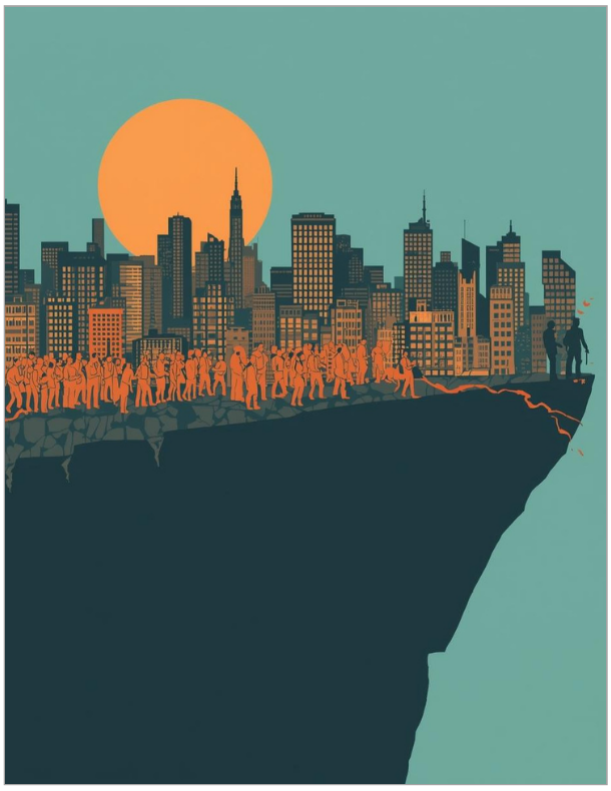
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Report - December 2025

NYC’s Safety Net on the Brink

This report finds that the federal actions taken over the past year—from the massive cuts in the One Big Beautiful Bill Act to an array of executive orders—present the biggest threat in a generation to NYC's social service nonprofits and the millions of New Yorkers who rely on them.

by Theresa Agovino and Dorian Block

The recent reopening of the federal government means that at least some of the most draconian budget cuts enacted during the shutdown—including the termination of SNAP benefits for 1.8 million New Yorkers—will be avoided for now. But an even bigger storm is coming for New York City’s safety net services.

The barrage of federal actions taken over the past 11 months—from massive cuts in the One Big Beautiful Bill Act (OBBBA) passed this July to an array of executive orders—presents the biggest threat in a generation to the financial solvency of the city’s social services organizations and the millions of New Yorkers in need who rely on them. As this report details, the impacts from these federal actions on nonprofits and the vulnerable New Yorkers they serve are almost certain to deal waves of damage to New York, as they roll out over the next two years. They have the potential to devastate the city’s social safety net and create financial calamity for scores of nonprofits—all at a time when the demand for services, from emergency food assistance to mental health counseling and supportive housing, is already at a peak.

“I’m more worried about the nonprofit sector than I’ve ever been,” says Phoebe Boyer, president and CEO of Children’s Aid.

Our research reveals that many New York-based nonprofits have already experienced significant impacts—including funding cuts driven by the Department of Government Efficiency (DOGE) and directives from the White House, often with no notice. In recent months, organizations have had to eliminate or scale back programs, lay off staff, and jeopardize services for New Yorkers in need. For example:

- Food Bank for New York City has received 10 million pounds fewer of food this year—the equivalent of about 8.3 million meals—from the U.S. Department of Agriculture (USDA) even as it continues to grapple with a 90 percent

increase in the number of New Yorkers visiting pantries since 2019.

- New York Common Pantry, which feeds about 150,000 New Yorkers a year, lost a $1.9 million grant from the USDA that provided about 1.5 million meals a year. It also lost a $1.1 million grant for a program that provided funding for educators and dietitians to teach people to prepare healthy food.
- Children's Aid has eliminated a program that delivered weekly bags of food to about 1,000 people in four neighborhoods with high food insecurity, due to the loss of a $1 million grant provided by the USDA.
- Planned Parenthood of Greater New York lost $20 million in Medicaid funding after a federal court ruling in September 2025 allowed the government to halt reimbursements for healthcare offered by the organization.
- Chinese-American Planning Council lost a $300,000 grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) that provided salaries for two social workers who support 1,100 Chinese-American New Yorkers annually.
- SAGE, which serves LGBTQ older adults, has experienced a $3 million decrease in funding—14 percent of its total budget—from federal budget cuts and the loss of corporate sponsors who are now concerned about the appearance of supporting an LGBTQ-serving organization.
- The Children's Village experienced a $473,500 cut in federal funding, a shortfall that has left the organization struggling to pay for 16 transitional apartments for young people aging out of foster care.

Far worse impacts lie ahead. The OBBBA, signed into law by President Trump in July, is intentionally structured so that the most severe budget cuts take effect in 2027. Left unaddressed, this will result in billions in cuts to human services organizations across the city. Indeed, our survey of 21 nonprofits in the city—a tiny fraction of the total—finds that these organizations receive, on average, 29 percent of their funding from the federal government ($678 million out of $2.3 billion in total).[1] For example:

- Food Bank for New York City receives roughly $100 million in funds and food from the federal government, 50 percent of its total budget.
- Chinese-American Planning Council receives $224 million from the federal government (including Medicaid reimbursement), approximately 82 percent of its budget.
- At University Settlement, more than $12 million—or 22 percent of its budget—comes from federal sources.
- Public Health Solutions receives approximately $60 million in direct federal grants, 21 percent of its total budget. Even more federal funds pass through the city and state.

