

# Fiscal Year 2026-27 Budget Priorities

**ISSUE:** Consideration of ARCA's Budget Priorities for Fiscal Year 2026-27

## **BACKGROUND:**

The Legislature and the Administration establish California's Budget each year through a lengthy process from the early January release of the Governor's Budget until the signing of the final Budget agreement in late June. From July through December, the Administration and the Legislature establish their priorities for the coming year. During this period advocates can have the greatest impact on shaping the priorities of decisionmakers.

## **ANALYSIS/DISCUSSION:**

Given the Administration is engaged in the development of its January Budget now and legislative leadership is contemplating its own priorities, the sooner ARCA establishes its Budget priorities for FY 2026-27, the greater the opportunity to shape initial thinking and identify legislative champions for the coming year. This also positions ARCA staff to encourage system partners (e.g., the Lanterman Coalition) to incorporate ARCA's priorities into their own advocacy, which will begin soon.

Each year, ARCA strives to identify Budget priorities in three areas:

- 1) Expansion of direct services or benefits to individuals served by regional centers and their families;
- 2) Support of the service provider network; and,
- 3) Resources and/or flexibilities to enable regional centers to better support their communities.

Last year, ARCA's priorities included capturing housing data to support greater investment, supporting the Direct Support Professional (DSP) workforce, including to address the unmet needs of diverse communities, and funding all service coordination positions adequately as a next step towards Core Staffing Formula replacement.

Considering a challenging environment, ARCA secured agreement from DDS to develop systems to capture housing needs data outside the Budget process. The Governor's May Revision proposed elimination of the DSP University program, but ARCA and others successfully advocated for its preservation. ARCA staff refined its proposed regional center operations funding model in response to DDS feedback and advocated for its need through the Master Plan for Developmental Services process.

The state is [projecting](#) deficits between \$17-24B annually for at least the next three years, even before taking into account the expected loss of federal revenues from the passage of HR 1.

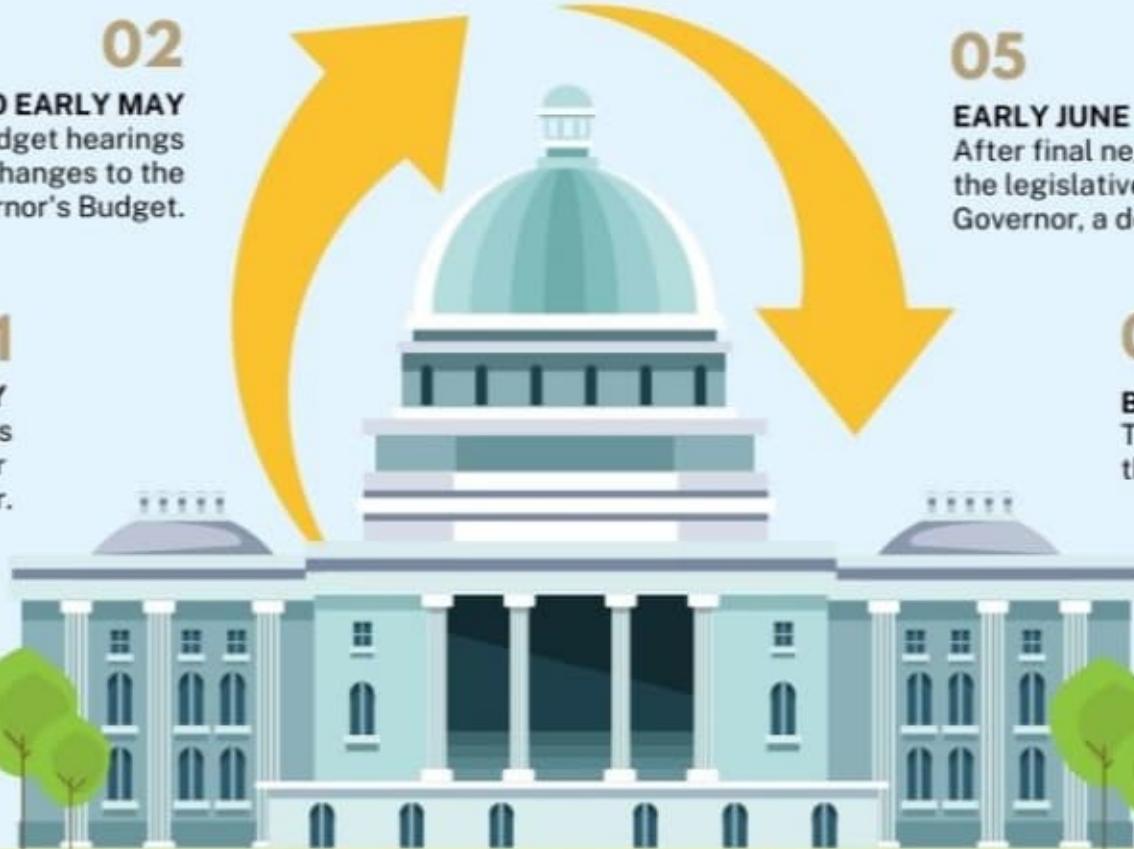
Building on the themes, successes, and challenges from the last Budget and legislative season, as well as understanding the current fiscal realities, the following proposed priorities are recommended for consideration:

- 1) Develop a comprehensive multiagency plan to significantly boost employment rates for people served by regional centers that effectively addresses barriers to competitive integrated employment, such as needed benefits counseling, employer outreach, government as a model employer, and strategies to support those with a variety of support needs;
- 2) Address service access needs, including for people with unmet needs and from diverse communities, by strengthening the DSP workforce through intentional recruiting and the launching of funded stipend programs, while also supporting youth, aging, and other family caregivers; and,
- 3) Enhance regional center outcomes by establishing an implementation plan for replacement of the Core Staffing Formula that ensures adequate funding, maintains local flexibility, and adjusts with time.

**RECOMMENDATIONS:** *Consider and approve FY 2025-26 ARCA Budget priorities*

**ATTACHMENT(S):** *California's State Budget Process Overview*

# CALIFORNIA'S STATE BUDGET PROCESS



01 **JANUARY**  
Governor releases proposed Budget for upcoming fiscal year.

02 **FEBRUARY TO EARLY MAY**  
Legislature holds Budget hearings and proposes changes to the Governor's Budget.

03 **BY MAY 14**  
The Governor issues the May Revise.

04 **LATE MAY**  
Senate and Assembly Budget subcommittees take final votes on proposals. Then the full Budget Committees vote on the Budget.

05 **EARLY JUNE**  
After final negotiations between the legislative leadership and the Governor, a deal is struck.

06 **BY JUNE 30**  
The Governor signs the Budget into law.