Department of Developmental Services

2026-27 Governor's Budget Highlights

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DEPARTMENT OF DEVELOPMENTAL SERVICES

2026 GOVERNOR'S BUDGET HIGHLIGHTS

The Department of Developmental Services (Department) is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act). The Lanterman Act provides for the coordination and provision of services and supports to enable people to achieve their goals. Additionally, the Early Start Program provides services to infants and toddlers who have or are at risk of having a developmental disability. Services are delivered through a statewide network of 21 private, nonprofit, locally based community agencies known as regional centers, as well as through state-operated programs.

The number of individuals served by regional centers in the community is expected to be 489,254 in the current year and increase to 526,848 in fiscal year (FY) 2026-27. In addition, the proposed budget supports capacity for 302 individuals that can be served through state-operated services.

2026 GOVERNOR'S BUDGET SUMMARY

The Governor's Budget includes $21.1 billion ($13.5 billion General Fund) for FY 2026-27; a net increase of $2.4 billion ($1.6 billion General Fund) over the updated FY 2025-26 budget, a 13 percent increase.

In addition to caseload and utilization updates, the proposed FY 2026-27 budget includes the following major adjustments:

- Life Outcomes Improvement System (LOIS): Increase of $14.6 million ($5.7 million General Fund). One-year limited-term resources equivalent to 20 positions to continue the planning phase of the project.
- Federal Access Rule: Increase of $2.4 million ($2.1 million General Fund). Includes ongoing resources and 9 positions to address increased workload related to compliance with the federal Home and Community-Based Services Access Rule.
- State Operations: The transfer of 70 positions and associated dollars within the Department to support department-wide operations and address programmatic needs, including autism and employment services.
- Fairview Developmental Center: A decrease of $8.1 million General Fund, reflecting the cold shutdown of Fairview Developmental Center while the property's disposition process continues.

Program Highlights

(Dollars in Thousands)

	FY 2025-26	FY 2026-27	Difference
Community Services Program			
Regional Centers	$18,196,079	$20,632,003	$2,435,924
Total, Community Services	**$18,196,079**	**$20,632,003**	**$2,435,924**
General Fund	$11,546,678	$13,154,785	$1,608,107
Program Development Fund	$434	$0	($434)
Developmental Disabilities Services Account	$150	$150	$0
Federal Trust Fund	$55,482	$55,399	($83)
Reimbursements	$6,592,595	$7,420,929	$828,334
Behavioral Health Services Fund	$740	$740	$0
State Operated Services			
Personal Services	$262,685	$244,015	($18,670)
Operating Expense & Equipment	$41,920	$49,267	$7,347
Total, State Operated Services	**$304,605**	**$293,282**	**($11,323)**
General Fund	$274,363	$263,784	($10,579)
Lottery Education Fund	$141	$141	$0
Reimbursements	$30,101	$29,357	($744)
Headquarters Support			
Personal Services	$132,934	$140,097	$7,163
Operating Expense & Equipment	$41,235	$43,143	$1,908
Total, Headquarters Support	**$174,169**	**$183,240**	**$9,071**
General Fund	$111,277	$118,365	$7,088
Federal Trust Fund	$4,116	$4,167	$51
Program Development Fund	$461	$461	$0
Reimbursements	$57,799	$59,731	$1,932
Behavioral Health Services Fund	$516	$516	$0
Total, All Programs	**$18,674,853**	**$21,108,525**	**$2,433,672**
Total Funding			
General Fund	$11,932,318	$13,536,934	$1,604,616
Federal Trust Fund	$59,598	$59,566	($32)
Lottery Education Fund	$141	$141	$0
Program Development Fund	$895	$461	($434)
Developmental Disabilities Services Account	$150	$150	$0
Reimbursements	$6,680,495	$7,510,017	$829,522
Behavioral Health Services Fund	$1,256	$1,256	$0
Total, All Funds	**$18,674,853**	**$21,108,525**	**$2,433,672**
Caseloads			
State Operated Services	302	302	0
Regional Centers	489,254	526,848	37,594
Departmental Positions			
State Operated Services	1,753.7	1,715.1	(38.6)
Headquarters	810.0	824.0	14.0

COMMUNITY SERVICES PROGRAM

FY 2025-26

Costs and Fund Sources

The FY 2025-26 updated regional center budget includes $18.2 billion ($11.5 billion General Fund). This includes increased federal financial participation of $199.8 million and ongoing reflecting claiming of increased federal match for those individuals eligible for Medi-Cal under the Affordable Care Act Expansion Population and increase in overall percent of caseload with established Medi-Cal eligibility.