Although it's still unclear exactly how the OBBBA cuts will play out in the coming months and years, the organizations we interviewed say it is highly likely they will lose grants, contracts, and fees-for-service ranging from a few hundred thousand dollars to several million dollars. The following are a handful of examples of how New York-based nonprofits believe they will be affected:

- At least 46 New York City nonprofits that provide supportive housing for people with mental illness or a history of substance abuse receive money through HUD's Continuum of Care program, which is expected to lose the majority of its funding. HUD officials have acknowledged[2] that two-thirds of the funding for this permanent housing program will end January 1 and be shifted to temporary housing. City nonprofits that expect to be impacted include:
    - WIN fears that it will lose a $3.3 million grant which pays for housing and supportive services for 188 families.
    - Jericho Project worries that it could lose more than $5.5 million which pays for both supportive housing for veterans, older adults, and others with disabilities, and rapid rehousing for people who are experiencing homelessness.

    - Columba Kavanagh House fears it will lose $450,000 that pays for six case managers and building operations at three sites in Upper Manhattan which house 260 people and cannot remain operational without this staff.

- Public Health Solutions fears that it will lose a portion of the $1.5 million in federal funding it receives to run a program that allows it to care for pregnant women and their children in Jamaica and Far Rockaway, areas with very high infant mortality rates. The funding comes from the federal Healthy Start program run by the Maternal and Child Health Bureau within the Health Resources and Services Administration.
- Sunnyside Community Services worries it will be unable to maintain the home care it provides annually to 600 older adults and people with disabilities because the organization receives 91 percent of its funding through Medicaid reimbursement.
- The Chinese-American Planning Council's home care subsidiary, which serves 3,000 people, is similarly at risk because 95 percent of the program is funded by Medicaid reimbursement.
- Green City Force postponed a job training program for 60 people which was slated to start in October 2025, fearing it may lose $750,000 in federal funding in the next fiscal year.
- Project Renewal, which operates 21 shelters and permanent housing sites that serve homeless adults, believes it may lose a $310,000 grant from the Centers for Disease Control and Prevention to train occupational therapists and provide peer counseling for people in recovery from addictions.

Lisa David, the president and CEO of Public Health Solutions, hopes that state government will be able to make up some of the funding gaps left by federal budget cuts. But realistically, she fears that the federal cuts will be so massive—especially to Medicaid—that organizations like hers will ultimately need to make painful cuts that impact their ability to deliver services and retain staff.

"The state is looking at pretty big deficits moving forward. They may be okay this year, but the cuts get bigger going forward. I don't imagine the state can pick up everything getting cut by the feds," says David. "There definitely have to be some cutbacks on all our core programs. That's absolutely horrible for my staff and it's atrocious for the city and state, but particularly the city because we have the majority of the Medicaid population in New York City."

Many other nonprofit leaders agree the federal actions related to Medicaid will result in a catastrophic financial hit. Indeed, onerous new eligibility requirements for Medicaid imposed by the OBBBA are expected to cause 1.2 million New Yorkers across the state to lose health insurance coverage. But the impacts won't just be felt by the uninsured. Many nonprofits providing healthcare services are primarily funded through Medicaid, and so as the clients they serve are disenrolled from Medicaid, the nonprofits will see massive reductions in the reimbursements they receive.

"It sure feels different this time," says an executive at a nonprofit that operates as a federally qualified health center, with a mission of providing healthcare for the underserved. "Before the OBBB, there was a sense among a lot of old timers in the nonprofit world that we've seen this before, that they always come after Medicaid, and then eventually because it's a national program that benefits red states as well, Medicaid eventually would be restored. That was not the case this time. These restrictions, while not cutting Medicaid per se, are going to have real consequences in who is being served in the program, and real costs for us."

Budget cuts are far from the only serious impacts that human services nonprofits in New York are experiencing this year as a result of federal actions. For example, the fear and anxiety created by anti-immigrant rhetoric and ICE raids have pushed thousands of immigrant New Yorkers to stop seeking shelter, attending English and job-training classes, and sending their children to daycare. For example:

- Opportunities for a Better Tomorrow reported that enrollment at its English for Speakers of Other Languages (ESOL)

classes has declined by about 40 percent since the fall of 2024.

- Chinese-American Planning Council reports that attendance at its daycare, senior centers, and English classes has declined by 15 percent since January.
- Lutheran Social Services of New York says attendance at its daycare centers has fallen 12 percent.

How Should New York City Respond?

The federal government's unprecedented attacks on safety net programs will require a powerful response from city and state leaders.

Where possible, city and state leaders should look to provide financial support to ensure the continuation of critical programs and to help shore up the finances of nonprofits that are experiencing massive budget deficits. Among other mitigation steps, policymakers should act now to establish a Nonprofit Stabilization Fund that puts aside money this fiscal year to support organizations that become financially vulnerable in the next two years—when nonprofits are likely to incur the greatest damage from federal cuts.

While funding help is critical, it's alarmingly apparent that city and state leaders will not be able to close the massive gap in federal funding facing nonprofits in 2027 and beyond. But there are steps that city and state leaders should take that do not require multibillion dollar outlays, while providing meaningful financial relief for New York-based nonprofits. To begin with, city leaders should take aggressive steps to reduce the unnecessary administrative burdens government imposes on nonprofits. Right now, the complex and often duplicative administrative requirements in the contracting and reporting process force nonprofits to hire extra staff and incur millions of dollars in costs each year. City leaders should also—finally—pay nonprofits on time. The city's notorious delays in paying nonprofit for contracts already fulfilled regularly forces nonprofits to take out bridge loans that cost them thousands and sometimes millions of dollars in interest payments. The city currently owes more than $1 billion in unpaid invoices[3] going back to 2022.

