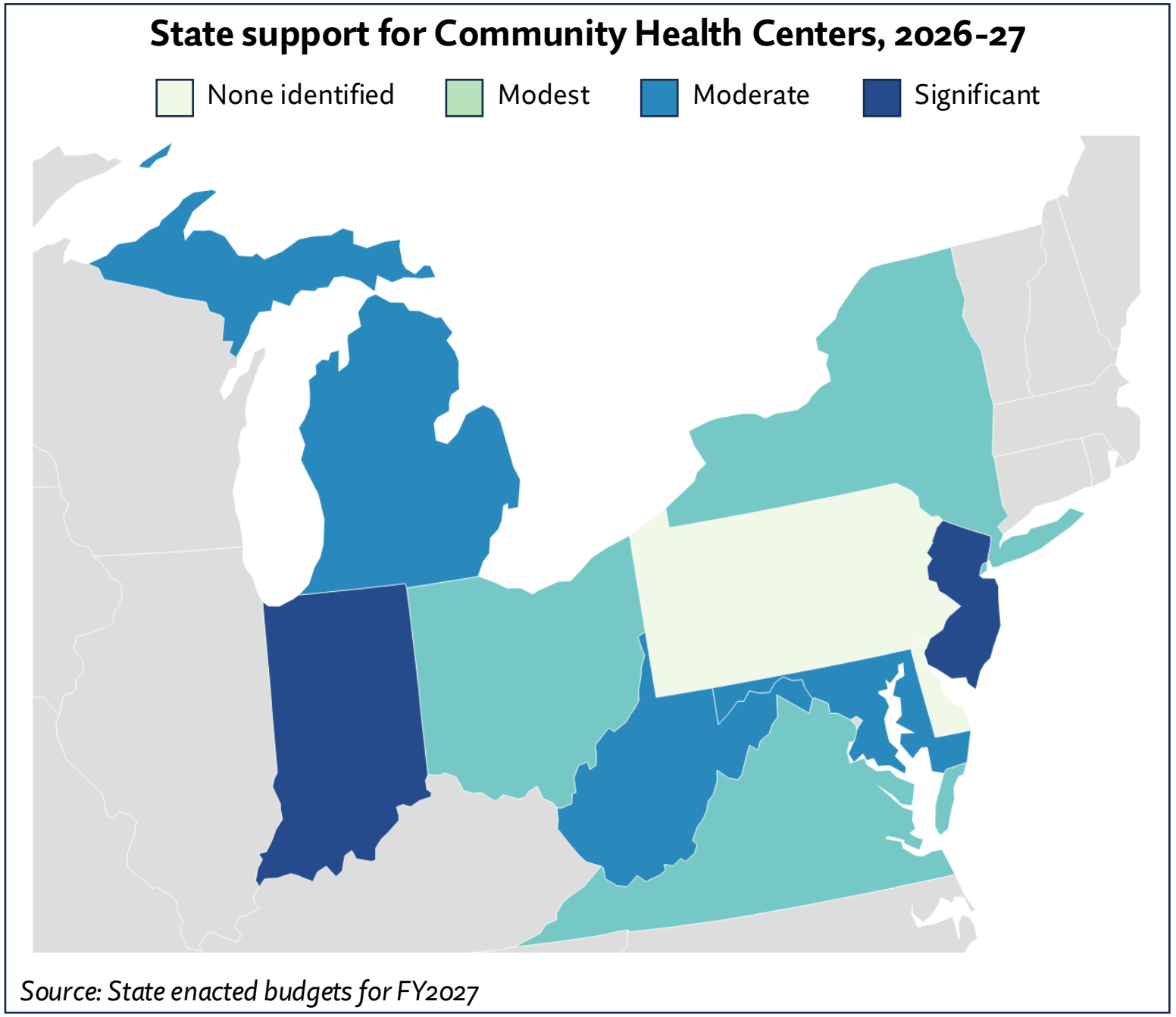


Source: USDA

State policy opportunity

Provide dedicated state funding to community health centers

- HR1 cuts in Medicaid eligibility and state options for financing Medicaid will increase demands on Community Health Centers (CHCs) while squeezing reimbursement
- Research shows that CHCs positively impact patients and yield cost savings by reducing their need for other healthcare services
- Most states offer **some form of direct support to CHCs** (beyond Medicaid reimbursement) to strengthen their operations and effectiveness
- PA would join most of its neighboring states by including this in a future budget. It could also extend eligibility for Tobacco Settlement Funds for healthcare access (Act 77) to include CHCs



State policy opportunity

Increase/target PA's Affordable Housing Tax Credit

- HR 1 lowered the bond-financing requirement for 4% Low Income Housing Tax Credits (LIHTCs) from 50% to 25%, releasing more federal credits to finance affordable projects
- Many states, including PA, offer their own state versions of the LIHTC to help leverage federal credits and close financing gaps
- PA has one of the smaller state LIHTCs, capped at $10 million annually, or roughly **$0.77 per resident**. Ohio's credit is much larger, at roughly $8.40 per resident
- State lawmakers can **expand the Affordable Housing Tax Credit**, and target it to unlock more 4% LIHTC/bond-financed projects to better leverage federal funds