

Self-Determination at a Glance

Financial Management Services (FMS)



- ◆ An FMS is the only service that you are **required** to use in SDP
- ◆ The FMS helps pay for your services and employees, and helps track the money in your spending plan and budget
- ◆ You choose the FMS model that you want to use:
 - ⇒ Bill-Payer
 - ⇒ Co-Employer
 - ⇒ Sole Employer
- ◆ You choose the FMS that you want to work with

Self-Determination at a Glance

Financial Management Services (FMS)

What does an FMS do?

- ◆ An FMS is a business that is separate from the Regional Center. The FMS gets money from the Regional Center to pay for the goods and services in your SDP plan.
- ◆ Using an FMS is a required part of being in Self-Determination.
- ◆ If you hire employees directly, they will need to have a background check. The FMS will provide information on how to do this.
- ◆ The FMS will issue paychecks to your employees, and ensure that labor and tax laws are followed.
- ◆ An FMS will pay invoices for services and buy items included in your spending plan no matter which model you use.
- ◆ An FMS will give you a monthly report that shows how much has been spent, and how much is left, in your spending plan.



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Financial Management Services (FMS)

How do I choose an FMS and FMS model to use?

Think about what you want and need from an FMS...



- ◆ Do you need support or reminders to make sure you're following your spending plan and staying in budget?
- ◆ Do you want to talk to your FMS on the phone or do you prefer e-mail?
- ◆ Do you need to buy goods and supplies?
- ◆ Do you want to have any employees?
- ◆ Do you want to manage and have full responsibility for your own employees?
- ◆ Do you need support or help with managing employees?

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How do I choose an FMS and FMS model to use?

When you've thought about what you'd like your FMS to do for you, decide which model of FMS best fits your wants and needs:

- ◆ **Bill-Payer**— You do not hire or manage your own employees.
- ◆ **Co-Employer**—You share responsibility for managing employees with the FMS. You can still use agencies and services like you would in Bill Payer AND hire employees if you choose.
- ◆ **Sole-Employer**—You are the legal employer and responsible for managing employees and carrying necessary insurances related to employment. The FMS is your payroll agent and will pay your employees directly and handle all payroll taxes. You can still use agencies and services like you would in Bill Payer AND hire employees if you choose.



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Bill-Payer Model

- ⇒ You buy services through existing companies and those services and/or staff are managed by that company. The FMS pays the company directly. You do not directly manage or hire staff.
- ⇒ The FMS will buy things for you based on your spending plan.



Maria Uses Bill-Payer:

Maria is in self-determination. She decided which FMS she wanted to use and chose to use the Bill-Payer model. She put job coaching in her spending plan and picked an Agency she wanted to work with for that service and made an agreement with the Agency about how many hours she wants support and what she wants to pay for her support hours. The Agency makes sure that the job coach working with her passed a background check, and the Agency manages the job coach's hours. The job coach working with Maria is an employee of the Agency. The Agency tracks the job coach's timesheet and manages insurances. The Agency submits invoices each month and the FMS pays the Agency based on those invoices. The FMS and Maria track how much money is left in her spending plan each month. Maria likes using Self-Determination to make decisions about her services, but she doesn't want to be in charge of managing staff right now.

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Co-Employer Model

⇒ The FMS is the “Employer of Record” and responsible for:

- Employment laws
- Background checks
- Insurances
- Paying employees and taxes
- Buying things based on your spending plan

⇒ You are responsible for:

- Finding and hiring employees
- Managing employee schedule
- Monitoring overtime
- Ensuring employees submit their timecards
- Approving time cards
- Employee training
- Tracking the spending plan to make sure there is enough to pay employees



⇒ FMS will bill your spending plan for the additional costs of employing people. Each FMS will have different employer costs, so be sure to ask. The costs include:

- Federal & State unemployment taxes
- Contributions to Medicare & FISCA (social security tax)
- Sick leave
- Worker’s Compensation Insurance
- Payroll processing fees,
- Administrative staff

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Co-Employer Model

Jared Uses Co-Employer:

Jared is in Self-Determination. He decided which FMS he wanted to work with and decided to use the Co-Employer model. He chose Co-Employer because there are not many options for support providers where he lives, and he wants to work with people who are familiar with his rural community. In his spending plan he calculated how much money he wanted from his budget to go towards paying his staff. His FMS let him know what additional percentage of money he needed to cover insurance and liability so he could add it to his spending plan. He decided what kind of support he wanted from his staff. He worked with members of his circle of support to advertise the positions to his community and interview people. He decided who he wanted to hire to be his staff and how much to pay them. He let his FMS know who he decided to hire and he worked with his FMS to make sure the right paperwork was completed. The FMS conducted background checks on his new staff. Jared made a schedule for his new staff and made sure they knew how to submit their timecards. The FMS made sure all the staff were signed up for any benefits they were entitled to, that employment laws were being followed, and made sure that the required insurances were in place.