Costs and Fund Sources *(Dollars in Thousands)*			
	Enacted Budget	**FY 2025-26**	**Difference**
Operations	$1,650,677	$1,650,677	$0
Purchase of Services	$16,523,975	$16,523,975	$0
Early Start Part C/Other Agency Costs	$19,424	$19,424	$0
Early Start Family Resource Services	$2,003	$2,003	$0
Total Costs	**$18,196,079**	**$18,196,079**	**$0**
General Fund (GF)	$11,781,341	$11,546,678	($234,663)
GF Match	*$6,106,947*	*$5,939,454*	*($167,493)*
GF Other	*$5,674,394*	*$5,607,224*	*($67,170)*
Reimbursements	$6,357,932	$6,592,595	$234,663
Program Development Fund	$434	$434	$0
Developmental Disabilities Services Account	$150	$150	$0
Behavioral Health Services Fund	$740	$740	$0
Federal Funds	$55,482	$55,482	$0
Fund Sources	**$18,196,079**	**$18,196,079**	**$0**

Population

The Department forecasts a net decrease of 1,826 consumers compared to the Enacted Budget.

Caseload	**Enacted Budget**	**FY 2025-26***	**Difference**
Lanterman	419,923	418,361	(1,562)
Early Start	58,979	56,020	(2,959)
Provisional Eligibility	12,178	14,873	2,695
Total Community Caseload	**491,080**	**489,254**	**(1,826)**

**Updated FY 2025-26 caseload reflects no change from Enacted Budget for purpose of core staffing assumptions.*

Regional Center Operations – Caseload

There is no change to the current year from the Enacted Budget.

Operations – Caseload *(Dollars in Thousands)*			
	Enacted Budget	**FY 2025-26**	**Difference**
Staffing Expenditures	$1,541,654	$1,541,654	$0
Federal Compliance	$49,552	$49,552	$0
Projects	$40,483	$40,483	$0
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	$2,037	$2,037	$0
Total Operations – Caseload	**$1,633,726**	**$1,633,726**	**$0**

Regional Center Operations – Policy

There is no change to the current year Operations policies from the Enacted Budget.

Operations – Policy *(Dollars in Thousands)*			
	Enacted Budget	**FY 2025-26**	**Difference**
Life Outcomes Improvement System (LOIS)	$7,255	$7,255	$0
Public Records Act - (AB 1147)	$9,696	$9,696	$0
Total Operations – Policy	**$16,951**	**$16,951**	**$0**

Purchase of Services (POS) – Caseload

There is no change to the current year purchase of services from the Enacted Budget.

Purchase of Services Caseload (Utilization and Growth) *(Dollars in Thousands)*			
	Enacted Budget	**FY 2025-26**	**Difference**
Behavioral Services	$151,530	$151,530	$0
Day Services	$2,468,362	$2,468,362	$0
Early Intervention Services	$1,334,405	$1,334,405	$0
Employment	$153,392	$153,392	$0
Medical Services	$316,932	$316,932	$0
Other Services	$221,859	$221,859	$0
Residential Services	$6,537,876	$6,537,876	$0
Respite	$2,008,311	$2,008,311	$0
Social Recreation	$379,319	$379,319	$0
Support and Training Services	$2,355,318	$2,355,318	$0
Transportation	$690,073	$690,073	$0
Total POS – Caseload	**$16,617,377**	**$16,617,377**	**$0**

POS – Policy

There is no change to the current year in policy-related expenditures compared to the Enacted Budget. The table below reflects enacted budget solutions from the 2025 Budget Act, a reduction of $113 million ($75 million General Fund) related to ending the Rate Reform Hold Harmless provision at the end of February 2026 and a reduction of $22.5 million General Fund related to Self-Determination Program Protections.

