

SECTION: Business Affairs/Human Resources and Risk Management
SUBJECT: Definition of Employees vs. Independent Contractors

ISSUED BY: Human Resources and Risk Management
REPLACES:
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Definition of employees vs. independent contractors

Asbury College often utilizes outside contractors to perform various functions. Occasionally there are questions regarding the employment relationship between Asbury College and these individuals. In an effort to avoid misclassification and inappropriate tax payments the Human Resources Office in conjunction with the Controller's Office determines whether there is an employee/employer relationship between the college and the individual, based on common law rules (IRS publication 15-A).

These "common law rules" will look at behavioral control, financial control, and type of relationship between the parties. Generally, if the college can control what will be done and how it will be done, the individual is considered an employee.

If it is determined that a non-employee relationship exists the contractor will be paid through the accounts payable office and in accordance with the terms of the contract. Contractors must complete form W-9 to provide appropriate information to the accounts payable office.

If it is determined that an employee/employer relationship exists then the following policies will apply. Payment to an existing employee for services that fall outside regular job duties must be pre-approved by the Business Office. Payments to existing employees will be made through the Payroll office and be subject to appropriate payroll tax costs and deductions. Since these payments can have wage and hour implications as well as additional payroll tax costs, all such arrangements and costs should be reviewed with Human Resources Department and the Business Office before work begins.