Our recommendations include:

1. Establish a New York City Nonprofit Stabilization Fund.

2. Help nonprofits reap millions of dollars in savings by reducing unnecessary burdens in the contracting process.

3. Launch a citywide "Keep New Yorkers Covered" benefits access initiative to prevent a looming disenrollment crisis.

4. Convene top city leaders and the human services sector to engage in contingency planning.

5. Pay nonprofits within the required contract period and pay any unpaid invoices older than a year.

6. Mobilize pro bono legal, security, and financial planning services to help nonprofits impacted by federal policies.

7. Establish a Federal Risk and Response Unit within the Office of Management and Budget.

Read the full list of recommendations here.

PART 1: NEW YORK CITY NONPROFITS AND HUNDREDS OF THOUSANDS OF NEW YORKERS HAVE ALREADY BEEN AFFECTED BY TRUMP POLICIES AND BUDGET CUTS

This report, researched and written by the Center for an Urban Future (CUF) and made possible with a grant from Trinity Church NYC, is informed by interviews with leaders of more than 40 New York City-based human services nonprofit organizations. Researched across the summer and fall of 2025, this report aims to understand how the city's nonprofit sector has already been impacted by federal policies and budget cuts, and to illustrate what additional impacts are expected in 2026 and 2027. Twenty-one of those organizations provided the total share of their budget that flows from federal sources. Many additional organizations asked to remain anonymous or declined to have on-the-record conversations out of fear of drawing attention to themselves in an unpredictable, potentially retributive environment.

Our research finds that while the Trump administration's cuts to social service nonprofits have barely begun, they have already done significant damage to New York City's social safety net. Funding cuts have ended the provision of thousands of meals to the city's most vulnerable residents amid unprecedented levels of food insecurity. The Department of Government Efficiency slashed programs that fund organizations providing services to immigrants and LGBTQ+ individuals, and dismantled AmeriCorps, a federal agency which paid the salaries of more than 1,200 workers at nonprofits and in government across New York. Proven programs that provided education on nutrition to low-income public school students—and lowered long-term health care costs—have been shuttered. Young adults aging out of foster care were not offered previously available housing. One thousand older LGBTQ+ adults lost access to a program addressing severe social isolation.

While the greatest cuts won't be felt until 2027—President Trump and Congressional leaders deliberately delayed the worst of the pain until after the 2026 Midterm elections—our research reveals that nonprofit organizations in New York are already experiencing painful cuts in several areas: food and nutrition programs, supportive housing, immigrant services, and services to specific groups targeted by the Trump administration's campaigns to eliminate DEI initiatives and sharply reduce immigration. The following provides a closer look at areas where New York nonprofits have already experienced major impacts from federal actions:

Food assistance and nutritional programs

The decrease in funding for food pantries is especially devastating. Hunger in New York State is at its highest level in five years, according to the New York Health Foundation. As testament to this, the city's food pantries and soup kitchens have seen a 90 percent increase in visits over the past five years. And this was before the government shutdown drove a surge in food insecurity.

While the need for food assistance is at record levels, the Trump administration has made enormous cuts to USDA programs that paid for meals at food pantries and schools across the city. This includes a $1 billion reduction in federal funding for the Local Food Purchase Assistance and Local Food for Schools programs under the Commodities Credit Corporation, which enabled food banks and schools to purchase fresh food from local farms. The USDA also ended the Supplemental Nutrition Assistance Program-Education (SNAP-Ed) program, which funded nutrition education for people who rely on food assistance.

Nationally, the USDA has delivered about 94 million pounds less of food so far, impacting hungry people, farmers, and nonprofits.[4]

New York City has likely felt the impact of these cuts more than anywhere else in the nation. The city received at least 10 million fewer pounds of food than expected, equivalent to 8.3 million meals, according to an estimate from Leslie Gordon, president and CEO of the Food Bank for New York City. Gordon says that this has sharply reduced the amount of food they are able to distribute to the 800 soup kitchens and pantries it supplies.

Other emergency food assistance organizations have experienced similar cuts. Earlier this year, the New York Common

Pantry, which feeds approximately 150,000 New Yorkers annually, lost a $1.9 million grant from the USDA that provided around 1.5 million meals annually. Children's Aid was forced to eliminate a program that delivered weekly bags of food to about 1,000 people in four neighborhoods with high food insecurity, following the loss of $1 million in funds from the USDA.

"This is a serious, serious cut to a major source of fresh food, and then we have SNAP cuts and the increasing cost of living," says Gordon of the Food Bank for New York City. "It's an awful, awful situation."

These enormous cuts are already making it difficult for nonprofits to meet the growing need for food assistance, but Gordon and others fear that the unmet need will soon accelerate to highly dangerous levels in the coming years when an estimated 300,000 city residents are expected to lose SNAP benefits due to provisions in the OBBBA that reduce eligibility, increase barriers to enrollment, and pass costs off to the state.

"It is going to be a maelstrom," says Stephen Grimaldi, executive director of the New York Common Pantry. "There are going to be more SNAP cuts. Some people aren't going to be eligible anymore, and they're going to need more food, and I'm not going to have the food to give them."

New York-based organizations providing food assistance have also had to scale back or eliminate nutrition education programs that had been funded by the SNAP-Ed, which was cut by $530 million nationally. These SNAP-Ed cuts prompted the Food Bank for New York City to cancel a 30-year-old program called CookShop which brought healthy food education and food into 500 classrooms with high levels of poverty. Similarly, the NY Common Pantry has ended a program which helped teach people how to prepare healthy food because its $1.1 million grant was cut. And BronxWorks lost nearly $1 million in funding, which would have paid for running 245 educational sessions to teach people who are eligible for SNAP how to prepare and cook nutritious meals on a limited budget, and for improving access to healthy food at community gardens, farmers markets, schools, bodegas, and supermarkets.

