

PROPOSED FY26 BUDGET CUTS AND FY25 CONTINGENCY CUTS

PROTECT
OUR DD SERVICES AND CIVIL RIGHTS!

Governor Moore's **FY26 budget includes several significant cuts and cost containment measures that negatively impact people with developmental disabilities and community providers.** Below is a summary of the proposed cuts for both years, with the financial impact that has been made public for FY25 for each item.

Initial information indicates that the DDA budget also increases, to expand supports for Transitioning Youth, people on the DDA Waiting List, people experiencing emergencies, and young adults exiting DHS services. **Exact funding levels are not known at this time.**

Overall, the historic funding cuts will negatively impact provider and self-direction capacity, making it challenging to expand supports to the groups listed above.

PROPOSED BUDGET CUTS:

Fiscal Year 2025

-\$194 million

Fiscal Year 2026

-\$457 million = 22%

overall cut to
DD community
supports

(total funds: 50/50 state and federal)

IMPACT ON MARYLANDERS WITH DEVELOPMENTAL DISABILITIES SERVICES AND CIVIL RIGHTS:

- ➡ Many people with greater support needs who live in community settings will have significantly reduced funding as a result of the change to the dedicated hours policy.
- ➡ There will be even fewer direct support staff, reduced provider capacity, and less available support for people with Developmental Disabilities in Montgomery, Prince George's, Charles, Calvert, and Frederick Counties.
- ➡ There may be increased barriers to needed supports for people who are state-only funded and are not waiver-eligible.
- ➡ People who need support from DDA but do not have it, including people on the DDA Waiting List and Autism registry, will no longer have the help of LISS small grants for low intensity support services.
- ➡ People who use self-directed services will have less funding to hire staff, more difficulty hiring experienced staff to support more intense needs, and will have less funding to purchase the goods and services they need.



PROPOSED BUDGET CUT DETAILS

1. Revision of Dedicated Hours Policy to Exhaust Shared Hours in Community Living

Description: Requires the exhaustion of shared hours before approving dedicated hours to meet the needs of people with greater support needs in community living.

► **Projected Fiscal Impact: \$54.2 million (FY25) / \$108.5m (FY26)**

IMPACT: Funding for residential supports for people who need dedicated hours will be significantly reduced, negatively impacting the people who need that level of support, and the people they live with. This cut reverses the progress that was made in strengthening community living, and runs counter to the federal Community Rule that requires that states give people the opportunity to have choice in their daily activities.

2. Elimination of the Geographic Differential Rate

Description: Transitions to a single rate for all counties, aligning with the current “rest of state” rate.

► **Projected Fiscal Impact: \$56 million (FY25) / \$112 million (FY26)**

IMPACT: This change will reduce the funding available for supports in Montgomery, Prince George's, Charles, Calvert, and Frederick Counties, leading to diminished support for people and reduced provider capacity in those counties.

3. Transition of State-Only Funded People to Waiver

Description: Eliminates funding for people who are currently “state-only” funded who may be waiver-eligible.

► **Projected Fiscal Impact \$3.1 million (FY25) / \$13.1 million (FY26)**

IMPACT: This transition may reduce access to services for some people. It is unclear at this time what this will mean for people who are state-only funded and are not waiver-eligible, but need supports.

4. Elimination of Low Intensity Support Services (LISS) Program

Description: Eliminates the Low Intensity Support Services (LISS) Program, which through a random selection process, provides grants up to \$2,000 per applicant for needed items and services.

► **Projected FY25 Fiscal Impact \$2.8 million (FY25) / \$11.1 million (FY26)**

IMPACT: The elimination of LISS will cut access to small grants that have helped people and families who otherwise get no supports from DDA.

5. Utilization of Waiting List Equity Funds (WLEF)

Description: Uses Waiting List Equity Funds to fund services in FY26.

► **Projected FY25 Fiscal Impact \$15 million**

IMPACT: This one-time action will move funds in the WLEF into the DDA budget to help offset the current budget shortfall, and will end this funding source that was intended to assist a small number of older caregivers on the DDA Waiting List.

6. Self-Direction: Wage Allowance Adjustment:

Description: Aligns the reasonable and customary wage allowance in self-direction with the Bureau of Labor Statistics wage that is in the overall DDA rate structure.

► **Projected Fiscal Impact \$36.5 million (FY25) / \$146.1 million (FY 26)**

IMPACT: Changes to the allowable reasonable and customary wage **may affect the ability of people who self-direct to adequately hire staff.**

7. Self-Direction: Elimination of Wage Exception Process

Description: Eliminates the wage exception process that grants some people in self-direction the option to pay staff above the reasonable and customary wage rate.

► **Projected Fiscal Impact \$4.7 million (FY25) / \$18.9 million (FY26)**

IMPACT: People who self-direct may have limited ability to hire more experienced staff to meet more intensive support needs.

8. Self-Direction: Restoration of Individual and Family Directed Goods and Services (IFDGS) Spending Cap

Description: Reinstates a cap on the amount that can be spent on goods and services by people who self-direct.

► **Projected Fiscal Impact: Not specified (FY25) / \$29 million (FY26)**

IMPACT: This may restrict the ability of people and families to purchase necessary goods and services.

Additional Budget Items in FY25:

- **\$900.8 million** increase to compensate for projected DDA budget deficit in FY25
- **\$8.2 million** increase for Fiscal Management and Counseling Services
- **\$1.1 million** for increased overtime costs in state DD institutions
- **\$845,000** for increased operating costs at the Potomac Center

January 20, 2025

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DEVELOPMENTAL DISABILITIES PAY THE PRICE!**

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