



California's 2026-27 Approved State Budget *Final Detailed Summary*

Governor Gavin Newsom signed California's final 2026-27 state budget on June 29, 2026. The final budget reflects a negotiated agreement between the Governor and Legislature after months of uncertainty driven by state revenue pressures, rising Medi-Cal costs, and major federal policy changes. The final Budget Act includes approximately \$351.7 billion in total expenditures, including \$251.5 billion from the General Fund, and the Administration and Legislature describe the agreement as balanced with no projected deficit in the current or following fiscal year.

For California's developmental disability community, the final budget is significantly better than the Governor's May Revision. Most importantly, it does not include significant cuts to the Department of Developmental Services or regional center services, preserves Lanterman Act services and supports, rejects proposed reductions to IHSS and Adult Protective Services, protects Medi-Cal Dental for another year, and includes a major increase in special education funding. However, the budget also includes several areas of serious concern, especially the reinstatement of a Medi-Cal asset limit beginning July 1, 2027, changes affecting Medi-Cal members with "unsatisfactory immigration status," and the lack of funding for Be Home Soon CA.

The Arc & UCP California Collaborative has provided the following detailed summary of the major provisions of the final 2026-27 state budget that affect people with intellectual and developmental disabilities, their families, service providers, regional centers, and the broader disability community.

REGIONAL CENTER SERVICES / DEPARTMENT OF DEVELOPMENTAL SERVICES

DDS and Regional Center Funding: The final budget does not include significant reductions to the Department of Developmental Services or regional center services. This is a major improvement over the May Revision and preserves core Lanterman Act services and supports. The final package also includes targeted funding related to home and community-based services compliance and waiver access, including \$3.5 million for HCBS Access Rule compliance and \$1.5 million connected to the Home and Community-Based Alternatives waiver waitlist.

Regional Center Board Governance and Professionalization: The developmental services trailer bill includes major changes to regional center board governance. By January 1, 2028, regional center boards must have no more than 17 members and include specified areas of expertise. The budget also requires regional centers to retain or employ an attorney with at least five years of relevant experience by July 1, 2027, and requires that attorney to attend board and executive committee meetings. The final language also includes board training requirements and a lived experience advisory group that will designate two members to serve on each regional center board.

Consumer and Family Representation: The final budget did not include earlier proposals that would have removed current consumer and family representation requirements on regional center boards. This is an important protection because regional center boards make decisions that directly affect access, quality, equity, and accountability in the developmental services system.

Anti-Retaliation Policy: The final budget requires regional centers to adopt an anti-retaliation policy. This is an important accountability measure for individuals, families, service providers, and others who raise concerns about services, supports, or regional center practices.

Life Outcomes Improvement System: The final budget includes statutory language related to the Life Outcomes Improvement System, known as LOIS. The trailer bill states legislative intent that all regional centers use LOIS and requires quarterly written updates on implementation.

Section 4731 Complaints and New Grievance Process: The final budget makes significant changes to the Section 4731 complaint process. Complaints filed before February 1, 2027, will continue under the current process. Beginning February 1, 2027, new grievances will be filed with DDS first, with a reviewer assigned and a written resolution plan required within 60 days. DDS must review the resolution plan within 21 days. DDS must also post a sample of resolution plans annually and convene stakeholders by August 1, 2027. This will be an important area to monitor closely because the Section 4731 process is one of the key accountability tools available to individuals and families.

Self-Determination Program: The final budget preserves flexible funding connected to the Self-Determination Program and local volunteer advisory committees. The developmental services trailer bill allows reappropriated federal financial participation funds to be used through June 30, 2030, including up to \$1 million for local resource fairs and statewide training. The budget also requires DDS to develop standardized statewide Self-Determination Program policies by March 1, 2027.

Rate Reform and Quality Incentive Program: The final budget extends the deadline for DDS to adopt regulations related to rate reform and the Quality Incentive Program to December 31, 2030. The trailer bill also requires DDS to provide technical assistance and training and to evaluate and support access to the Quality Incentive Program.

Remote Services: The final budget extends authorization for specified remote services through December 31, 2028. Remote services must be chosen by the individual, documented in the IPP, and cannot reduce access to in-person services. This flexibility may continue to be important for individuals and families who face transportation barriers, health risks, staffing challenges, or limited local service options.

Employment and Day Services: The final budget allows tailored day services to be provided on the same day as supported employment individual placement services. It also directs DDS and the Department of Rehabilitation to develop an integrated employment service system, with implementation planning and progress reports required over the next several years.