Some organizations have also suffered cuts to food assistance programs funded by other federal agencies. For example, the Campaign to End Hunger has had to cut back on the produce it offers after losing a portion of a $1.3 million grant earmarked for feeding migrants, after the Federal Emergency Management Agency (FEMA), sent a letter to the nonprofit, saying the grants that either provide or have the potential to support "illegal aliens" no longer "effectuate the agency's current priorities." The organization feeds 13,000 people a week.

Nonprofit leaders argue that all these cuts are short-sighted due to their negative impact on the city's economy and the health of its residents. Reduced spending on food means grocery stores will lose revenue and may have to cut staff. Teaching people about the connection between diet and health while providing nutritious foods has prevented or eliminated chronic conditions like diabetes and reduced healthcare costs. Fed children also do better in school.

Immigrant-serving organizations

Nonprofit organizations that support or provide services to undocumented immigrants have operated under threat since the Trump administration's first term, but the financial sting of policies, rhetoric, and funding cuts have reached a new level in 2025. In February, FEMA seized $80 million from New York City's bank account in funds previously disbursed for shelter of undocumented immigrants, and then in April the Trump administration canceled an additional $188 million in FEMA grants to New York which were meant to reimburse the city for sheltering migrants.[5] President Trump also canceled federal funding for legal services for unaccompanied migrant minors. In addition, Congress has been pressuring immigrant-focused nonprofits by investigating whether some are using federal dollars to aid undocumented individuals.

All this hasn't just resulted in less funding for New York-based nonprofits to serve immigrants; it's also forced many

organizations to take on new expenses for legal fees and other unexpected costs. The Chinese-American Planning Council has spent $250,000 in legal fees this year to defend itself against congressional assertions that it is teaching clients to avoid ICE.

Organizations say that they have spent large sums installing double doors at locations to prevent ICE agents from entering facilities while staff members check for warrants and train staff on how to interact with ICE agents.

Across many nonprofit organizations, foreign-born clients have stopped coming in for services, a clear response to the Trump administration's tactics. Indeed, nonprofit executives say that many immigrant New Yorkers—despite their growing needs—are staying home because they fear a possible ICE raid, even if they have necessary documentation.

Leaders at Opportunities for a Better Tomorrow, a Sunset Park-based nonprofit, reported that attendance at the organization's English classes has declined by approximately 40 percent, or 320 people, since the start of the year. Likewise, the Chinese-American Planning Council reported that attendance at its English classes, as well as its daycare and senior centers, has declined by 15 percent since January. And Lutheran Social Services of New York says attendance at its daycare centers has fallen 12 percent.

While attendance in classes and daycare is dropping, Arab-American Family Support Center says that federal policies have led to a 136 percent surge in referrals for critical services including mental health counseling and domestic violence support.

The Trump administration's anti-immigrant policies are also impacting nonprofit staffing. This summer, the administration ended parole and temporary protected status for residents of several countries, including Haiti, Nicaragua, Honduras, and for some Venezuelans. This policy has had a particularly large effect on New York City's home health care industry, which was already facing a worker shorter. Staff at Sunnyside Community Service told us they lost 50 home health care workers, including many who were forced to return to their countries of origin. Citi Health Home Care Services in Brooklyn was forced to terminate the contracts of dozens of Haitian workers.[6]

Organizations providing reproductive healthcare, serving LGBTQ+ individuals, or embracing diversity, equity, and inclusion (DEI)

Many of the New York-based nonprofits that were adversely impacted by the Trump administration's earliest budget actions were those that deliver services that are ideologically at odds with the president and his allies—including nonprofits that embrace diversity, equity, and inclusion (DEI), those that provide services to transgender individuals, and those that offer reproductive healthcare services. Some of these nonprofits have had federal grants canceled. Others have taken the financially difficult step of not applying for new federal grants that now require them to agree to terms that go against their values—such as signing statements affirming that there are only two genders or that they will not prioritize people based on race. Many others have opted to rewrite mission statements, scrub their websites, or scale back marketing their programs to avoid bringing attention to themselves.

Planned Parenthood of Greater New York, which provides reproductive healthcare, lost $20 million in Medicaid funding after a federal court ruling in September 2025 allowed the Trump administration to essentially defund the organization by blocking more than 1.1 million patients from using their Medicaid insurance at Planned Parenthood health centers. Although New York Governor Kathy Hochul announced that New York State would cover the federal portion of Medicaid reimbursement for the organization, the Trump administration's continued threats to reduce funding for sexual and reproductive health services prompted Planned Parenthood to close its sole Manhattan health center location in 2025.

SAGE, a nonprofit that serves LGBTQ+ older adults, has been impacted by federal actions in two ways. Not only has the organization lost federal funding, but private donors have dwindled, no longer wanting to sponsor events as they have in the

past because they don't want to be seen supporting a cause that the administration doesn't favor. SAGE's budget has been reduced from $21 million to $18 million. It has laid off 19 staff members, eliminated health education programs, and shuttered a program which paired 1,000 socially isolated older adults with social partners.

"There have been times historically when we have chosen to evolve a program or end a program, and in those circumstances, we have a longer runway. We have planning," says Michael Adams, CEO of SAGE. "In this situation, there's very little runway. They are just cutting, cutting, cutting. It is new terrain."

