



**Excerpts from SB 468 that describe the role of the financial management services**

(1) "Financial management services" means services or functions that assist the participant to manage and direct the distribution of funds contained in the individual budget, and ensure that the participant has the financial resources to implement his or her IPP throughout the year. These may include bill paying services and activities that facilitate the employment of service and support workers by the participant, including, but not limited to, fiscal accounting, tax withholding, compliance with relevant state and federal employment laws, assisting the participant in verifying provider qualifications, including criminal background checks, and expenditure reports. The financial management services provider shall meet the requirements of Sections 58884, 58886, and 58887 of Title 17 of the California Code of Regulations and other specific qualifications established by the department. The costs of financial management services shall be paid by the participant out of his or her individual budget, except for the cost of obtaining the criminal background check specified in subdivision (w).

(u) The financial management services provider shall provide the participant and the regional center service coordinator with a monthly individual budget statement that describes the amount of funds allocated by budget category, the amount spent in the previous 30 day period, and the amount of funding that remains available under the participant's individual budget.

(v) Only the financial management services provider is required to apply for vendorization in accordance with Subchapter 2 (commencing with Section 54300) of Chapter 3 of Title 17 of the California Code of Regulations, for the Self-Determination Program.

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### Two Different Models of Financial Management Services

#### FMS Co-Employer

- The FMS is the “primary” employer
- The FMS provides worker’s compensation coverage
- Less paperwork for the participant
- The participant may share liability with the FMS for labor claims (*depending on the FMS agency and the claim*)

#### FMS Fiscal Employer Agent (F/EA)

- The Participant is the sole employer
  - Liable for worker’s compensation insurance/claims, labor claims, ACA, etc. (*The FMS will assist with these claims*)
- The FMS helps to obtain a Federal Employer Identification Number (FEIN) and CA EDD number for the participant
  - The Participant has to fill out these forms: SS-4, 2678, DE-1HW
- The FMS maintains joint liability (with the participant) for paying federal and state employer taxes

#### **BOTH Models**

- The Participant decides how the budget is used to purchase services within the confines of their IPP
  - The Participant is the “managing” employer
    - Responsible for recruiting, hiring, training, scheduling, & firing workers
    - Sets workers’ wages (within the confines of their budget)
    - Authorizing and submitting time sheets
  - The FMS handles all payroll processing and maintains all financial records
  - The FMS submits monthly budget reports to the RC and participant
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