BEFORE THE
OFFICE OF ADMINISTRATIVE HEARINGS
STATE OF CALIFORNIA

In the Matter of:

CLAIMANT

and

ALTA CALIFORNIA REGIONAL CENTER,

Service Agency

DDS No. CS0036270

OAH No. 2026050404

DECISION

Matthew S. Block, Administrative Law Judge, Office of Administrative Hearings (OAH), State of California, serving as a hearing officer, conducted a fair hearing by videoconference on June 15, 2026, from Sacramento, California.

Claimant was not present and was represented by her mother, who is also one of her conservators. The names of Claimant and her mother are omitted to protect their privacy and confidentiality.

The service agency, Alta California Regional Center (ACRC), was represented by Jordan Cody, Legal Services Manager.

Evidence was received, the record closed, and the matter submitted for decision on June 15, 2026.

ISSUE

Must ACRC ensure that its vendors comply with all local, state, and federal laws and regulations?

FACTUAL FINDINGS

Procedural History

1. Claimant is a 28-year-old conserved adult who qualifies for regional center services due to a diagnosis of cerebral palsy and intellectual disability. She resides with her parents and receives Supported Living Services (SLS) 24 hours per day, seven days per week, from vendor provider Compass LLC (Compass), under a traditional SLS service arrangement.

2. In June 2023, the Department of Developmental Services (Department) approved a Health and Safety Waiver for Claimant that included funding for overtime compensation for her Direct Support Professional (DSP) team. However, after the Department approved the waiver, Claimant's conservator learned that Compass was not paying Claimant's DSPs for all of the overtime hours they worked. Specifically, Claimant's mother learned that Compass was excluding eight hours per day from overtime eligibility for DSPs working 24-hour shifts.

3. Stacey Ballard is Claimant's ACRC service coordinator. On December 16, 2025, Ms. Ballard convened an Individual Program Plan (IPP) meeting between ACRC,

Compass, and Claimant's conservators. At that meeting, Compass agreed to pay Claimant's DSPs for overtime worked. Compass did not commit to paying the DSPs for previous overtime in arrears.

4. On December 23, 2025, Ms. Ballard convened another meeting to follow up on the issue of paying overtime in arrears. No one from Compass attended the meeting. Compass's Director of Human Resources sent a written response stating Compass will "comply with all legally required Health and Safety Waiver requirements" but maintained that any further action plan would need to be reviewed by Compass ownership and legal counsel.

5. Compass has not adhered to its agreement to prospectively pay Claimant's DSPs overtime. On March 3, 2026, Claimant's mother filed a complaint with ACRC pursuant to Welfare and Institutions Code section 4731 (4731 complaint), which sets forth to a procedure to resolve complaints about alleged violations of consumers' rights. The 4731 complaint alleged that Compass was violating the federal Fair Labor Standards Act (FLSA), and that ACRC failed to respond to requests for assistance in a timely manner.

6. ACRC investigated the 4731 complaint and concluded that it did not have jurisdiction to tell Compass how to pay its employees. ACRC partially substantiated the allegation that it failed to meet to respond to requests for assistance in a timely manner. Its proposed resolution was to develop a plan of correction and conduct service coordinator training within 30 days.

7. On April 1, 2026, ACRC notified Claimant of the conclusions it reached regarding the 4731 complaint. The response advised Claimant of the right to appeal the decision to the Department's Director per the procedure set forth in Welfare and

Institutions Code section 4731, subdivision (c). Claimant did not appeal to the Department's Director. Instead, she filed a request for fair hearing, which is how this matter came before OAH.

8. On March 30, 2026, Claimant's conservator filed a second 4731 complaint. In the second 4731 complaint, Claimant's mother alleged that Compass offered Claimant's DSPs $1,000 each to sign a hold harmless agreement regarding how they had been paid. Additionally. Claimant's mother alleged that in 2023, Compass required her to sign a document agreeing that Compass was not a joint employer for in-home supportive services (IHSS) purposes. ACRC investigated the second 4731 complaint. It partially substantiated that Compass presented its employees with a hold harmless agreement to sign in exchange for money. However, it determined the agreement was not enforceable as to Claimant because she was not a co-employer of her DSPs. In its written response, dated April 28, 2026, ACRC stated:

> Clients receiving traditional SLS are not employers under California's SLS model: the regional center purchases services from the SLS provider; the provider is responsible for staffing, supervision, and employment compliance; the client is not the employer unless the service model explicitly shifts to an employer-directed or self-determination structure with clear legal responsibilities.

