



**HUMAN
RESOURCES**

C H A N N E L
I S L A N D S

Payment For Services Process

Training & Resources

Welcome

Today's Agenda

- Overview
- Employment Types
- Who Is Considered An Independent Contractor?
- Managing Independent Contractor Risk
- Procurement Process
- Honorariums
- Resources
- Q & A

Background

- AB 2257, signed by Governor Newsom in 2020 amends legislation for engaging Independent Contractors
- In 2021, the CSU updated guidelines for campuses to use when determining whether to engage independent contractors to perform services through or by a CSU contract
 - [CSU Technical Letter is Available on the CSUCI Payment for Services Webpage](#)



Overview

Today's presentation will give an overview and resources to help you find the correct route for payment for services. CSUCI's compliance with the law is necessary. Our goal is that you will leave training with:

- Direction
- Clarification
- Best Practices

There are a variety of ways to pay someone for services.

So Then Why Not Pay as an Independent Contractor?



Overview

Special Pay, a Retired Annuitant, Special Consultant or Independent Contractor, exactly which route or how to pay someone is based on many factors like tax regulations, compliance, and the Chancellors Office policies, to name a few.

EMPLOYEE TYPES

- Faculty
- Staff
- Student Assistant

SPECIAL CONSULTANT

- Classification Code 4660 - Daily Rate
- Classification Code 4662 - Hourly Pay Rate

INDEPENDENT CONTRACTOR

- Individual Person
- Sole Proprietorship
- Incorporated Entity
- Established Business or Firm

HONORARIUM

- Financial appreciation for a presentation on a specific topic

Overview

**Note: This does not apply to large service agreements.
Companies with large service agreements are processed with
Procurement.**



Overview of the Process

- At least two weeks prior to expected dates of service, departments submit a completed Independent Contractor request form to Human Resources (not Procurement). Submit to hr.forms@csuci.edu
- Human Resources reviews the requests for Independent Contractor within 3-5 business days and responds to the department with course of action
- A notification of the Contractor's status will be sent to the campus requestor once the Independent Contractor request is reviewed. If approved, the campus department requestor may proceed with processing their respective procurement process. If not approved, the Contractor is deemed to be an employee.



Employment Types

EMPLOYEE TYPES

- Faculty
- Staff
- Student Assistant

- Employees are paid through the CA State Controller's office
- Wages are subject to tax and benefit deductions and issued tax form W-2
- Protection under the Fair Labor Standards Act (FLSA) for wages, hours worked, and overtime

Employment Types

SPECIAL CONSULTANT

- Classification Code 4660 - Daily Rate
- Classification Code 4662 - Hourly Pay Rate

- Special Consultant employees perform special assignments of a temporary nature, based on particular knowledge, ability, or expertise
- Retired Annuitants performing the duties of a Special Consultant must be classified in the Hourly (4662) classification
- Oversight, work direction, and performance of the work managed by a CSU manager

Employment Types

FACULTY ADDITIONAL EMPLOYMENT

- Classification Code 2403

- Faculty whose primary appointment is full time, including those who hold multiple concurrent appointments that otherwise add up to a full-time equivalency (1.0 FTE). Faculty with a time base of less than 1.0 are not eligible for this classification.
- Used for appointments to faculty bargaining unit work
- The maximum time base for additional employment is limited to 25% of full time

Who is Considered an Independent Contractor?

Dynamex Test

A worker is considered an employee unless all of the following are met:

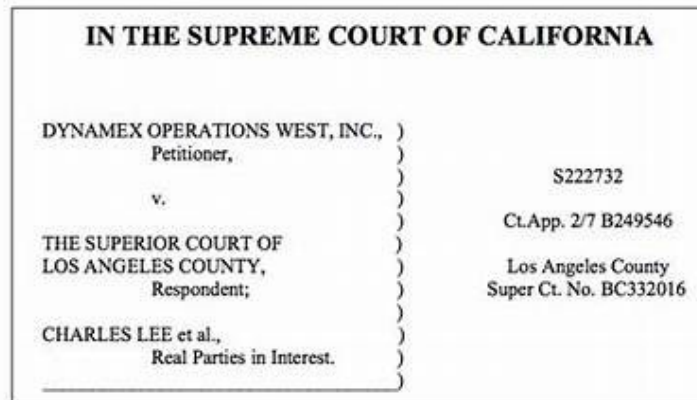
- Free from control and direction of the university in connection with the performance of the work
- Independent Contractors perform work that is outside of the usual course of university business
- Independent Contractors customarily engage in an independently established trade, occupation, or business. Factors relevant to this determination include whether the business is incorporated or licensed, whether the services are advertised, and whether the contractor also offers services to the public or other potential customers.