Supported Living Services: The developmental services trailer bill includes overtime protections for hourly supported living services workers, requiring one and one-half times the regular rate of pay for hours worked over 40 in a workweek.

Family Teaching Model: The budget creates a distinct service code and rate model for the Family Teaching Model. This may help clarify and support that service model within the regional center system.

Vendor Physical Location Requirement: Beginning January 1, 2027, a provider's physical location in a regional center service area will no longer be required for vendorization unless the service itself requires a physical location. DDS must issue related guidance by March 1, 2028.

Accreditation Requirements: The final budget removes the requirement that certain providers obtain accreditation from CARF and directs DDS to develop alternative standards. This change will need to be monitored to ensure that quality oversight remains meaningful and that administrative requirements do not unnecessarily reduce service access.

Early Start and Early Intervention: The budget includes changes related to early intervention and the transition between IDEA Part C and Part B services. The trailer bill requires CDE and DDS to enter into an interagency agreement and includes directives related to toddlers transitioning from regional center early intervention services. The budget also includes funding for early intervention rate model updates.

IN-HOME SUPPORTIVE SERVICES

Proposed IHSS Cuts Rejected: The final budget rejects all of the Governor's proposed IHSS cuts and maintains core IHSS funding. This is a major win for people with disabilities, seniors, family caregivers, and direct care workers. IHSS helps many individuals with developmental disabilities live safely at home and avoid unnecessary institutionalization.

Backup Provider System Preserved: The final budget also preserves the IHSS backup provider system. This is important for individuals and families who need urgent support when a regular provider is unavailable.

Ongoing Concern: Although immediate IHSS cuts were rejected, IHSS eligibility is closely tied to Medi-Cal. The reinstatement of a Medi-Cal asset limit in 2027 could affect some people with disabilities and seniors who depend on Medi-Cal-linked long-term services and supports, including IHSS.

MEDI-CAL

Medi-Cal Asset Limit: Beginning July 1, 2027, the final budget reinstates and revises the Medi-Cal asset limit for seniors and persons with disabilities. The limit will be \$21,000 for an individual, \$31,000 for a couple, and \$1,550 for each additional household member, up to a household of 10. Current higher asset limits remain in place through 2026-27. This is one of the most significant concerns in the final budget because asset limits can create barriers to health care, IHSS, and other long-term services and supports for people with disabilities and older adults.

Asset Limit Advocacy Continues: The final agreement reflects a compromise that delays the effective date and sets the asset limit higher than the Governor's May Revision proposal. However, advocates will need to continue working next year to secure a higher level or prevent harm before implementation begins on July 1, 2027.

Medi-Cal Coverage for People with Unsatisfactory Immigration Status: The final budget delays several proposed Medi-Cal eligibility and benefit restrictions affecting adults with "unsatisfactory immigration status" until July 1, 2027. The budget also maintains full-scope Medi-Cal for certain

humanitarian immigrants affected by federal H.R. 1 through June 2027. These delays are important, but they leave major health coverage decisions to the next Governor and Legislature.

Medi-Cal Premiums: The budget delays premiums for adults with unsatisfactory immigration status until no sooner than July 1, 2027. The 2027-28 May Revision must set the premium between \$30 and \$50 per month. This will be a major issue for immigrant families, including families that include people with developmental disabilities.

Medi-Cal Dental: The final budget protects Medi-Cal Dental for another year. Dental benefit reductions for affected adults are delayed until July 1, 2027. Beginning on that date, Medi-Cal Dental coverage would be limited for certain adults who do not qualify for federally funded full-scope Medi-Cal, with exceptions for children, pregnant and postpartum individuals, and foster or former foster youth under age 26.

Managed Care to Fee-for-Service Transition: The final budget includes changes that would move Medi-Cal members with unsatisfactory immigration status from Medi-Cal managed care to fee-for-service Medi-Cal, with transition funding included. This will require close monitoring because delivery system changes can disrupt provider relationships, care coordination, prescription access, transportation, and continuity of care.

Federal Medicaid Uncertainty: Federal Medicaid changes remain one of the biggest threats to California's health and human services safety net. The final state budget delays some of the most harmful immediate impacts, but federal policy changes could continue to affect Medi-Cal eligibility, benefits, financing, and access in the coming years.

ADULT PROTECTIVE SERVICES

APS Reductions Rejected: The final budget rejects the Governor's proposed reductions to Adult Protective Services. APS is an important protection for adults with disabilities and older adults who may experience abuse, neglect, exploitation, or unsafe living conditions.