Four other LGBTQ+ serving nonprofits expressed fears of cuts ahead, especially for gender-affirming care, and asked not to be named in this report. In January, Trump issued an executive order that would severely restrict gender affirming care for people under the age of 19. No hospital or other organization receiving federal aid could offer such care, and it wouldn't be covered by government insurance. Courts have blocked the order so far. There was another order that said that there are only two sexes, male and female, and that they could not be changed. In 2025, Governor Kathy Hochul signed a bill to make New York a "safe haven" for the trans community and to protect gender affirming care. In addition, staff at El Puente told us that the Environmental Protection Agency (EPA) has cancelled a $3.1 million, three-year grant planned for the Brooklyn organization because it no longer "aligned with the priorities" of the agency. The grant, which would have funded El Puente to develop a curriculum to teach community residents about environmental justice issues and empower them to be better advocates for their communities, made up more than half of the organization's budget. As a result of that major funding reversal, and the loss of other funding streams, El Puente had to lay off 20 people, or about 20 percent of its staff.

BronxWorks lost a five-year, $6 million grant from the National Institutes of Health (NIH) for the purpose of identifying the strategies and supports that best lead to positive health outcomes for public housing residents. This cancelation was one of $783 million in NIH grants linked to DEI initiatives including the Community Partnerships to Advance Science for Society (ComPASS) program, which funded BronxWorks and other organizations conducting health equity research. The U.S. Supreme Court upheld these cuts.

Nonprofits with staff funded by AmeriCorps

One of the first executive actions to impact nonprofits in New York occurred in April, when the Department of Government Efficiency (DOGE) took steps to dismantle AmeriCorps, the independent federal agency that has long funded the salaries of volunteer staff working in community service across the country.

"I lost four to five staff members who had been paid for by AmeriCorps," says Lisa David, president and CEO of Public Health Solutions."

Some settlement houses told us they were impacted by cuts to AmeriCorps. And Green City Force postponed a training program for 60 young adult New York City Housing Authority (NYCHA) residents slated to start in October 2025, fearing it would lose the $750,000 in funding for the program from AmeriCorps.

PART 2: THE WORST IS YET TO COME: STAGGERING CUTS FOR NYC'S SAFETY NET NONPROFITS EXPECTED IN 2026 AND 2027

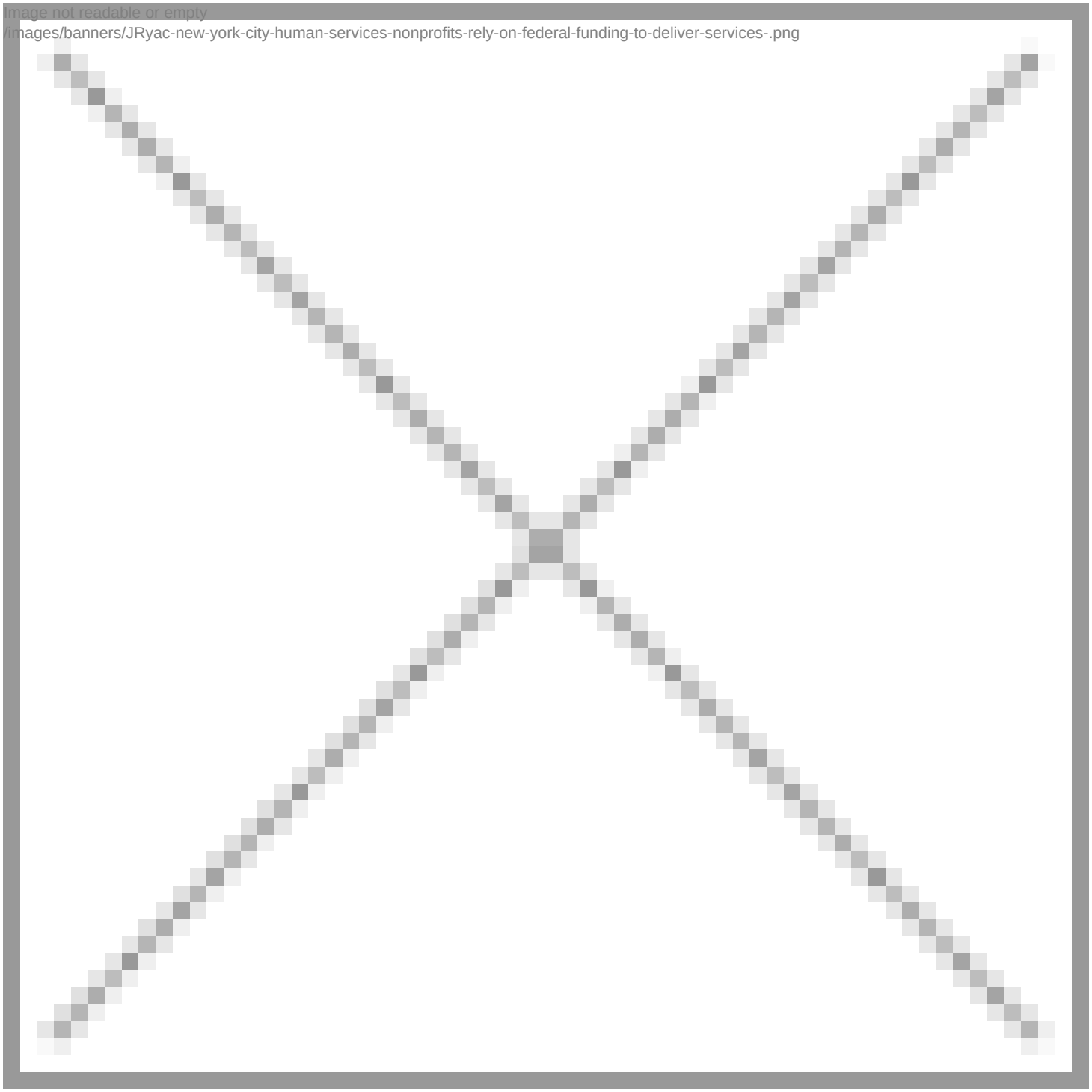
These early cuts, while significant, are minuscule compared to what lies ahead for New York's nonprofits, so many of which are heavily reliant on federal dollars. Not including reductions that occurred as part of the federal government shutdown, the Trump budget cuts include $1 trillion cut from Medicaid[7], $186 billion from SNAP[8], and $31.7 billion from HUD for programs

targeted to unhoused people and low-income residents.[9] An estimated 450,000 New Yorkers are expected to lose their Medicaid coverage by January 2027, while 300,000 New York City residents will no longer receive SNAP benefits.