INDEPENDENT CONTRACTOR

- Individual Person
- Sole Proprietorship
- Incorporated Entity
- Established Business or Firm

Dynamex Test

- CA Supreme Court case verdict
 - Dynamex West Operations , Inc. vs. The Superior Court
- Employee vs. Independent Contractor determination is based on the Dynamex Test. Under this test, a worker is considered an independent contractor, when these conditions are met:
 - The worker is not under the control of the hiring entity
 - The work is not part of the hiring entity's core business
 - The worker is customarily engaged in an independently established trade, occupation, or business



How To Avoid Common Pitfalls

Independent Contractor Payments Are Rare

- Before work starts, departments submit Independent Contractor requests to Human Resources, rather than Procurement
- An individual may not be both a CSU employee, Auxiliary employee, and an independent contractor
- Recently separated (2 years) CSU employees may not be retained as Independent Contractors
- Independent Contractors may not perform work regularly performed by campus employees. These workers must be hired subject to campus hiring policies and applicable Collective Bargaining Agreements (CBA).

Why Not Independent Contractors?

Compensating individuals incorrectly may result in:

- Penalties under Department of Labor, Franchise Tax Board
- Benefits liability (including retirement)
- Loss of reimbursement under federal contract and grant funds

Managing Independent Contractor Risks

- Employees are covered by university insurance policies. Independent Contractors are not.
- **Assess The Risk**
 - *Not all Independent Contractors are created equal. General Contractors and DJ's are both independent contractors. What is the likelihood of bodily injury, property damage, or personal injury?*
- **Ask For Appropriate Insurance**
 - *General Liability*
 - *Commercial Auto Insurance*
 - *Workers Compensation*
- **Waive Insurance If Appropriate**
 - *Does a blanket waiver exist for low-risk activities?*
 - *Are vehicles used in the scope of service?*
 - *Does the Independent Contractor have any employees? If not, require a non-employer certification*
 - *Do we have an alternate service provider who can provide insurance?*
 - *Require a University Liability Waiver*



Procurement Process For Independent Contractors

- Once HR deems an IC - Complete Vendor 204 Form to set up Vendor in CI's system.
 - Include HR approval with submission of 204 to vendordata@csuci.edu.
- Submit RGS once Vendordata confirms completed setup.
 - Ensure RGS is submitted prior to rendered service.
 - State/CSU require Purchase Order (PO)/Contract be in place prior to services being performed.
- PCS will process RGS to PO based on order received.
- Once review process is complete, Buyer will send PO to Contractor and services may be performed.
- Once complete vendor sends invoice to CIAP who will forward to appropriate folks for processing.

Honorariums

An Honorarium is a fee paid in appreciation for a service provided by an individual invited to make a campus presentation on a specific topic identified by the appointing authority. An Honorarium cannot be paid to any current employee, faculty member, or student worker. An Honorarium, per IRS regulations, is reportable as income by the University.

- Honorariums are **not payments for services**. Therefore, the offer of an honorarium should only be made **after** the guest has agreed to the event.
- The letters provided as backup for payment requests should not indicate an exchange of money for time. They should be a letter of appreciation, offering an honorarium as a thank you for the person sharing their expertise.

HONORARIUM

- Financial appreciation for a presentation on a specific topic



Honorariums

Honorariums can be paid for guest presentations, performances, or for participation in a panel, workshop, or similar.

Honorariums **cannot** be paid if **any** of the following are true:

- The university controls and directs the performance of the work
- The work being performed is within the usual course of university business
- The person performing the work customarily engages in an independently established trade, occupation, or business of the nature of the work they are performing.
- The person performing the work is a CSU employee (including Auxiliaries)

HONORARIUM

- Financial appreciation for a presentation on a specific topic




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Payment for Services

 PAGE OPTIONS

There are a variety of ways to pay someone for services, such as Special Pay, a Retired Annuitant, Special Consultant or Independent Contractor, exactly which route or how to pay someone is based on many factors like tax regulations, compliance, and the Chancellors Office policies, to name a few. This page is designed to help you find the correct route for payment, so CSUCI can stay in compliance with the necessary laws.