SPECIAL EDUCATION / EDUCATION

Major Special Education Funding Increase: The final budget includes a \$2.4 billion ongoing increase for special education, described by the Administration as a 43 percent increase. This is one of the most significant investments in special education in recent years and is intended to support special education funding equalization and related needs across the state.

Additional Special Education Investments: The budget also includes funding related to extraordinary special education costs, special education teacher training, and monitoring of out-of-state nonpublic school placements. These investments may help address service access, workforce, and placement oversight concerns, though implementation will determine how much impact students and families experience locally.

Education Governance Changes: The final budget includes major changes to state education governance beginning January 15, 2027. The new structure gives a Governor-appointed Director of Education authority over the California Department of Education and changes the role of the elected State Superintendent of Public Instruction. Because CDE plays a central role in special education

oversight, compliance, and guidance to school districts, these changes may have significant implications for students with disabilities and their families.

IMMIGRANT SERVICES AND PUBLIC BENEFITS

Immigration Legal Services: The budget includes a major investment in immigration legal services, including One California, the California Immigrant Resilience Fund, and related programs. According to the California Immigrant Policy Center summary provided for this draft, the budget includes a one-time \$100 million increase, for a total of \$175 million, the largest state commitment in the country. These services are especially important for immigrant families that include people with disabilities, who may face added barriers to health care, education, services, and legal representation.

Food Assistance: The final budget preserves California's commitment to expand the California Food Assistance Program to adults age 55 and older, regardless of immigration status, by October 2027. However, the budget does not include the additional funding proposed by the Legislature to expand CFAP access for humanitarian immigrants losing CalFresh eligibility under federal H.R. 1. This leaves a gap for refugees, asylees, and other humanitarian immigrants who may lose federal food assistance.

HOUSING AND COMMUNITY LIVING

Affordable Housing: The final budget includes housing investments, including \$500 million for the Low-Income Housing Tax Credit program and \$200 million for the Multifamily Housing Program. The Legislature also identified additional homelessness and housing stability investments as part of the final agreement. Accessible, affordable housing remains one of the most urgent needs for people with developmental disabilities and their families.

Be Home Soon CA Not Funded: The final budget does not include funding for Be Home Soon CA, which would have expanded efforts to transition people with disabilities from institutional settings into the community. This is a missed opportunity to strengthen California's commitment to community living and reduce unnecessary institutionalization.

SSI/SSP

No Major SSI/SSP Changes Identified: No major SSI/SSP grant structure changes were identified in the final budget materials reviewed for this summary. SSI/SSP remains a critical income support for many people with developmental disabilities, and the adequacy of grants continues to be a long-term concern given California's high housing and living costs.

REVENUE AND FISCAL ISSUES

Fair Share Contribution: The final budget includes the Fair Share proposal framework, which is intended to explore ways to hold large corporations accountable for employee Medi-Cal costs. The budget requires the Administration to present viable options in 2027, and future legislation would be needed for implementation.

Business Tax Credit Cap: The final budget also extends limits on certain business tax credits, a revenue-generating action that helps reduce pressure for deeper cuts to health and human services. These revenue actions are important because state fiscal choices directly affect the stability of Medi-Cal, IHSS, DDS, housing, food assistance, and other programs used by people with disabilities and their families.

OVERALL IMPACT ON THE DEVELOPMENTAL DISABILITY COMMUNITY

The final 2026-27 state budget is a substantially better outcome than the Governor's May Revision for California's developmental disability community. The budget protects the core developmental services system, avoids significant DDS cuts, rejects proposed IHSS and APS reductions, protects Medi-Cal Dental for another year, preserves important immigrant health coverage for the short term, and makes a historic investment in special education.

At the same time, the budget leaves major concerns unresolved. The reinstated Medi-Cal asset limit beginning July 1, 2027, could create new barriers for people with disabilities and seniors. Medi-Cal changes affecting people with unsatisfactory immigration status could disrupt health care access and continuity of care. The new regional center governance and grievance provisions will require close oversight to ensure they strengthen accountability without weakening the voice of individuals and families. And the failure to fund Be Home Soon CA leaves an important community living priority unfinished.

The Arc & UCP California Collaborative will continue working with the Administration, Legislature, regional centers, families, self-advocates, providers, and coalition partners to protect the Lanterman Act, strengthen access to services, prevent harmful Medi-Cal and IHSS disruptions, and ensure that California's budget reflects the needs and rights of people with intellectual and developmental disabilities.