While it is still unclear exactly how the budget cuts and many new rules in the One Beautiful Bill Act will play out, dozens of nonprofits we interviewed for this report expect the cuts to have an unprecedented impact.

Twenty-one New York City human services nonprofits interviewed for this report with budgets totaling $2.3 billion receive an estimated $678 million (29 percent) from the federal government. Some nonprofits have programs where over 90 percent of the funds are derived from Medicaid. The Food Bank for New York City receives approximately 50 percent of its budget directly from the federal government. The New York Common Pantry receives about 45 percent of its budget from the federal government. An Urban Institute analysis of a national survey of thousands of nonprofit organizations found that 21 percent have reported losing at least some government funding in 2025, 27 percent reported experiencing a delay, pause, or freeze in government funding, and 6 percent reported receiving a stop work order.[10]

“We know it’s going to be bad, and we know there’re going to be cuts,” says Suzette Gordon, CEO of SCO Family Services, which runs 84 programs serving 45,000 New Yorkers.



Medicaid cuts will create financial instability for nonprofits that provide healthcare to the underserved

Nonprofits that provide vital healthcare services to the underserved are arguably facing the deepest financial hits from the Trump administration's budget. The OBBBA includes $1 trillion in cuts to the Medicaid program, as well as fundamental changes to Medicaid eligibility that will almost certainly result in millions of people losing their health insurance coverage. Indeed, the state estimates that the new eligibility requirements—including a new work requirement and mandate that states redetermine eligibility for every Medicaid recipient twice a year—will cause 1.2 million New Yorkers from across the state to become uninsured.

These changes will take a massive financial toll on New York-based nonprofits, many of whom receive the majority of their

funds through Medicaid (most typically via a reimbursement for each Medicaid patient served).

“Medicaid is my biggest worry because it affects everything,” says Lisa David, the president and CEO of Public Health Solutions.

“We are heavily dependent in our revenue structure on Medicaid,” says an executive at another New York nonprofit that serves as a federally qualified health center, providing healthcare for the underserved. “Sixty-five percent or so of our patient base is [covered by] Medicaid. It really drives our revenue. So anything that touches Medicaid reimbursement hits us.

“As I understand it, the new constraints around eligibility for Medicaid are going to have very pronounced impacts on Medicaid enrollment,” says the health center executive. “As people roll off Medicaid, because of the higher eligibility thresholds and recertification on a biannual basis, we are going to see more people uninsured. They won’t stop coming to us for care. But our reimbursement will change. Whereas someone walking through our doors to get a primary care visit would have entitled us to $220 of reimbursement from the Medicaid program, through the uninsured reimbursement that is available to us we will get like $40. That will have a big impact on us. At the high level, on the Medicaid piece, we think the revenue hit for us will be anywhere from 12 percent to high teens percent. That’s a big number.”

For several other New York nonprofits, the cuts to Medicaid will decimate their home healthcare programs, which are almost entirely paid through Medicaid. (Roughly 45 percent of Medicaid spending in New York is funded by the state and city.) Chinese-American Planning Council receives 95 percent of its $200 million in funding for its home healthcare subsidiary from Medicaid. It employs 4,500 people who care for about 3,000 clients. Wayne Ho, the Council’s president and CEO, says that the program could end if the federal government cuts leave 450,000 more New Yorkers without insurance as expected. Ho says if the state can’t make up the difference, he will need to stop the service.

“Private donors can’t fill a gap of that volume,” Ho says. “I think the reality is for the rest of the current president’s term, there is going to be a shrinking of the sector, and there’s going to be a shrinking of the number of people we can serve. A lot of community members will be impacted.”

“There is going to be a tsunami,” adds Judith Zangwill, executive director of Sunnyside Community Services.

According to Zangwill, Sunnyside Community Services receives 91 percent of its funding for its home health aid program through Medicaid. Their program serves approximately 600 clients and employs around 1,000 staff members. Zangwill says that 90 percent of the home care workers are immigrants, so she worries about their future, having already lost dozens of aides who had their temporary protected status revoked.

Food assistance and nutritional programs are on the chopping block

The work of the city’s food assistance nonprofits with only get more challenging as a result of the OBBBA, which cuts federal funding for the Supplemental Nutrition Assistance Program (SNAP) by $186 billion—the largest cut to SNAP in the program’s history—which is expected to lead to 300,000 people losing benefits. The OBBBA also fully defunds SNAP-Ed, which many New York-based nonprofits used to help people take full advantage of their SNAP benefits through educational programs. In addition, the SNAP and Medicaid provisions in the OBBBA will likely impact New Yorkers’ eligibility for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

“I have the largest WIC program in the state,” says Lisa David of Public Health Solutions, adding that cuts from the OBBBA could impact the organization’s ability to deliver nutritional supports for women and children.

New York Common Pantry, which has already sustained federal cuts earlier this year, fears that it could lose an additional $8.2 million in USDA aid in the near future as a result of cuts to a program that feeds 18,500 senior citizens.

Organizations that provide supportive housing fear reversal of decades of progress

Dozens of nonprofit organizations across the city that provide supportive housing will likely lose significant funding from the U.S. Department of Housing and Urban Development (HUD), an agency whose overall budget was proposed to be cut by more than 40 percent by the Trump administration. While Congress restored some of these funds, the administration recently announced more specific cuts that are deeper than expected, including a major decrease in funding to the agency's Continuum of Care Program, which would defund permanent housing for people with a mental illness or a history of substance abuse in favor of funding more temporary housing.

