

Department of Developmental Services

2026 May Revision Highlights



**Gavin Newsom
Governor
State of California**

**Kim Johnson
Secretary
California Health and Human Services
Agency**

**Pete Cervinka
Director
Department of Developmental Services**

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DEPARTMENT OF DEVELOPMENTAL SERVICES

2026 MAY REVISION HIGHLIGHTS

The Department of Developmental Services (Department) is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act) and the Early Start Program. The Lanterman Act provides for the coordination and provision of services and supports to enable people to achieve their goals. The Early Start Program provides services to infants and toddlers who have or are at risk of having a developmental disability. All 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 supported by regional centers in the community is expected to be 487,114 in the current year and to increase to 526,848 in fiscal year (FY) 2026-27. In addition, the proposed budget supports capacity for 302 individuals supported in state-operated facilities.

2026 MAY REVISION SUMMARY

The May Revision includes \$21.6 billion (\$13.5 billion General Fund) for FY 2026-27; a net increase of \$2.9 billion (\$1.6 billion General Fund) over the updated FY 2025-26 budget, a 15.5 percent increase.

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

- Center-Based Early Intervention Services: \$15 million (\$12.4 million General Fund) to update the rate model methodology for certain early intervention services delivered outside the home.
- Equitable and Consistent Needs Assessment: \$11.4 million (\$9.1 million General Fund) in 2026-27, \$9.4 million (\$7.1 million General Fund) in 2027-28, and \$2.8 million (\$2.4 million General Fund) in 2028-29 and ongoing to develop of a standard intake process and clinical needs assessment tool for use by regional centers statewide, with a focus on promoting consistency and equity regardless of where someone lives.
- Home and Community-Based Services Federal Access Rule—Resources for Regional Centers: \$1.1 million (\$779,000 General Fund) in 2026-27 and \$2.2 million (\$1.6 million General Fund) in 2027-28 and ongoing to address increased workload at regional centers associated with the implementation of the new Federal Access Rule grievance process. Implementation of the new process is proposed to shift from July 2026 to February 2027.

Capital Outlay

- \$7.9 million General Fund to continue the Fires Sprinkler System and Residences Rehabilitation projects at Porterville Development Center.

Statutory Changes - Budget trailer bill language is proposed to authorize the following:

- **Equitable and Consistent Needs Assessment:** support the standardized intake process by developing a clinical needs assessment tool for use by regional centers statewide, with a focus on promoting consistency and improving equity within the system regardless of where an individual lives.
- **Family Teaching Model:** create a separate service code for the Family Teaching Model service, which is currently included under the Family Home Agency rate structure. The intent of the language is to address transparency in service delivery and more clearly differentiate between the two service types.
- **Tailored Day Services Model Update:** allow Supported Employment Services to be provided to individuals on the same day as Tailored Day Services.
- **Merge the Community Placement Plan and Community Resources Development Plan:** consolidates two programs focused on building capacity to support individuals in the community.
- **State-Operated Transitional and Rehabilitative Services:** establish two-year time limits on the duration of placement at Canyon Springs Community Facility beginning July 1, 2027, and at Porterville Developmental Center for placements made under Welfare and Institutions Code 6500 civil commitments beginning July 1, 2031. The language also would clarify the admissions criteria and processes for both locations.
- **State-Operated Community-Based Facility Purchases:** exempt from the Department of General Services' procurement process the purchase of goods and services at the Department's state-operated facilities.
- **Sunsetting Reporting Language:** reduce administrative workload by sunseting various outdated reporting requirements.

Program Highlights

(Dollars in Thousands)

	FY 2025-26*	FY 2026-27	Difference
Community Services Program			
Regional Centers	\$18,196,079	\$21,092,492	\$2,896,413
Total, Community Services	\$18,196,079	\$21,092,492	\$2,896,413
General Fund	\$11,494,010	\$13,094,380	\$1,600,370
Program Development Fund	\$434	\$0	(\$434)
Developmental Disabilities Services Account	\$150	\$150	\$0
Federal Trust Fund	\$55,482	\$55,357	(\$125)
Reimbursements	\$6,645,263	\$7,941,865	\$1,296,602
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	\$141,660	\$8,726
Operating Expense & Equipment		\$46,331	
	\$41,235		\$5,096
Total, Headquarters Support	\$174,169	\$187,991	\$13,822
General Fund	\$111,277	\$122,766	\$11,489
Federal Trust Fund	\$4,116	\$4,167	\$51
Program Development Fund	\$461	\$461	\$0
Reimbursements	\$57,799	\$60,081	\$2,282
Behavioral Health Services Fund	\$516	\$516	\$0
Total, All Programs	\$18,674,853	\$21,573,765	\$2,898,912
Total Funding			
General Fund	\$11,879,650	\$13,480,930	\$1,601,280
Federal Trust Fund	\$59,598	\$59,524	(\$74)
Lottery Education Fund	\$141	\$141	\$0
Program Development Fund	\$895	\$461	(\$434)
Developmental Disabilities Services Account	\$150	\$150	\$0
Reimbursements	\$6,733,163	\$8,031,303	\$1,298,140
Behavioral Health Services Fund	\$1,256	\$1,256	\$0
Total, All Funds	\$18,674,853	\$21,573,765	\$2,898,912
Caseloads			
State Operated Services	302	302	0
Regional Centers	487,114	526,848	39,734
Departmental Positions			
State Operated Services	1,753.7	1,715.1	(38.6)
Headquarters	810.0	833.0	23.0

