



July 1, 2026

NJACP Statement on the FY27 State Budget

The New Jersey Association of Community Providers (NJACP) is deeply disappointed that the FY27 State Budget does not include the requested 3% Cost of Living Adjustment (COLA) for community disability services. Without this essential investment, providers must continue absorbing rising costs driven by inflation, workforce shortages, insurance, transportation, and regulatory requirements, placing increasing pressure on the system that supports thousands of individuals with intellectual and developmental disabilities (IDD) and their families.

At the same time, NJACP is grateful that the Legislature and Governor Sherrill protected Home and Community-Based Services (HCBS) funding and rejected efforts to shift those resources elsewhere within the long-term care system. New Jersey has spent decades building a community-based system that empowers individuals with IDD to live, work, and thrive in the least restrictive setting possible. That commitment is more important today than ever before.

With the implementation of H.R. 1 expected to further reduce federal Medicaid funding, New Jersey's investment in HCBS must remain protected. Because HCBS is an optional Medicaid benefit under federal law, it will face increasing pressure as states grapple with reduced federal resources. New Jersey must continue to safeguard these funds from future raids or reallocation. Protecting HCBS is not simply a budget decision. It is a commitment to community living, individual choice, and preventing unnecessary institutionalization. The Sherrill Administration and Legislature's commitment to preserving these investments ensures that individuals with disabilities can continue to live full, meaningful lives in their communities rather than being forced into more restrictive and costly institutional settings.

While preserving HCBS funding is critically important, maintaining the status quo is not enough. With more than 5,000 individuals on the residential waiting list and thousands of New Jerseyans remaining in nursing homes who could live successfully in the community with appropriate supports and over 4,000 individuals annually applying for services and supports, demand continues to grow while provider capacity struggles to keep pace. Community providers have absorbed significant unreimbursed inflationary costs since 2014 and cannot continue to sustain services without additional investment.

Considering this, we respectfully ask the Administration and Legislature: What is the long-term plan to not only sustain services, but to expand the capacity necessary to meet New Jersey's growing needs?

- How will the state sustain existing services as providers continue to face inflationary pressures without a COLA?
- What is the timeline and capacity plan to reduce the more than 5,000-person residential waiting list and transition eligible individuals from nursing homes into community settings?
- What concrete steps will be taken to recruit, retain, and stabilize the direct support workforce that makes community living possible?

NJACP's commitment to the individuals and families our member agencies serve is unwavering. However, commitment alone cannot sustain a system that depends on adequate reimbursement. Community-based services improve quality of life, honor individual choice, and represent a more cost-effective alternative to institutional care. New Jersey must move beyond year-to-year funding requests and develop a long-term strategy that provides predictable, sustainable investment in the community service system.

NJACP remains grateful to Senator Andrew Zwicker and Assemblywoman Carol Murphy for their leadership in sponsoring budget resolutions calling for a 3% COLA for DDD services and for their steadfast commitment to New Jersey's IDD community. We look forward to continuing to work with the Governor, Legislature, self-advocates, families, and provider organizations to ensure community-based services remain strong, sustainable, and available to every individual who needs them.