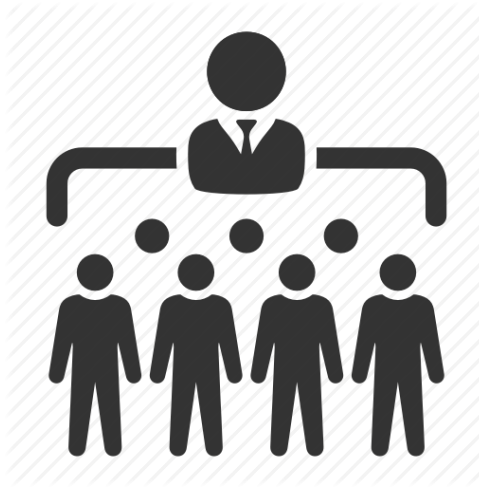
When Jared's new staff started supporting him they completed their timecards, Jared approved them, and the FMS issued paychecks to the staff.



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Financial Management Services (FMS)

Sole Employer Model



⇒ **You are the “Employer of Record” and responsible for:**

- Finding and hiring employees
- Buying Insurance
- Liability
- Managing employee schedule
- Monitoring overtime
- Following labor laws and regulations
- Ensuring employees submit their timecards
- Approving timecards
- Employee training
- Tracking the spending plan to make sure there is enough to pay employees

⇒ **The FMS is responsible for:**

- Guiding you on employment and labor laws
- Background checks
- Paying employees
- Verifying employee qualifications
- Buying goods and services based on your spending plan

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Sole Employer Model

Cassie uses Sole-Employer

Cassie is in Self-Determination. She chose which FMS she would work with and decided that the Sole-Employer Model was right for her. Cassie decided what type of support she wanted and needed from her staff, wrote a job description that matched her needs, and interviewed people. She decided who she wanted to hire and how much she wanted to pay her staff per hour. She consulted with her FMS about requirements for liability and insurance, and what legal responsibilities she had to follow as an employer. She calculated how much money she would need in her spending plan for each employee to cover the cost of the legally required insurances and liability, such as workers' compensation, in addition to her staff's

hourly pay. Cassie made sure her spending plan stayed within her annual budget amount. She made her own decision, within the limits of the law, about the type of insurance she would purchase. The FMS completed the background checks for her new staff and processed the staff's payroll paperwork. Cassie manages her staff's schedule, monitors their hours for overtime, reviews and approves timecards, and monitors her spending plan to make sure she doesn't overspend. The FMS sends paychecks to her staff regularly when she approves the timecards. Cassie likes the control and flexibility she has over managing employees and scheduling, but also appreciates that she can always ask her FMS for guidance when she needs it. She will sometimes check in with her FMS to make sure she still following all the necessary labor laws and regulations in order to be a good employer.





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Glossary of Terms

Background Check— A background check is the process that makes sure someone does not have a criminal record that would legally prevent them from providing personal care to you. Everyone who provides personal care to someone needs to complete and pass a background check.

Employer of Record—In Self-Determination when you use the co-employer model, it means the FMS will be the legal employer of your staff and will be responsible for all the legal parts of employing someone. When using the sole employer model you are the Employer of Record.

Goods and Services—Goods and Services are things you can buy with Self-Determination funds. Goods are things you can touch and see, like pens, medical supplies, and bus passes. Services are activities done by other people to support you, like a personal assistant, job coach, or massage therapist.

Invoice—A list of Goods and/or Services that a person or company provided, with the cost of each of those services. Invoices are used to let you know how much money is owed for the Goods or Services you purchased, and has information the FMS needs to make sure the right person or company is paid. Whatever is listed on the invoice needs to match what was agreed to on your spending plan.



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Labor Laws— When you are employing staff in the Sole-Employer model, you have important responsibilities that you are required to follow under state and federal law. The laws also state what rights your employees have. There are penalties and consequences if you do not follow these laws or do not respect the rights of your employees. If you use the Co-Employer model the FMS is responsible for knowing and following these laws, and you are also still responsible for certain things. The FMS will help you understand your role. In Sole Employer you are responsible for knowing and following them, but the FMS is there to support you.

Liability and Liability Insurance— Having liability for something means that you are responsible for it and anything that happens because of it. When you use the Sole-Employer model, this means you are responsible for the health and safety of your employees while they are working. Liability insurance is something you pay for, but helps protect you legally and financially if you are found responsible for something, such as injury or property damage.

Overtime—When an employee works more than 8 hours in a workday or more than 40 hours in a work week, that the employee is entitled to a higher hourly pay rate for the extra hours. Overtime pay and regulations are set by State Labor Laws.



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Payroll Agent— When a company is paid to issue paychecks and track timecards on behalf of another business. In Self-Determination an FMS is the payroll agent for you in the Co-Employer and Sole Employer models.

Tax Reporting Number— A Tax Reporting Number may also be known as a “Taxpayer Identification Number” (TIN) or an “Employer Identification Number (EIN). The FMS you work with will support you in understanding which of these numbers is appropriate for you to use if you are using the Sole-Employer Model.

Worker’s Compensation Insurance— Workers’ compensation is insurance that provides cash benefits and/or medical care for workers who are injured or become ill as a direct result of their job. Employers pay for this insurance, and shall not require the employee to contribute to the cost of compensation. In the Co-Employer model you pay this cost out of your spending plan, but the FMS takes care of the details. In the Sole-Employer Model, you pay for and manage the details of the insurance. If you’re using Sole-Employer, your FMS may help guide you with this.