*FY 2025-26 does not include \$68.75 million carryover per Provision 6, Chapter 35, Statutes of 2024 for Quality Incentive Program.

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 individuals eligible for Medi-Cal under the Affordable Care Act Expansion Population and an increase in the share of the overall caseload having Medi-Cal eligibility.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	Governor's Budget	May Revision	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)	\$11,546,678	\$11,494,010	(\$52,668)
<i>GF Match</i>	\$5,939,454	\$5,991,787	\$52,333
<i>GF Other</i>	\$5,607,224	\$5,502,223	(\$105,001)
Reimbursements	\$6,592,595	\$6,645,263	\$52,668
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 2,140 individuals compared to the Governor's Budget.

Caseload	Governor's Budget	May Revision*	Difference
Lanterman	418,361	417,036	(1,325)
Early Start	56,020	54,837	(1,183)
Provisional Eligibility	14,873	15,241	368
Total Community Caseload	489,254	487,114	(2,140)

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

Regional Center Operations – Caseload

There is no change to the current year from the Governor’s Budget.

Operations – Caseload <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	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 from the Governor’s Budget.

Operations – Policy <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	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 in the current year from the Governor’s Budget.

Purchase of Services Caseload (Utilization and Growth) <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	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 current year from the Governor’s Budget.

Purchase of Services – Policy <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Ongoing Purchase of Services Items	\$42,050	\$42,050	\$0
Rate Reform Hold Harmless Provision	(\$112,952)	(\$112,952)	\$0
Self-Determination Program Updates	(\$22,500)	(\$22,500)	\$0
Total POS – Policy	(\$93,402)	(\$93,402)	\$0

Reimbursements

The updated current year reflects a net increase of \$52.7 million in reimbursements compared to the Governor’s Budget primarily driven by improvements in the claiming of federal financial participation for eligible individuals.

Adjustments are reflected in the table below.

Reimbursements <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Home and Community-Based Services (HCBS) Waiver	\$4,420,602	\$4,420,602	\$0
HCBS Waiver Administration	\$25,690	\$25,596	(\$94)
Medicaid Administration	\$28,055	\$28,055	\$0
Targeted Case Management	\$456,367	\$503,817	\$47,450
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	\$76,611	(\$795)
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$12,019	\$12,019	\$0
1915(i) State Plan Amendment	\$994,107	\$994,107	\$0
Early Periodic Screening Diagnosis and Treatment	\$21,640	\$27,414	\$5,774
Behavioral Health Treatment Fee-for-Service	\$5,915	\$6,248	\$333
Self-Determination Program Waiver	\$337,373	\$337,373	\$0
Total Reimbursements	\$6,592,595	\$6,645,263	\$52,668

Federal Funds

There is no change in the current year from the Governor’s Budget.

Federal Funds <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	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 regional center budget includes \$21.1 billion (\$13.1 billion General Fund), a net increase of \$460.5 million (a net decrease of \$60.4 million General Fund) compared to the Governor’s Budget. This reflects updated expenditure trends and increased federal financial participation for individuals eligible for Medi-Cal under the Affordable Care Act Expansion Population and an increased share of the overall caseload having Medi-Cal eligibility.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Operations	\$1,782,689	\$1,806,408	\$23,719
Purchase of Services	\$18,827,975	\$19,263,657	\$435,682
Early Start Part C/Other Agency Costs	\$19,336	\$20,424	\$1,088
Early Start Family Resource Services	\$2,003	\$2,003	\$0
Total Costs	\$20,632,003	\$21,092,492	\$460,489
General Fund (GF)	\$13,154,785	\$13,094,380	(\$60,405)
<i>GF Match</i>	\$6,756,704	\$7,196,963	\$440,259
<i>GF Other</i>	\$6,398,081	\$5,897,417	(\$500,664)
Reimbursements	\$7,420,929	\$7,941,865	\$520,936
Program Development Fund/Parental Fees	\$0	\$0	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Behavioral Health Services Fund	\$740	\$740	\$0
Federal Funds	\$55,399	\$55,357	(\$42)
Fund Sources	\$20,632,003	\$21,092,492	\$460,489

Population

There is no change in budget year compared to the Governor’s Budget.