Purchase of Services – Policy *(Dollars in Thousands)*			
	Enacted Budget	**FY 2025-26**	**Difference**
Ongoing Purchase of Services Items	$42,050	$42,050	$0
Self-Determination Program Protections	($22,500)	($22,500)	$0
Rate Reform Hold Harmless Provision	($112,952)	($112,952)	$0
Total POS – Policy	**($93,402)**	**($93,402)**	**$0**

Reimbursements

The updated current year reflects a net increase of $234.7 million in reimbursements compared to the Enacted Budget primarily driven by improvements in the claiming of federal financial participation for eligible individuals.

Adjustments are reflected in the table below.

Reimbursements *(Dollars in Thousands)*			
	Enacted Budget	**FY 2025-26**	**Difference**
Home and Community-Based Services (HCBS) Waiver	$4,272,225	$4,420,602	$148,377
HCBS Waiver Administration	$25,916	$25,690	($226)
Medicaid Administration	$24,080	$28,055	$3,975
Targeted Case Management	$427,294	$456,367	$29,073
Title XX Block Grant	$213,421	$213,421	$0
(1) Social Services	*$136,264*	*$136,264*	*$0*
(2) Temporary Assistance for Needy Families	*$77,157*	*$77,157*	*$0*
Intermediate Care Facility-Developmentally Disabled State Plan Amendment	$67,917	$77,406	$9,489
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	$12,019	$12,019	$0
1915(i) State Plan Amendment	$960,378	$994,107	$33,729
Early Periodic Screening Diagnosis and Treatment	$19,798	$21,640	$1,842
Behavioral Health Treatment Fee-for-Service	$6,040	$5,915	($125)
Self-Determination Program Waiver	$328,844	$337,373	$8,529
Total Reimbursements	**$6,357,932**	**$6,592,595**	**$234,663**

Federal Funds

There is no change in current year federal funds compared to the Enacted Budget.

Federal Funds *(Dollars in Thousands)*			
	Enacted Budget	**FY 2025-26**	**Difference**
Early Start Part C/Other Agency Costs	$54,337	$54,337	$0
Foster Grandparent Program	$1,145	$1,145	$0
Total Federal Funds	**$55,482**	**$55,482**	**$0**

FY 2026-27

Costs and Fund Sources

The FY 2026-27 community programs budget includes $20.6 billion ($13.2 billion General Fund), a net increase of $2.4 billion ($1.6 billion General Fund) compared to the updated current year. This reflects ongoing increased federal financial participation for those individuals eligible for Medi-Cal under the Affordable Care Act Expansion Population and increase in overall percent of caseload with established Medi-Cal eligibility. Additionally, this includes a projected $2.3 billion increase in purchase of services expenditures, and a $132 million increase in regional center operations costs.

Costs and Fund Sources *(Dollars in Thousands)*			
	FY 2025-26	**FY 2026-27**	**Difference**
Operations	$1,650,677	$1,782,689	$132,012
Purchase of Services	$16,523,975	$18,827,975	$2,304,000
Early Start Part C/Other Agency Costs	$19,424	$19,336	($88)
Early Start Family Resource Services	$2,003	$2,003	$0
Total Costs	**$18,196,079**	**$20,632,003**	**$2,435,924**
General Fund (GF)	$11,546,678	$13,154,785	$1,608,107
GF Match	*$5,939,454*	*$6,756,704*	*$817,250*
GF Other	*$5,607,224*	*$6,398,081*	*$790,857*
Reimbursements	$6,592,595	$7,420,929	$828,334
Program Development Fund/Parental Fees	$434	$0	($434)
Developmental Disabilities Services Account	$150	$150	$0
Behavioral Health Services Fund	$740	$740	$0
Federal Funds	$55,482	$55,399	($83)
Fund Sources	**$18,196,079**	**$20,632,003**	**$2,435,924**

Population

The Department forecasts a net increase of 37,594 individuals compared to the updated current year.