9. ACRC also concluded that wage and hour liability could not be waived, and that they are issues within the jurisdiction of the Department of Industrial Relations. Regarding the IHSS document, ACRC found the claim to be outside of its scope and found no evidence that Claimant's rights had been violated. ACRC's response advised Claimant of the right to appeal its determinations regarding the

second 4731 complaint decision to the Department's Director. Claimant did so on May 1, 2026.

ACRC's Evidence

10. ACRC submitted a Position Statement arguing that OAH does not have jurisdiction in this matter. ACRC did not present any other evidence or call any witnesses.

Claimant's Evidence

11. Claimant's mother testified at hearing on Claimant's behalf. She believes that ACRC not only has the ability, but also the obligation to investigate allegations of unlawful activity by one of its vendors. She explained that Compass's refusal to pay its employees overtime has been harmful to Claimant, as it had disrupted the services she receives and caused her DSPs to quit.

12. Claimant's mother believes that Compass's refusal to pay overtime has exposed Claimant to potential financial liability as well. She contends that under the FLSA, regional center consumers are liable to their service providers because they are joint employers with the provider's agency. Her understanding of joint employer status is that consumers are responsible for paying DSPs if their employing agency does not pay them for all hours worked. Claimant's mother acknowledges that for over a decade, most regional center consumers have been considered exempt from joint employer liability under a "companionship exemption," which is available to consumers whose DSPs spend less than 20 percent of their working hours assisting consumers with activities of daily living and instrumental activities of daily living. In Claimant's mother's opinion, this does not make sense because the result of the

companionship exemption is that individuals with greater needs are subjected to potential liability for unpaid overtime while those with lesser needs are exempt.

13. Claimant's conservators and DSPs discussed filing a wage complaint against Compass with the Department of Industrial Relations. They ultimately decided against doing so because the DSPs feared Compass would retaliate against them, and because Claimant's conservators feared Compass would arbitrarily move to terminate her services. Claimant's conservators sought guidance from the Department's Office of the Ombudsperson, which advised them to file a whistleblower complaint against Compass.

14. Claimant's mother filed the whistleblower complaint with the Department on September 9, 2025. On September 12, 2025, the Department responded, informing her that "[e]mployment-related issues, including employee overtime/wage disputes, are not within the Department's jurisdiction to investigate." The response directed Claimant's conservators to file complaints with one of several different federal entities.

15. On March 24, 2026, Compass issued Claimant a 60-day service termination notice. Compass also informed Claimant's DSPs that it had no comparable employment to offer them. Claimant's mother explained that Compass's actions validated her fears and the fears of Claimant's DSPs that Compass would retaliate against them for seeking overtime pay.

16. Claimant's mother contends that several provisions of the Welfare and Institutions Code require ACRC to act against Compass in this case. First, Welfare and Institutions Code section 4502, subdivision (b)(8) provides that regional center consumers have "[a] right to be free from harm, including unnecessary physical restraint, or isolation, excessive medication, abuse, or neglect." Claimant's mother

explained that Compass's refusal to pay overtime has disrupted the services Claimant receives and caused DSPs to quit after learning they were not getting paid for all the hours they worked.

17. Welfare and Institutions Code section 4502, subdivision (b)(11), provides that regional center consumers have "[a] right to a prompt investigation of any alleged abuse against them." Claimant's mother also argues ACRC is required to investigate Compass's non-payment of overtime and potential violation of the FLSA pursuant to Welfare and Institutions Code section 4648, subdivision (d)(2), which requires regional centers to identify non-compliant vendors and notify appropriate licensing or regulatory authorities of their potential noncompliance.

Analysis

18. The Lanterman Act confers limited jurisdiction upon OAH to resolve disputes about regional center eligibility, or the nature, scope or amount of regional center services and supports a consumer receives. It does not authorize OAH to order regional center vendors to comply with labor laws or to tell vendors how to pay their employees.

19. However, as her mother argued, Claimant has a right under the Lanterman Act to be free from abuse, as well as a right to prompt investigation into allegations of abuse. Complainant's mother credibly testified that Compass's refusal to pay its employees overtime has caused disruption in the quality and nature of services Claimant is receiving and has resulted in logistical hardship and difficulty retaining DSPs.