Caseload	Governor’s Budget	May Revision	Difference
Lanterman	452,615	452,615	0
Early Start	56,073	56,073	0
Provisional Eligibility	18,160	18,160	0
Total Caseload	526,848	526,848	0

Regional Center Operations – Caseload

The budget year includes \$1.8 billion (\$1.2 billion General Fund) for regional center operations; an increase of \$15.9 million (a net decrease of \$34.2 million General Fund) compared to the Governor’s Budget. The increase is primarily attributed to regional center rents resulting from hiring to address caseload increases and staffing ratios.

Operations – Caseload <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Staffing Expenditures	\$1,668,691	\$1,684,599	\$15,908
Federal Compliance	\$49,552	\$49,552	\$0
Projects	\$41,941	\$41,941	\$0
Intermediate Care Facility-Developmentally Disabled	\$2,322	\$2,322	\$0
Quality Assurance Fees			
Total Operations – Caseload	\$1,762,506	\$1,778,414	\$15,908

Regional Center Operations – Policy

The budget year includes \$28.0 million (\$8.1 million General Fund) for policies impacting regional center operations, an increase of \$7.8 million (\$5.5 million General Fund) compared to the Governor’s Budget.

New Policies:

- Equitable and Consistent Needs Assessment: Increase of \$6.7 million (\$4.7 million General Fund) to support development of a standard intake process and clinical needs assessment tool for use by regional centers statewide.
- Home and Community-Based Services Federal Access Rule: Resources for Regional Centers: Increase of \$1.1 million (\$779,000 General Fund) to address increased workload at regional centers associated with the implementation of the Federal Access Rule’s grievance process, which now will be implemented by February 2027.

Operations – Policy <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Equitable and Consistent Needs Assessment	\$0	\$6,695	\$6,695
HCBS Federal Access Rule	\$0	\$1,116	\$1,116
Life Outcomes Improvement System (LOIS)	\$7,255	\$7,255	\$0
Public Records Act - (AB 1147)	\$12,928	\$12,928	\$0
Total Operations – Policy	\$20,183	\$27,994	\$7,811

Purchase of Services (POS) Caseload

The budget year includes \$19.6 billion (\$12.3 billion General Fund) for purchase of services, an increase of \$420.7 million (a net decrease of \$3.9 million General Fund), compared to the Governor’s Budget. The increase primarily is due to updated expenditure trends in the utilization of various budget categories, as shown below.

Purchase of Services Caseload (Utilization and Growth) <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Behavioral Services	\$200,000	\$204,390	\$4,390
Day Services	\$2,859,631	\$2,922,402	\$62,771
Early Intervention Services	\$1,427,184	\$1,458,510	\$31,326
Employment	\$153,647	\$157,020	\$3,373
Medical Services	\$366,601	\$374,648	\$8,047
Other Services	\$254,817	\$260,410	\$5,593
Residential Services	\$7,255,497	\$7,414,757	\$159,260
Respite	\$2,388,155	\$2,440,575	\$52,420
Social Recreation	\$538,419	\$550,237	\$11,818
Support and Training Services	\$2,945,635	\$3,010,292	\$64,657
Transportation	\$775,725	\$792,752	\$17,027
Total POS – Caseload	\$19,165,311	\$19,585,993	\$420,682

POS – Policy

The budget year reflects a decrease of \$322.3 million (a net decrease of \$461.2 million General Fund) for policies impacting regional center purchase of services. This is an increase of \$15 million (a net decrease of \$27.7 million General Fund) compared to the Governor’s Budget.

New Policy:

- Center-Based Early Intervention Service Providers: Increase of \$15 million (\$12.4 million General Fund) to update the rate model methodology for certain early intervention services delivered outside the home.

Purchase of Services – Policy <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Ongoing Purchase of Services Items	\$42,050	\$42,050	\$0
Quality Incentive Program Eligibility Provider Mandate	(\$333,886)	(\$333,886)	\$0
Rate Model Update: Center-Based Early Start Service Providers	\$0	\$15,000	\$15,000
Rate Reform Hold Harmless Provision	\$0	\$0	\$0
Self-Determination Program Updates	(\$45,500)	(\$45,500)	\$0
Total POS – Policy	(\$337,336)	(\$322,336)	\$15,000

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 \$7.9 billion in reimbursements, an increase of \$520.9 million compared to the Governor’s Budget. The table below displays these adjustments, driven by service utilization and improvements in the claiming of federal financial participation for eligible individuals.