Caseload	**FY 2025-26***	**FY 2026-27**	**Difference**
Lanterman	418,361	452,615	34,254
Early Start	56,020	56,073	53
Provisional Eligibility	14,873	18,160	3,287
Total Caseload	**489,254**	**526,848**	**37,594**

**Updated FY 2025-26 caseload reflects no change from Enacted Budget for purpose of core staffing assumptions.*

Regional Center Operations – Caseload

The budget year includes $1.8 billion ($1.2 billion General Fund) for regional center operations, an increase of $128.8 million ($98.7 million General Fund) compared to the current year. The increase is primarily attributed to anticipated caseload growth.

Operations – Caseload *(Dollars in Thousands)*			
	FY 2025-26	**FY 2026-27**	**Difference**
Staffing Expenditures	$1,541,654	$1,668,691	$127,037
Federal Compliance	$49,552	$49,552	$0
Projects	$40,483	$41,941	$1,458
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	$2,037	$2,322	$285
Total Operations – Caseload	**$1,633,726**	**$1,762,506**	**$128,780**

Regional Center Operations – Policy

The budget year includes $20.2 million ($2.7 million General Fund) for policies impacting regional center operations, an increase of $3.2 million ($2.3 million General Fund) compared to the updated current year.

Updated Policies:

- Public Records Act – (AB 1147): Increase of $3.2 million ($2.3 million General Fund) to reflect full year implementation costs.

Operations – Policy *(Dollars in Thousands)*			
	FY 2025-26	**FY 2026-27**	**Difference**
Life Outcomes Improvement System (LOIS)	$7,255	$7,255	$0
Public Records Act - (AB 1147)	$9,696	$12,928	$3,232
Total Operations – Policy	**$16,951**	**$20,183**	**$3,232**

Purchase of Services (POS) Caseload

The budget year includes $19.2 billion ($12.3 billion General Fund) for purchase of services, an increase of $2.5 billion ($1.7 billion General Fund), compared to the updated current year. The increase primarily is due to projected caseload increases and updated expenditure trends in the utilization of various budget categories, as shown below.

Purchase of Services Caseload (Utilization and Growth) *(Dollars in Thousands)*			
	FY 2025-26	**FY 2026-27**	**Difference**
Behavioral Services	$151,530	$200,000	$48,470
Day Services	$2,468,362	$2,859,631	$391,269
Early Intervention Services	$1,334,405	$1,427,184	$92,779
Employment	$153,392	$153,647	$255
Medical Services	$316,932	$366,601	$49,669
Other Services	$221,859	$254,817	$32,958
Residential Services	$6,537,876	$7,255,497	$717,621
Respite	$2,008,311	$2,388,155	$379,844
Social Recreation	$379,319	$538,419	$159,100
Support and Training Services	$2,355,318	$2,945,635	$590,317
Transportation	$690,073	$775,725	$85,652
Total POS – Caseload	**$16,617,377**	**$19,165,311**	**$2,547,934**

POS – Policy

The budget year includes a reduction of $337.3 million ($433.4 million General Fund) for policies impacting regional center purchase of services, a decrease of $243.9 million ($174.5 million General Fund) compared to the updated current year budget.

Updated Policies:

- Enacted Budget Solutions: Reduction of $333.9 million ($221.7 million General Fund) to reflect the Quality Incentive Program's eligibility provider mandate requirements and a reduction of $23 million General Fund to reflect full year impact of the Self-Determination Program Protections.

Purchase of Services – Policy *(Dollars in Thousands)*			
	FY 2025-26	**FY 2026-27**	**Difference**
Ongoing Purchase of Services Items	$42,050	$42,050	$0
Quality Incentive Program Eligibility Provider Mandate	$0	($333,886)	($333,886)
Self-Determination Program Protections	($22,500)	($45,500)	($23,000)
Rate Reform Hold Harmless Provision	($112,952)	$0*	$112,952
Total POS – Policy	**($93,402)**	**($337,336)**	**($243,934)**

**The impact of the Rate Reform Hold Harmless Provision in FY 2026-27 is carried in Purchase of Services Caseload.*

Reimbursements

The budget year includes $7.4 billion in reimbursements, an increase of $828.3 million compared to the updated current year. Adjustments are reflected in the table below and the main drivers are changes in caseload and utilization, and improvements in the claiming of federal financial participation for eligible individuals.

