BEFORE THE
DEPARTMENT OF DEVELOPMENTAL SERVICES
STATE OF CALIFORNIA

In the Matter of:

CLAIMANT

and

FAR NORTHERN REGIONAL CENTER, Service Agency

DDS No. CS0034210

OAH No. 2026020805

PROPOSED DECISION

Administrative Law Judge Brian Weisel, a Hearing Officer with the Office of Administrative Hearings, State of California, heard this matter via videoconference on May 4, 2026, from Sacramento, California.

Larry Withers, Associate Director of Client Services, represented Far Northern Regional Center (FNRC).

Claimant appeared and represented himself.

Evidence was received, the record closed, and the matter was submitted for decision on May 4, 2026.

ISSUE

Whether FNRC may terminate services and discontinue Self-Determination Program (SDP) funds to be used for Claimant's business and for tips for rideshare drivers.

FACTUAL FINDINGS

Background and Jurisdiction

1. Claimant is a 35-year-old male enrolled in the SDP. He receives Lanterman Act services based on his qualifying diagnosis of autism spectrum disorder. Claimant manages the funds of his own SDP spending plan. Through those funds, Claimant works to achieve the goals set forth in his Individualized Program Plan (IPP).

2. On December 12, 2025, FNRC issued a Notice of Action (NOA) discontinuing SDP funds for two previously provided services: (1) professional photos, game pieces, blacksmithing supplies, and die-making supplies for Claimant's business; and (2) tips for drivers using ridesharing apps (Uber or Lyft).

3. FNRC denied the requests because it argues Claimant's creation and sale of merchandise is not a business, but a hobby. Department of Developmental Services (DDS) directives prohibit the use of SDP funds for recreational or hobby items. The NOA further provided that though Claimant's SDP may fund rideshare trips for transportation to activities consistent with Claimant's IPP, tips paid to the rideshare driver for those same trips may not. Claimant timely appealed FNRC's NOA. This hearing followed.

FNRC's Evidence

4. Tamra Panther is an Associate Director of Client Services at FNRC. She has worked at FNRC for over 30 years. She explained the SDP and the limitations of SDP funds for certain services. DDS issues directives to the regional centers listing items or services that can or cannot be purchased using SDP funds. Ms. Panther explained why FNRC denied the further use of SDP funds for Claimant's business and rideshare driver tips.

5. First, Claimant uses SDP funds to build his merchandise business, consistent with his IPP employment goals. He creates and sells resin dice, metal weapons, jewelry, game pieces, and other merchandise related to games he enjoys. After making the merchandise, he takes photographs and attempts to sell them on websites like Etsy.

6. Ms. Panther stated that over the past four years, Claimant has used significant SDP funds to finance his business. However, his business has operated at a substantial loss all four years. For example, last year Claimant's blacksmithing budget was approximately $20,000. His HeroClix game pieces budget was approximately $3,800. His resins and molds budget for making dice and other items was approximately $10,000. Each year, Claimant's revenue for selling the merchandise was approximately $200 to $400.

7. SDP funds are commonly used to increase employment prospects consistent with a consumer's IPP. A consumer may use SDP funds for services like job coaching or training. SDP funds may also be used to start a business. However, SDP funds should eventually decrease as a business grows and becomes profitable. Ms. Panther stated that FNRC worked with Claimant to build his business. After four years,

the business is not near profitability. If Claimant's merchandise creation and sales are not a business, SDP funds are being used to fund a hobby or recreation.

8. FNRC provided a copy of a directive issued by DDS on July 9, 2024, with attached enclosures that contain a non-exhaustive list of services and supports that are and are not approved for payment with SDP funds (commonly called "Enclosure A and Enclosure B"). According to Enclosure B, SDP funds may not be used to purchase goods and services for "entertainment (for example, amusement park, concert tickets, or recreation that provides no therapeutic and/or physical benefit)." "Hobby supplies" are specifically listed as an item that cannot be purchased with SDP funds if they do not have a therapeutic or physical benefit. As Claimant's supplies do not fund a viable business and have not been shown to have a therapeutic or physical benefit, FNRC argued the service must be terminated.