Reimbursements <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Home and Community-Based Services (HCBS) Waiver	\$5,032,564	\$5,108,003	\$75,439
HCBS Waiver Administration	\$26,809	\$26,772	(\$37)
Medicaid Administration	\$28,055	\$28,055	\$0
Targeted Case Management	\$486,122	\$538,616	\$52,494
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	\$76,611	(\$795)
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$13,698	\$13,698	\$0
1915(i) State Plan Amendment	\$1,131,834	\$1,428,155	\$296,321
Early Periodic Screening Diagnosis and Treatment	\$21,869	\$29,956	\$8,087
Behavioral Health Treatment Fee-for-Service	\$5,915	\$6,248	\$333
Self-Determination Program Waiver	\$383,236	\$472,330	\$89,094
Total Reimbursements	\$7,420,929	\$7,941,865	\$520,936

Federal Funds

The budget year includes \$55.4 million in direct federal funds, a net decrease of \$42,000 compared to the Governor’s Budget.

Federal Funds <i>(Dollars in Thousands)</i>			
	Governor's Budget	May Revision	Difference
Early Start Part C/Other Agency Costs	\$54,249	\$54,207	(\$42)
Foster Grandparent Program	\$1,150	\$1,150	\$0
Total Federal Funds	\$55,399	\$55,357	(\$42)

STATE OPERATED SERVICES

FY 2025-26

There is no change to the current year from the Governor's Budget.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	Governor's Budget	May Revision	Difference
Personal Services	\$262,685	\$262,685	\$0
Operating Expenses and Equipment	\$33,658	\$33,658	\$0
Lease Revenue Bond	\$8,262	\$8,262	\$0
Total Costs	\$304,605	\$304,605	\$0
General Fund (GF)	\$274,363	\$274,363	\$0
<i>GF Match</i>	\$30,101	\$30,101	\$0
<i>GF Other</i>	\$244,262	\$244,262	\$0
Reimbursements	\$30,101	\$30,101	\$0
Lottery Fund	\$141	\$141	\$0
Fund Sources	\$304,605	\$304,605	\$0

FY 2026-27

There is no change to the budget year from the Governor's Budget.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	Governor's Budget	May Revision	Difference
Personal Services	\$244,015	\$244,015	\$0
Operating Expenses and Equipment	\$41,010	\$41,010	\$0
Lease Revenue Bond	\$8,257	\$8,257	\$0
Total Costs	\$293,282	\$293,282	\$0
General Fund (GF)	\$263,784	\$263,784	\$0
<i>GF Match</i>	\$29,357	\$29,357	\$0
<i>GF Other</i>	\$234,427	\$234,427	\$0
Reimbursements	\$29,357	\$29,357	\$0
Lottery Fund	\$141	\$141	\$0
Fund Sources	\$293,282	\$293,282	\$0

HEADQUARTERS

FY 2025-26

There is no change to the current year from the Governor’s Budget.

Costs and Fund Sources			
<i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Personal Services	\$132,934	\$132,934	\$0
Operating Expenses and Equipment	\$41,235	\$41,235	\$0
Total Costs	\$174,169	\$174,169	\$0
General Fund (GF)	\$111,277	\$111,277	\$0
<i>GF Match</i>	\$37,292	\$37,292	\$0
<i>GF Other</i>	\$73,985	\$73,985	\$0
Reimbursements	\$57,799	\$57,799	\$0
Program Development Fund	\$461	\$461	\$0
Federal Trust Fund	\$4,116	\$4,116	\$0
Behavioral Health Services Fund	\$516	\$516	\$0
Fund Sources	\$174,169	\$174,169	\$0

FY 2026-27

The FY 2026-27 budget includes \$188.0 million (\$122.8 million General Fund), a net increase of \$4.8 million (\$4.4 million General Fund) from the Governor’s Budget. This increase reflects one Budget Change Proposal.

- **Equitable and Consistent Needs Assessment:** Includes \$4.8 million (\$4.4 million General Fund) and nine positions to develop of a standard intake process and clinical needs assessment tool for use by regional centers statewide, with a focus on promoting consistency and equity regardless of where someone lives.

Costs and Fund Sources			
<i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Personal Services	\$140,197	\$141,660	\$1,463
Operating Expenses and Equipment	\$43,043	\$46,331	\$3,288
Total Costs	\$183,240	\$187,991	\$4,751
General Fund (GF)	\$118,365	\$122,766	\$4,401
<i>GF Match</i>	\$39,224	\$39,574	\$350
<i>GF Other</i>	\$79,141	\$83,192	\$4,051
Reimbursements	\$59,731	\$60,081	\$350
Program Development Fund	\$461	\$461	\$0
Federal Trust Fund	\$4,167	\$4,167	\$0
Behavioral Health Services Fund	\$516	\$516	\$0
Fund Sources	\$183,240	\$187,991	\$4,751