

Navigating Financial Management Services (FMS)

Date: 11/1/16

Location: ELARC

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Content provided courtesy of Community Interface Services

Participants of the **Self-Determination Program (SDP)** are required to use a **Financial Management Service (FMS)** provider. Participants pay the FMS provider a fee from funds allocated through their individual budgets.

The FMS provider is an individual or entity vendored by Regional Center(s) with the responsibility to:

- Uphold the Self-Determination Principles of Freedom, Support, Authority, Responsibility and Confirmation
- Maintain separate accounting of funds for each participant
- Help participants to manage and direct funds in individual budgets
- Ensure participants have the financial resources to implement Individual Program Plans throughout the year and that payments are within amounts authorized in individual budgets

The FMS provider supports participants with paying bills for goods and services or hiring employees.

There are three FMS models:

- Fiscal Agent
- Fiscal/Employer Agent (F/EA)
- Co-Employer

The types of supports offered by the FMS provider vary in each model, participants select the model that best fits their individual needs and wants as well as their plans for using the funds in their individual budgets. FMS providers may offer one, two or all three of the FMS models.

Depending on the model, the FMS provider:

- Receives, tracks and disburses funds based on the participants' approved plans and individual budgets
- Processes payroll, withholds taxes
- Ensures compliance with laws
- Assists in verifying provider qualifications
- Prepares and distributes monthly individual budget statements/expenditure reports
- Maintains source documentation

A Self Determination Program (SDP) participant needs a Financial Management Service (FMS) provider

Does the participant plan to hire employees?

NO

Fiscal Agent Model:
FMS is bill payer/check writer

YES

Does the participant want to be the ONLY employer, have authority to hire and fire, assume all employer liability, secure Federal and State Employer Identification Numbers (EIN), acquire required insurance (Workers' Compensation, Unemployment, Liability, etc.)?

YES

Fiscal/Employer Agent (F/EA) Model

- Participant has employer responsibility, participant is Employer of Record and the managing employer; FMS provider assists participant with specific employment tasks and processes payroll/withholds taxes
- Participant has authority to hire and fire within SDP protocols and labor laws, FMS provider supports participant with understanding relevant protocols/laws
- Participant has primary employer liability, FMS provider operates in accordance with Internal Revenue Code Section 3504
- Participant has their own Federal and State Employer Identification Numbers (EIN)
- Participant acquires required insurance and typically pays out of individual budget, FMS provider verifies insurance
- Participant's employees may be exempt from certain tax requirements, FMS provider assists participants with those determinations

NO

Co-Employer Model

- Participant shares employer responsibility with the FMS provider, FMS provider is the Employer of Record, participant is the managing employer.
- Participant has authority to hire and fire within SDP protocols, labor laws, and FMS provider criteria
- FMS provider has primary employer liability
- FMS provider has Federal and State Employer Identification Numbers (EIN)
- FMS provider maintains required insurance, participant pays for insurance costs out of individual budget
- Participant's budget may need to cover employee Medical Insurance costs

Q&A

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