Reimbursements *(Dollars in Thousands)*			
	FY 2025-26	**FY 2026-27**	**Difference**
Home and Community-Based Services (HCBS) Waiver	$4,420,602	$5,032,564	$611,962
HCBS Waiver Administration	$25,690	$26,809	$1,119
Medicaid Administration	$28,055	$28,055	$0
Targeted Case Management	$456,367	$486,122	$29,755
Title XX Block Grant	$213,421	$213,421	$0
(1) Social Services	*$136,264*	*$136,264*	*$0*
(2) Temporary Assistance for Needy Families	*$77,157*	*$77,157*	*$0*
Intermediate Care Facility-Developmentally Disabled State Plan Amendment	$77,406	$77,406	$0
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	$12,019	$13,698	$1,679
1915(i) State Plan Amendment	$994,107	$1,131,834	$137,727
Early Periodic Screening Diagnosis and Treatment	$21,640	$21,869	$229
Behavioral Health Treatment Fee-for-Service	$5,915	$5,915	$0
Self-Determination Program Waiver	$337,373	$383,236	$45,863
Total Reimbursements	**$6,592,595**	**$7,420,929**	**$828,334**

Federal Funds

The budget year includes $55.4 million in direct federal funds, a net decrease of $83,000 compared to the updated current year budget.

Federal Funds *(Dollars in Thousands)*			
	FY 2025-26	**FY 2026-27**	**Difference**
Early Start Part C/Other Agency Costs	$54,337	$54,249	($88)
Foster Grandparent Program	$1,145	$1,150	$5
Total Federal Funds	**$55,482**	**$55,399**	**($83)**

STATE OPERATED SERVICES

FY 2025-26

The FY 2025-26 updated state-operated services budget is $304.6 million ($274.4 million General Fund), a decrease of $5 million ($3.9 million General Fund) compared to the Enacted Budget due to Control Section Adjustments and a Complex Needs Residential Program timeline update.

Facilities Update

- Complex Needs Residential Program: Postponement of three positions and $628,000 General Fund.

Baseline Adjustments

- Control Section 26.00 Resource Reallocation: A transfer of $8.0 million ($6.4 million General Fund) and 70 positions within the Department.
- Control Section 3.60 Adjustments: An increase of $7.8 million ($7.0 million General Fund).
- Item 9800 Employee Compensation: a reduction of $4.3 million ($3.8 million General Fund).

Costs and Fund Sources
(Dollars in Thousands)

	Enacted Budget	FY 2025-26	Difference
Personal Services	$266,221	$262,685	($3,536)
Operating Expenses and Equipment	$35,148	$33,658	($1,490)
Lease Revenue Bond	$8,272	$8,262	($10)
Total Costs	**$309,641**	**$304,605**	**($5,036)**
General Fund (GF)	$278,228	$274,363	($3,865)
GF Match	*$31,388*	*$30,101*	*($1,237)*
GF Other	*$246,890*	*$244,262*	*($2,628)*
Reimbursements	$31,338	$30,101	(1,237)
Lottery Fund	$75	$141	$66
Fund Sources	**$309,641**	**$304,605**	**($5,036)**

FY 2026-27

The FY 2026-27 budget includes $293.3 million ($263.8 million General Fund), a decrease of $11.3 million ($10.6 million General Fund) compared to FY 2025-26 due to Fairview cold shutdown, Control Section Adjustments, a Complex Needs Residential Program timeline update, and the Lease Revenue Debt Service Bond.

Facilities Update

- Fairview Cold Shutdown: A reduction of $8.4 million General Fund and 40 positions to reflect the cold shutdown of Fairview Developmental Center as the property's disposition process continues.

- Complex Needs Residential Program: Increase of 1.4 positions and $255,000 General Fund, reflecting the updated timeline for the project.

Baseline Adjustments

- Control Section 26.00 Resource Reallocation: An additional transfer of $4.0 million ($3.2 million General Fund) supporting 70 positions within the Department.
- Item 9800 Employee Compensation: Increase of $940,000 ($883,000 General Fund).
- Control Section 3.60 Adjustments: Reduction of $149,000 General Fund reflecting Fairview Developmental Center cold shutdown.