9. Second, Ms. Panther stated that SDP cannot be used for tips for rideshare drivers. Claimant lives in Paradise, an unincorporated town of approximately 5,000 people approximately 20 miles from Chico. He travels to Chico for some services, including his regular gaming night, discussed further below. Claimant does not drive and public transportation is not feasible. FNRC does not dispute that rideshare apps are the most cost-effective way to transport Claimant from Paradise to Chico for his services. However, Ms. Panther argued that tips paid to drivers do not serve a disability-related purpose and are an unnecessary expense. Therefore, FNRC is required to terminate that service and remove the corresponding funds from Claimant's spending plan.

Claimant's Evidence

10. Claimant is active in the card and tabletop gaming community. He collects figurines, cards, dice, and model weapons he uses when he plays games with his friends. Claimant attends a weekly gaming session at a comic book store in Chico, California. The sessions charge an entry fee that costs between $5 and $10. Attending the gaming session is a highlight of Claimant's week. He engages with his community both during the sessions and afterwards online. Claimant provided an email from the store owner that states Claimant is an active and valued member of their community. The sessions are consistent with Claimant's IPP goals to increase his socialization and communication.

11. Claimant enjoys making swords, dice, rings, and other merchandise related to the games he plays. He brings some items to his gaming sessions at the comic book store. He also shows them online and has sold a few items over the years. He admits his business is not profitable. He believes it could be in the future. Claimant argued making the items provides him purpose and helps him engage with the gaming community. He hopes to continue blacksmithing and forging dice to keep that connection with his friends.

12. Claimant uses rideshare apps often for travel to the comic book store and other services in Chico. Uber lets customers rate their drivers from one to five stars after they complete their ride. Customers then can preview the ratings of their drivers before accepting a ride. Uber provides the same rating system for its customers. If a customer behaves poorly during a ride, their driver may rate the customer lower. In the future, drivers may decline to accept a ride request from a customer with a low rating.

13. Uber drivers are not regularly in Paradise. To accept a ride from someone in Paradise, most drivers would need to travel from Chico to Paradise to accept the ride. Claimant tips his Uber drivers to maintain a high customer rating and to encourage drivers to make the drive to Paradise to pick him up. If he does not tip his drivers, eventually his Uber customer rating may decrease. Further, Claimant stated that few drivers are willing to leave Chico to drive to Paradise in general. Claimant argued tipping his drivers does have a disability-related purpose and is necessary to ensure drivers will accept him as a customer and continue to drive out to Paradise regularly.

Analysis

Claimant's Business

14. FNRC provided over $30,000 in funds for blacksmithing tools, die resin, steel, glitter, molds, and photography equipment during the last year. Claimant sold items for approximately $200 to $400. FNRC credibly explained it approved SDP funds to start Claimant's proposed business. However, after four years Claimant's business is not approaching profitability.

15. Claimant credibly stated that making swords, dice, and other merchandise keeps him occupied and has a positive impact on his life. He uses and shows his creations both online and at his weekly meetings at the comic book store. Making the merchandise allows Claimant to obtain maximum functioning and independence and improves his socialization and communication.

16. Nevertheless, FNRC must consider how cost-effective an option is in achieving Claimant's IPP goals. SDP funds may be used to start a business. Eventually a business must become profitable, or at least show signs of profitability in the future.

Claimant's merchandise creation has not been profitable for four years. It does not show signs that sales can surpass its significant cost. Therefore, Claimant's merchandise creation is a hobby, not a business.

17. Pursuant to the DDS directive, SDP funds may not be used to fund a hobby or recreational activity. Therefore, FNRC's decision to terminate services and funds for Claimant's merchandise hobby must be upheld.

