



To: House Committee on Health Care

From: Sandy McGuire, CEO
Beth Holden, Chief Client Services Officer

Date: February 10, 2026

Subject: FY27 Budget – Potential Services Cuts

Chair, Vice Chair, and members of the Committee,

Thank you for the opportunity to testify to the Agency of Human Services' proposed budget cuts to Howard Center and lack of inflationary increases impact on Vermonters who need community-based mental health, substance use disorder and developmental disability services. My name is Sandy McGuire, and I am CEO at Howard Center and am joined by Beth Holden, Chief Client Services Officer.

Howard Center is a Designated Agency, serving more than 19,000 Vermonters, including children, adults, families, elders, and individuals with complex mental health, substance use, and developmental needs. We provide care when people are in crisis, help families stay together, and support long-term stability and recovery – services that are foundational to Vermont's health and human services system.

Why These Cuts Matter Now

The Agency's proposed program cuts and lack of inflationary increases come at a particularly challenging moment for community providers.

While state agencies and other parts of government have mechanisms to adjust for rising compensation and operating costs, community providers delivering state-prioritized services do not. With **no inflationary increases**, community-based providers are expected to absorb these same pressures without comparable inflationary support.

Providers are also in the midst of **major system reforms**, including Developmental Services payment reform and the transition to the Certified Community Behavioral Health Clinic (CCBHC) model of which you may recall discussion of some of the impact during BAA testimony. During these transitions, many of the people and families we serve are living with real uncertainty — unsure whether their services will continue, whether they will remain eligible, and what the future holds for supports they depend on.



Additionally, these reforms are occurring with **compressed timelines and delayed funding clarity**, often leaving providers with only weeks to adjust staffing and services for the coming fiscal year.

Finally, providers like Howard Center are **not proactively engaged in budget development or asked to consult on anticipated service needs**, which means key details often become clear only after proposals are presented to the Legislature. As a result, providers are left to sort through proposed changes reactively and to plan for the coming fiscal year in the final weeks of the preceding year.

This approach limits our ability to plan staffing, service capacity, and program adjustments responsibly for FY27. We believe there is a better way. Earlier and more consistent collaboration between the State and providers would allow budgets, reforms, and service expectations to be better aligned and would reduce disruption for staff, clients, and families. We raise this concern not as criticism, but because earlier, transparent collaboration would reduce risk, improve implementation, and help ensure reforms achieve their intended outcomes.

We also want to acknowledge the complexity of the current moment. Given the scope and pace of ongoing reforms, it is not always clear which proposed changes represent permanent funding reductions and which services may ultimately reappear in other funding streams, including CCBHC. While some cuts are clearly identified, others remain uncertain pending final decisions and implementation details. Our concern is that, in the absence of clear, timely information, providers and the people we serve are left navigating risk and uncertainty during the transition.

Developmental Services: Implementation Challenges During Reform

Howard Center supports the goals of Developmental Services reform and remains committed to its success. Our concern is not with reform itself, but with **implementation challenges and unintended consequences** that can destabilize services during transition.

The issuance of retroactive individual budgets illustrates one of the implementation challenges under the new system. Providers are now accountable for service delivery at the individual budget level and no longer have the flexibility to manage resources in aggregate. As a result, if services exceed what is authorized for any of Howard Center's approximately 750 clients, those services are not reimbursed.

However, the individual budgets were not issued until several months after implementation began. During that time, staffing and service decisions were made in good faith based on individual needs, without finalized authorization. Once the budgets were released, providers



had to rapidly review hundreds of individual allocations, seek clarification, and request corrections, while simultaneously adjusting staffing and services to align with newly issued budgets.

This experience underscores the importance of implementation processes that are timely, clear, and aligned with operational realities. When that alignment is missing, the consequences are not abstract. Families and individuals are left waiting — unsure whether supports they depend on will continue, whether they will remain eligible, or how to plan for daily life without clear answers. For people who rely on consistent services to stay stable, work, care for family members, or remain safely housed, this kind of uncertainty is not just frustrating — it is deeply unsettling and can undermine the very stability these services are meant to provide.