Costs and Fund Sources *(Dollars in Thousands)*			
	FY 2025-26	**FY 2026-27**	**Difference**
Personal Services	$262,685	$244,015	($18,670)
Operating Expenses and Equipment	$33,658	$41,010	$7,352
Lease Revenue Bond	$8,262	$8,257	($5)
Total Costs	**$304,605**	**$293,282**	**(11,323)**
General Fund (GF)	$274,363	$263,784	($10,579)
GF Match	*$30,101*	*$29,357*	*($744)*
GF Other	*$244,262*	*$234,427*	*($9,835)*
Reimbursements	$30,101	$29,357	($744)
Lottery Fund	$141	$141	$0
Fund Sources	**$304,605**	**$293,282**	**($11,323)**

HEADQUARTERS

FY 2025-26

The FY 2025-26 updated budget includes $174.2 million ($111.3 million General Fund), a net increase of $11.3 million ($8.0 million General Fund) compared to the Enacted Budget.

- Control Section Adjustments – Employee Compensation: An increase of $2.3 million ($1.6 million) General Fund to reflect adjustments pursuant to Control Sections 3.60 and Item 9800.
- Control Section 26.00 Resource Reallocation: A transfer of $8.0 million ($6.4 million General Fund) and 70 positions within the Department.
- Federal Trust Fund Adjustment: An increase of $1.0 million.

Costs and Fund Sources *(Dollars in Thousands)*			
	Enacted Budget	**FY 2025-26**	**Difference**
Personal Services	$123,815	$132,934	$9,119
Operating Expenses and Equipment	$39,007	$41,235	$2,228
Total Costs	**$162,822**	**$174,169**	**$11,347**
General Fund (GF)	$103,288	$111,277	$7,989
GF Match	*$35,277*	*$37,292*	*$2,015*
GF Other	*$68,011*	*$73,985*	*$5,974*
Reimbursements	$55,559	$57,799	$2,240
Program Development Fund	$447	$461	$14
Federal Trust Fund	$3,026	$4,116	$1,090
Behavioral Health Services Fund	$502	$516	$14
Fund Sources	**$162,822**	**$174,169**	**$11,347**

FY 2026-27

The FY 2026-27 budget includes $183.2 million ($118.4 million General Fund), a net increase of $9.1 million ($7.1 million General Fund) compared to the updated current year. This includes limited-term resources expiring June 30,2026, an adjustment to employee compensation from Item 9800, Control Section 3.60 pension contribution updates, and the following adjustments:

- Federal Access Rule Resources: An increase of $504,000 ($433,000 General Fund) and nine positions to reflect the ongoing workload related to compliance with the federal Home and Community-Based Access Rule.
- Life Outcomes Improvement System (LOIS): An increase of $1.3 million ($543,000 million General Fund): Includes one-year limited-term resources equivalent to 20 positions to continue the planning phase of the project.
- Control Section 26.00 Resource Reallocation: An additional transfer of $4.0 million ($3.2 million GF) for a total transfer of $12 million ($9.6 million General Fund) supporting 70 positions within the Department.
- Self-Determination Program Administrative Costs: An increase of $2.0 million General Fund
- Federal Trust Fund Adjustment: An increase of $1.0 million

Costs and Fund Sources *(Dollars in Thousands)*			
	FY 2025-26	**FY 2026-27**	**Difference**
Personal Services	$132,934	$140,097	$7,163
Operating Expenses and Equipment	$41,235	$43,143	$1,908
Total Costs	**$174,169**	**$183,240**	**$9,071**
General Fund (GF)	$111,277	$118,365	$7,088
GF Match	*$37,292*	*$39,224*	*$1,932*
GF Other	*$73,985*	*$79,141*	*$5,156*
Reimbursements	$57,799	$59,731	$1,932
Program Development Fund	$461	$461	$0
Federal Trust Fund	$4,116	$4,167	$51
Behavioral Health Services Fund	$516	$516	$0
Fund Sources	**$174,169**	**$183,240**	**$9,071**