TIPS FOR RIDESHARE

18. FNRC does not dispute that Claimant may use SDP funds for rideshare apps to travel to activities that have an IPP-related purpose, like his weekly gaming session. However, FNRC argued that tipping is not a necessary expense when using that service. Therefore, it does not serve a disability-related purpose and should be terminated from Claimant's spending plan. FNRC provided no DDS directive or other authority to support its position.

19. Claimant argued that tipping his drivers is necessary in his case. He lives approximately 20 miles from most rideshare drivers. Drivers may not always be willing to drive to his home for one fare. He argued that if he does not tip his drivers, he may receive a lower rideshare app rating. Eventually, drivers may not be willing to travel the distance to his home.

20. Claimant's argument was persuasive and FNRC's was not. FNRC does not dispute rideshare apps serve a disability-related purpose for travel to Claimant's services in Chico. Though tipping may be optional in some circumstances, they are not in Claimant's case. Claimant credibly stated that a rideshare driver needs to accept his ride request and travel approximately 20 miles just to accept the fare. This is a significant burden the driver must accept. Claimant tips his drivers to encourage them

to accept that burden. The tips he gives his drivers serve the same disability-related purpose as the rideshare trips FNRC approved.

21. The regional center bears the burden to prove that while a rideshare trip does serve a disability-related purpose, the tip to the driver does not. They did not meet their burden. Therefore, FNRC's NOA terminating funds for rideshare driver tipping must be reversed.

LEGAL CONCLUSIONS

Burden and Standard of Proof

1. An administrative "fair hearing" to determine the rights and obligations of the parties, if any, is available under the Lanterman Act. (Welf. & Inst. Code §§ 4700–4716.) The burden of proof is on FNRC, the party seeking to terminate a service. (Evid. Code, § 500.) FNRC must meet its burden by proving by a preponderance of the evidence that the service it is seeking to terminate should be terminated. (*Id.* at § 115.)

Applicable Law

2. The Lanterman Act sets forth the regional center's responsibility for providing services and supports for eligible persons with developmental disabilities to enable them to "approximate the pattern of everyday living available to people without disabilities of the same age." (Welf. & Inst. Code, § 4501.) An "array of services and supports should be established. . . to meet the needs and choices of each person with developmental disabilities. . . to support their integration into the mainstream life of the community. . . [and to] prevent dislocation of persons with developmental disabilities from their home communities." (*Ibid.*) Additionally,"[i]t is the intent of the

Legislature that agencies serving persons with developmental disabilities shall produce evidence that their services have resulted in consumer or family empowerment and in more independent, productive, and normal lives for the persons served." (*Ibid.*)

3. The State of California pays for the majority of the "treatment and habilitation services and supports" to enable such persons to live "in the least restrictive environment." (Welf. & Inst. Code, § 4502, subd. (b)(1).) "The purpose of the statutory scheme is twofold: to prevent or minimize the institutionalization of developmentally disabled persons and their dislocation from family and community [citations], and to enable them to approximate a pattern of everyday living of nondisabled persons of the same age and to lead more independent and productive lives in the community [citations]." (*Assoc. for Ret. Citizens v. Dept. of Developmental Services* (1985) 38 Cal.3d 384, 388.)

4. The SDP gives participants greater control over which services and supports best meet their IPP needs, goals, and objectives. (Welf. & Inst. Code, § 4685.8, subd. (b)(2)(B).) Services and supports through the SDP are designed to help participants "achieve personally defined outcomes in community settings that promote inclusion." (*Id.* at subd. (c)(6).) SDP funds are used for goods, services, and supports necessary to implement the IPP. (*Id.* at subd. (c)(7).)