Jericho Project worries it will have to shutter a 75-unit supportive housing development in the Bronx for veterans that is funded through the Continuum of Care program. The organization's CEO, Tori Lyon, says the Trump administration's plan to move funding from permanent housing (via Continuum of Care) to temporary housing would also roll back decades of progress New York has made in reducing homelessness generally, and specifically among veterans, with the number of homeless veterans in the city shrinking from 10,000 to several hundred over the past two decades.

"It is devastating to imagine going back in time," says Tori Lyon, chief executive officer of the Jericho Project. "I have been here for 30 years and this is just illogical and unethical. It is sad and depressing." WIN, a provider of family shelters, is now trying to find ways to replace a $3.3 million HUD grant through Continuum of Care that's in jeopardy, according to Henry Love, the organization's vice president of public policy and strategy. The grant pays for 100 percent of the cost to house 188 families in supportive housing. But Love says numerous other organizations across the five boroughs are confronting similar pain.

"I think all supportive housing organizations are in the same boat," Love says.

Supportive housing providers are concerned about proposed cuts to not only the Continuum of Care program but also to project-based Section 8 funding, which provides housing subsidies to low-income families in specific buildings. The administration has also proposed new rules that would require tenants to pay a greater share of rent and which could lower the amount of rent the federal government is willing to subsidize, threatening the economic viability of these deeply affordable units.

"If there are cuts to project-based Section 8 or if the rents are capped artificially, the end result will be a foreclosure crisis that makes 2008 look like a walk in the park," says Matthew Janeczko, head of the Sisters of Charity Housing Development Corporation and Columba Kavanagh House.

Many nonprofits are no longer applying for federal grants

Several New York-based nonprofits have decided not to apply for grants that they had received in the past, either because of new federal stipulations that predicate continued funding on agreeing to new rules that go against their guiding principles or because they expect the funding streams will soon be cut or eliminated. In many cases, these difficult decisions have resulted in sharp reductions in the number of people the nonprofits are able to serve. In some instances, it has meant shutting down programs.

Liz Roberts, CEO of Safe Horizon, decided not to apply for a grant to provide services for those experiencing domestic

violence in the Bronx because accepting the money would now come with strings that they could not accept: grant recipients would be required to pledge not to obstruct immigration enforcement in any way, and the organization would have to agree to treat domestic violence only as a crime and not a systemic social justice issue. Roberts said she couldn't make these commitments without abandoning core organizational values, even though it means roughly 300 domestic violence survivors in the Bronx will likely not receive services.

Another organization that wished to remain anonymous opted not to apply for a $1 million federal grant to fund its domestic violence program because it understood that the funder, the federal Office of Violence Against Women, was on the chopping block. The nonprofit didn't want to waste time and money on applying for a grant that would likely vanish.

Several other nonprofits we interviewed have either already opted not to apply for federal grants or are in the process of considering that route—solely because of recently issued executive orders that would compromise nonprofits' ability to serve their clients. For example, one executive order prohibits organizations from providing any assistance, such as food and medical care, to undocumented individuals. As a rule, nonprofits don't check their clients' immigration status before offering aid, and New York City mandates a right to shelter. The executive orders are tied up in court. If the Trump administration is victorious, nonprofits will find themselves in a precarious situation where they risk losing federal funding if they fail to comply with the administration's restrictions.

"Part of me wants to say that we can't accept federal dollars anymore," says Jeehae Fischer, executive director of the Korean American Family Service Center. "But then part of me is also worried about the payroll." The Korean American Family Service Center, which provides services to domestic violence victims, receives an estimated 29 percent of its $4.5 million budget from the federal government. But Fischer has heard that the Trump administration is considering requiring proof that women have gone to the police before being allowed to get services. That isn't an option for the majority of the 3,000 women her organization cares for annually due to cultural and language barriers.

Federal tax changes could reduce private philanthropy at a time when it is needed most

Tax changes pushed through by President Trump and Congress may also negatively impact charitable giving at a time when organizations will be seeking more funds from private sources to compensate for the loss of federal dollars. The OBBBA stipulates that individuals must donate at least 0.5 percent of their adjusted gross income to receive a tax deduction. Charitable deductions are capped at 35 percent of an individual's income, even if they are in the 37 percent tax bracket. This may lead to lower donations from individuals. Meanwhile, corporations must donate 1 percent of their taxable income to receive a deduction. That's expected to reduce corporate giving by $4.8 billion, or 14 percent of last year's corporate giving, according to the Independent Sector.

"The bill actually goes out of its way to de-incentivize people to give philanthropically," says Phoebe Boyer, president and CEO of Children's Aid.

RECOMMENDATIONS

Although New York City is confronted with an array of challenges today, few have more potential for dire consequences than the series of federal government actions that are threatening the financial solvency of the city's human services organizations and the millions of New Yorkers in need who rely on them. City and state leaders will need to step up, and step up soon, with a strong response to help shore up the city's safety net service providers. The following six policy recommendations are places to start.

1. Establish a New York City Nonprofit Stabilization Fund. With major federal cuts looming, nonprofits providing essential services face serious risks to cash flow and organizational stability. The city cannot fully replace lost federal dollars, but it must do what it can to cover the most urgent gaps—especially for core needs like shelter, food, and healthcare. New York City should set aside funding in the January 2026 Financial Plan to create a Nonprofit Stabilization Fund that can support emergency needs in 2027 and 2028, using resources that are available now but may not be in future years. The city can add initial resources in the January plan and then supplement the fund again in the June 2026 Adopted Budget.

