



# MARYLAND DEVELOPMENTAL DISABILITIES COALITION

Dedicated to the rights and quality of life for people with developmental disabilities in Maryland



## Proposed FY 2026 Budget Cuts and FY 2025 Contingency Cuts

### Overview



Governor Moore's FY 26 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. The amount associated with each cut for FY26 has not been made public at this date, but the total fiscal cut for FY26 is referenced below.



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 capacity, making it challenging to expand supports to the groups listed above.

### Proposed Budget Cuts for FY25 and FY26

**Overall impact in FY25: \$194m** (total funds: 50/50 state and federal)

**Overall impact in FY26: \$457m** (total funds: 50/50 state and federal)

**This represents a 22% overall cut to DD community supports in FY26.**

#### 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 FY 25 Fiscal Impact: \$54.2 million

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 FY 25 Fiscal Impact: \$56 million

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 FY 25 Fiscal Impact \$3.1 million

Impact: This transition may create barriers for some people who are hesitant to provide required information. 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 FY 25 Fiscal Impact \$2.8 million

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 FY 25 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 FY 25 Fiscal Impact: \$36.5 million

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 FY 25 Fiscal Impact: \$4.7 million

Impact: This may limit the ability of people who self-direct 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 FY 25 Fiscal Impact: Not specified.

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

### **Additional Budget Items in FY25:**

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