5. The SDP requires a regional center, when developing the individual budget, to determine the services, supports and goods necessary for each consumer based on the needs and preferences of the consumer, and when appropriate, the consumer's family, the effectiveness of each option in meeting the goals specified in the IPP, and the cost effectiveness of each option. (Welf. & Inst. Code, § 4685.8, subd. (b)(2)(H)(i).) The SDP requires participants to "only purchase services and supports necessary to implement their IPP." (Welf. & Inst. Code, § 4685.8, subd. (d)(3)(C).) DDS is

empowered to implement program directives regarding the SDP. (Welf. & Inst. Code, § 4685.8, subd. (p)(2).)

Conclusion

6. As discussed in the Factual Findings above, FNRC proved by a preponderance of the evidence that Claimant's creation and sale of game-related merchandise is a hobby and not related to the employment goals of his IPP. Thus, SDP funds may not be used to fund his hobby. Therefore, FNRC's NOA terminating that service is upheld.

7. FNRC did not prove by a preponderance of the evidence that tips paid to rideshare drivers do not have a disability-related purpose when rideshare apps are approved for travel. Therefore, FNRC's NOA terminating that service is reversed.

ORDER

Claimant's appeal of Far Northern Regional Center's December 12, 2025, Notice of Action terminating services and denying certain funds in Claimant's SDP spending is GRANTED IN PART AND DENIED IN PART.

FNRC's NOA terminating services and denying further SDP funds be used for Claimant's business is AFFIRMED.

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FNRC's NOA denying further SDP funds to tip rideshare drivers is REVERSED.

DATE: May 13, 2026

BRIAN WEISEL

Administrative Law Judge

Office of Administrative Hearings

BEFORE THE
DEPARTMENT OF DEVELOPMENTAL SERVICES
STATE OF CALIFORNIA

In the Matter of:

Claimant

OAH Case No. 2026020805

Vs.

DECISION BY THE DIRECTOR

Far Northern Regional Center

Respondent.

ORDER OF DECISION

On May 13, 2026, an Administrative Law Judge (ALJ) at the Office of Administrative Hearings (OAH) issued a Proposed Decision in this matter. The ALJ's Proposed Decision is ADOPTED in part and REJECTED in part, as follows:

1. The ALJ's ruling to deny claimant's appeal and uphold Far Northern Regional Center's (FNRC) December 12, 2025, Notice of Action (NOA) that discontinued Self Determination Program (SDP) funds for professional photos, game pieces, blacksmithing supplies, and die-making supplies for claimant's business is ADOPTED. FNRC proved by a preponderance of the evidence that claimant's creation and sale of game-related merchandise is a hobby and not related to the employment goals of claimant's Individual Program Plan.

2. The ALJ's ruling to reverse FNRC's December 12, 2025, NOA that terminated SDP funds for tips for rideshare, taxi, and/or other drivers is REJECTED. Title 42, Code of Federal Regulations section 447.15, requires payments to providers for discrete services, and providers must accept as payment in full only the cost of delivering a service. The only extra charges a provider is allowed to collect with SDP funds are state-approved deductibles, coinsurance, or copayment. Thus, SDP funds are not permitted to fund tips for rideshare, taxi, and/or other drivers.

Order

Claimant's appeal of FNRC's December 12, 2025, NOA terminating funds for professional photos, game pieces, blacksmithing supplies, and die-making supplies for claimant's business is

DENIED. Claimant's appeal of FNRC's December 12, 2025, NOA denying SDP funds for tips for rideshare, taxis, and/or other driver is DENIED.

The Order of Decision, together with the Proposed Decision, constitute the Decision in this matter.

This is the final administrative Decision. Each party is bound by this Decision. Either party may request a reconsideration pursuant to Welfare and Institutions Code section 4712.5, subdivision (a)(1), within 15 days of receiving the Decision or appeal the Decision to a court of competent jurisdiction within 180 days of receiving the final Decision.

Attached is a fact sheet with information about what to do and expect after you receive this decision, and where to get help.

IT IS SO ORDERED on this day June 10, 2026.

Original signed by

Katie Hornberger, Deputy Director
Division of Community Assistance and Resolutions