ARCh: A Program at Risk

The **Accessing Resources for Children (ARCh)** program is a fully operational program that provides essential supports to children and youth up to age 22 with intellectual and developmental disabilities, mental health diagnoses, or both. Services include care coordination, family support, behavioral consultation, respite, and transition planning.

ARCh serves **300+ children and youth** annually, with **150 children currently on a waitlist** averaging approximately two years. Many of these children cannot be served by other programs due to the complexity of their needs.

Both the Department of Aging and Independent Living (DAIL) and the Department of Mental Health (DMH) have listed ARCh as a program that has “ended,” despite the fact that it remains active and families continue to rely on it. While many ARCh services have been requested under new CCBHC funding, it remains unclear whether all components will be funded or whether services will remain intact at the same level.

This lack of clarity creates real risk that services families currently depend on could be reduced or lost during the transition.

Mental Health Services: Reform Without Advance Planning

Howard Center supports the goals of the CCBHC model and recognizes the opportunity it presents to expand access to comprehensive, community-based care.

While providers have been engaged in aspects of planning and reform discussions, significant details remain unclear — including the full scope of services that will ultimately be included under the CCBHC model, how existing programs will transition, and what level of funding will be available. Provider funding details are not expected until late in the legislative session, leaving insufficient time to plan staffing and services responsibly for the coming fiscal year.



As a result, providers face significant uncertainty about which services will remain funded, which may be reduced, and how to maintain continuity of care during transition.

Crisis, Prevention, and Community-Based Services at Risk

Several proposed program cuts affect services that play a critical role in preventing higher-cost system involvement.

- **Community Outreach** partners with law enforcement, municipalities, and community members to respond to individuals with unmet mental health, substance use, and social service needs, helping avoid unnecessary emergency department visits and police involvement for over 1,000 Vermonters annually.
- **EPSDT / First Call for Chittenden County** provides 24/7 crisis response for children and families, serving as a local front door to care and reducing reliance on emergency departments.
- **Youth in Transition, Eldercare, and Reach Up** services support youth, elders, and families at critical points where timely intervention prevents crisis escalation and long-term instability.

Together, these crisis and prevention services support thousands of Vermonters each year and play a critical role in diverting individuals and families from emergency departments, inpatient care, and law enforcement involvement. Reductions to these programs do not eliminate need; they shift responsibility to emergency departments, law enforcement, inpatient care, and other higher-cost systems.

Mental Health Residential Services: Housing Stability at Risk

Separate from explicit program cuts, unresolved changes to mental health residential funding present an additional risk. The shift from waiver funding to the state plan, unresolved room and board funding, and new lease restrictions jeopardize existing residential capacity. Without resolution, individuals with high-acuity mental health needs risk displacement or homelessness — outcomes that are harmful and costly.

Alignment with State Priorities

Taken together, the proposed cuts and lack of inflationary increases are misaligned with the State's stated priorities for mental health, substance use disorder, and developmental disability services.



They move the system away from prevention, early intervention, and community-based care, and toward crisis-driven, higher-cost responses. They also introduce instability during periods of reform, increasing the risk of unintended service loss.

It is the combination of proposed program cuts and the absence of inflationary adjustments that creates the greatest risk — weakening services at the same time demand and workforce costs continue to rise.

What We Are Asking the Legislature to Do

We respectfully ask the Legislature to:

- Ensure that services currently delivered remain intact — at the same level or greater — reinstating proposed funding cut and/or ensuring inclusion into new CCBHC funding stream, where applicable
- Provide inflationary adjustments so services can remain stable and sustainable over time.
- Protect housing and essential programs
- Support clearer timelines and earlier collaboration with providers during budget development and implementation
- Support BAA language that will ensure our Designated Agencies are paid in a way that will keep their doors open and Vermonters served

For the Vermonters we serve, these decisions are not abstract budget choices — they shape whether support is there when it is needed most.

Howard Center remains committed to working in partnership with the State to strengthen Vermont's system of care. With thoughtful planning, early collaboration, and stable implementation, reforms can succeed without disrupting the services Vermonters rely on.

Thank you for your consideration and for your commitment to Vermont's communities.