20. ACRC has a statutory duty to identify vendors who may be noncompliant with state and federal laws and to alert the proper licensing authority. Claimant has

alleged and presented evidence that Compass, an ACRC vendor, may be violating one or more laws pertaining to the payment of wages and overtime. ACRC must itself notify the appropriate licensing or regulatory authority to investigate the matter further.

LEGAL CONCLUSIONS

1. Under the Lanterman Act, the State of California accepts responsibility for persons with developmental disabilities and 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 State Department of Developmental Services is charged with implementing the Lanterman Act and is authorized to contract with regional centers to provide the developmentally disabled access to the services and supports needed. (Welf. & Inst. Code, § 4620, subd. (a); *Williams v. State of Cal.* (9th Cir. 2014) 764 F.3d 1002, 1004.)

2. Welfare and Institutions Code section 4648, subdivision (a)(3) states:

> A regional center may, pursuant to vendorization or contract, purchase services or supports for a consumer from an individual or agency that the regional center and consumer or, if appropriate, the consumer's parents, legal guardian, or conservator, or authorized representatives, determines will best accomplish all or part of that consumer's program plan.

3. The Lanterman Act sets forth a fair hearing process to resolve disputes with regional centers about a person's eligibility for services, or the nature, scope, or

amount of services and supports that a person should receive. (Welf. & Inst. Code, § 4700 et seq.) Welfare and Institutions Code section 4710.5, subdivision (a) states:

> Any applicant for or recipient of services, or authorized representative of the applicant or recipient, who is dissatisfied with a decision or action of the regional center or state-operated facility under this division shall, upon filing a request within 60 days after notification of that decision or action, be afforded an opportunity for an informal meeting, a mediation, and a fair hearing.

4. Welfare and Institutions Code section 4648, subdivision (d)(2), requires regional centers to do the following:

> Identify providers of services or supports that may not be in compliance with local, state, and federal statutes and regulations and notify the appropriate licensing or regulatory authority to investigate the possible noncompliance.

5. The Lanterman Act sets forth a different procedure for resolving complaints about alleged violations of a consumer's rights. (Welf. & Inst. Code, § 4731.) Consumer's rights complaints are resolved by a letter to the director of the regional center from which the consumer receives services or support; the director shall investigate and send a written proposed resolution. (*Id.*, subd. (b).)

6. Welfare and Institutions Code section 4731, subdivision (c) states:

> If the complainant is not satisfied with the proposed resolution, the complainant may refer the complaint, in writing, to the Director of Developmental Services within 15 working days of receipt of the proposed resolution. The director shall, within 45 days of receiving a complaint, issue a written administrative decision and send a copy of the decision to the complainant, the director of the regional center or state operated facility, and the service provider, if applicable. If there is no referral to the department, the proposed resolution shall become effective on the 20th working day following receipt by the complainant.

7. Pursuant to California Code of Regulations, title 17, section 50966, subdivision (b), if a regional center believes that a fair hearing request raises issues that are not appropriately addressed under the Lanterman Act's fair hearing process, it may file a request with OAH to have the matter dismissed. In this case, ACRC filed a position statement requesting the matter be dismissed. Additionally, the ACRC representative argued at hearing that the matter should be dismissed for lack of jurisdiction.

8. The issue regarding Compass's possible nonpayment of overtime to its employees directly impacts the nature and quality of the services Claimant receives. Consequently, ACRC's request to dismiss this matter for lack of jurisdiction is denied. ACRC has a statutory obligation to ensure that its vendors comply with all local, state, and federal laws and regulations, and must do so here.

ORDER

ACRC is directed, pursuant to Welfare and Institutions Code section 4648, subdivision (d)(2), to identify whether Compass is failing, or at any time has failed to comply with any local, state, or federal laws and regulations, and to notify the appropriate licensing and regulatory authorities of any identified noncompliance.

DATE: June 24, 2026

MATTHEW S. BLOCK

Administrative Law Judge

Office of Administrative Hearings

NOTICE

This is the final administrative decision. Each party is bound by this decision. Either party may request a reconsideration pursuant to subdivision (b) of Welfare and Institutions Code section 4713 within 15 days of receiving this decision or appeal this decision to a court of competent jurisdiction within 180 days of receiving the final decision.