2. Help nonprofits reap millions of dollars in savings by reducing unnecessary burdens in the contracting process City and state leaders will not have the resources to make up for the massive federal funding cuts facing nonprofits—likely not even close. But they can take steps, at minimal cost, that would meaningfully strengthen the sector's financial stability. The greatest opportunity is to reduce the unnecessary and often duplicative administrative burdens the city imposes on nonprofits through its contracting, application, and reporting processes. Today's maze of requirements—duplicative contract registration steps, separate audits for city, state, and federal funders, repetitive manual data entry, and demands to upload the same documents across multiple portals—forces nonprofits to hire extra staff and shoulder millions of dollars in avoidable costs each year. The mayor and City Council should make streamlining these processes a priority. As a first step, they should direct every agency that contracts with nonprofits to identify three requirements or processes they can eliminate or consolidate in 2026, and establish a clear timeline for implementation.

3. Launch a citywide "Keep New Yorkers Covered" benefits access initiative to prevent a looming disenrollment crisis. With new federal rules ushering in stricter work requirements, more frequent recertifications, and shifting eligibility thresholds for Medicaid, SNAP, and other core safety-net programs, New York City is on the brink of a massive disenrollment crisis. Without decisive leadership from the next mayor, hundreds of thousands of eligible New Yorkers could lose vital benefits through administrative churn—not because they no longer qualify. This would push already vulnerable households into deeper hardship and overwhelm human-services nonprofits, which will be forced to divert scarce staff time to helping clients reestablish eligibility while simultaneously experiencing steep revenue losses when reimbursements drop.

To meet this challenge, the next mayor should launch a Keep New Yorkers Covered Initiative, a major citywide effort to ensure that every eligible New Yorker stays enrolled in the benefits they rely on. The initiative should coordinate city agencies, community-based organizations, and philanthropic partners—and draw on support from the governor and state agencies where needed—to create a proactive, prevention-focused strategy. This should include early-warning recertification systems that employ data-driven nudges, automated reminders, and outreach from trusted caseworkers; a city-funded surge in phone, text, and door-to-door outreach to help residents navigate recertification and avoid administrative errors; and expanded technical assistance for nonprofits to handle recertification surges, comply with new work requirements, and adopt digital tools that simplify benefits management.

The initiative should also support clients in meeting new federal work requirements by connecting them to qualifying education and training programs—and, where appropriate, temporary employment within the human-services sector itself, with wages partially offset by government. Taken together, these steps would help prevent unnecessary loss of coverage and income supports, protect vulnerable families from cascading crises, and avert devastating financial shocks to the nonprofits that form the backbone of the city's safety net.

4. Convene top city leaders and the human services sector to engage in contingency planning. Early in 2026, the mayor and senior City Hall leaders should bring together key human services organizations to coordinate a response to the imminent federal budget cuts. Over the next two years, hundreds of thousands of New Yorkers stand to lose access to food, housing, healthcare, and other critical services—and the city has not yet articulated how it will allocate limited resources or prioritize need. This uncertainty makes it impossible for nonprofits to plan responsibly. The human services sector needs

clear guidance and collaboration from the city at this pivotal moment, and that coordination is not yet happening in a systematic way. The new mayor has an opportunity to provide the leadership and structure required to help nonprofits prepare and to safeguard essential services for New Yorkers.

5. Pay nonprofits within the required contract period and pay any unpaid invoices older than a year. City leaders can save nonprofits millions of dollars by addressing another long-standing problem: the city's chronic failure to pay nonprofits on time for services already delivered. New York City currently owes human services providers more than $1 billion, forcing hundreds of nonprofits to take out bridge loans and absorb substantial interest costs just to stay afloat. The city should commit to paying all providers within the required contract period and immediately clear any invoices more than a year old. In addition, the Office of Management and Budget should create a public dashboard showing contract processing times, payment delays, and progress toward reducing the total outstanding amount owed.

6. Mobilize pro bono legal, security, and financial planning services to help nonprofits impacted by federal policies. Funding alone won't be enough to help nonprofits navigate the legal, security, and financial challenges emerging from federal actions. Many organizations need ongoing professional support to manage heightened legal exposure, cybersecurity risks, and complex financial decisions. New York City has a deep bench of private firms and professionals equipped to help. The Mayor's Office of Nonprofit Services should mobilize this pro bono community and make a clear case for why supporting nonprofits is essential to the city's stability in this moment. Organizations like Lawyers Alliance for New York and The Legal Aid Society can partner with the city to recruit, train, and match attorneys and other experts from private firms to assist nonprofits and directly support affected New Yorkers.

7. Establish a Federal Risk and Response Unit within the Office of Management and Budget. To help nonprofits understand the shifting federal policy landscape and prepare for the years ahead, the city should establish a Federal Risk and Response Unit within OMB. This unit would monitor federal budget developments, policy changes, and executive actions; issue rapid impact assessments for city-funded nonprofits; and coordinate with state partners to identify which programs are most at risk. It would also serve as a clear communication channel for nonprofits seeking timely guidance in a rapidly changing environment.

New York City's human services organizations provide vital, lifesaving services for the city's most vulnerable communities—from delivering meals to homebound older adults and staffing homeless shelters to caring for the disabled and reaching survivors of domestic violence. But while nonprofits in every corner of the city have stepped up ably in recent years to address a massive surge in demand for safety net services, a series of actions taken by the federal government is now presenting the biggest threat in a generation to the financial solvency of the city's social services organizations and the millions of New Yorkers in need who rely on them. Some New York nonprofits have already experienced significant impacts that have affected their ability to deliver services, but far deeper—and harmful—impacts lie ahead. These unprecedented attacks on the city's safety net require a powerful response from city and state leaders.

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