+ [Paying Current CSU Faculty](#)

+ [Paying Current CSU Staff or Administrator](#)

+ [Paying Current CSU Students](#)

+ [Payments to NON-Employees or Former Employee](#)

+ [Payment to CalPERS Retirees](#)

+ [Paying as Honorarium](#)

+ [Determination Between Employee and Independent Contractor](#)

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<https://www.csuci.edu/hr/paymentsforservices.htm>

Resources

PROPOSED INDEPENDENT CONTRACTOR INFORMATION

Review and submit completed form to Human Resources. Scan and send the request by e-mail to tohr.forms@csuci.edu.

Please see Independent Contractor Request Procedures for more information.

ALL REQUESTS MUST BE APPROVED BY HUMAN RESOURCES PRIOR TO WORK PERFORMED ON CAMPUS

1. PROPOSED INDEPENDENT CONTRACTOR INFORMATION

Name: _____

(If applicable) Business Name: _____

Street Address: _____ City & State: _____

Contact Information (Phone/Email): _____

Check one: ☐ Sole Proprietorship ☐ Partnership ☐ Corporation ☐ LLC ☐ Other

Is the Independent Contractor Licensed? ☐ Yes ☐ No If Yes, list license type: _____

2. DEPARTMENT REQUEST DETAILS

Department: _____

Requested By (Name/Title): _____

Date Range: _____ Payment Amount Requested: _____ Charge to Department ID: _____

3. DESCRIPTION OF SERVICES/JUSTIFICATION

Please provide details outlining the proposed services:

4. ADMINISTRATOR REVIEW & AUTHORIZATION (Must be signed by the Appropriate Administrator)

I hereby declare that the information provided in this document is true and correct and that I have sufficient knowledge of, authority, and responsibility for the work to be performed under this contract to effectively make this certification.

Requestor Name: _____ Signature: _____ Date: _____

Appropriate Administrator Name/Title: _____

Appropriate Administrator Signature: _____ * Date: _____



5. QUESTIONNAIRE

The following questionnaire is to be completed by the Requestor and will be used by Human Resources to determine if the work can be conducted by and Independent Contractor.

YES	NO	
<input type="radio"/>	<input type="radio"/>	1. Will the worker be required to comply with university provided instructions about when, where, and how to work?
<input type="radio"/>	<input type="radio"/>	2. Will the worker be provided with instructions/training by the university regarding the particular method or manner by which the work will be performed?
<input type="radio"/>	<input type="radio"/>	3. Is the work to be performed a regular part of university business/work?
<input type="radio"/>	<input type="radio"/>	4. Does your department or another department on campus have employees performing the same, or similar, functions?
<input type="radio"/>	<input type="radio"/>	5. Will the worker be required to perform the work themselves?
<input type="radio"/>	<input type="radio"/>	6. Will the worker be hiring or supervising university employees?
<input type="radio"/>	<input type="radio"/>	7. Will the worker and the university have a continuing relationship, meaning that the period of service will not be performed in a finite time frame?
<input type="radio"/>	<input type="radio"/>	8. Can the worker terminate his/her relationship without incurring a liability for failure to complete the job?
<input type="radio"/>	<input type="radio"/>	9. Will the worker be able to hire and pay his/her own assistants?
<input type="radio"/>	<input type="radio"/>	10. Does the worker offer similar services to others as part of his/her own business?
<input type="radio"/>	<input type="radio"/>	11. Will the worker be allowed to work concurrently for other organizations/clients while working for the university?
<input type="radio"/>	<input type="radio"/>	12. Will the worker be able to determine his/her own hours and priorities?
<input type="radio"/>	<input type="radio"/>	13. Will the worker be hired and paid to complete one specific job/project for the university?
<input type="radio"/>	<input type="radio"/>	14. Will the worker realize a profit or loss as a result of his/her services?
<input type="radio"/>	<input type="radio"/>	15. Will the worker provide his/her own tools or materials?
<input type="radio"/>	<input type="radio"/>	16. Did the worker retire/separate from the CSU fewer than 2 (two) years ago?
<input type="radio"/>	<input type="radio"/>	17. Was an employee in a policy making position or an MPP?
<input type="radio"/>	<input type="radio"/>	18. Will the worker participate in the process of planning, negotiations, transaction, or any part of the decision making process?
<input type="radio"/>	<input type="radio"/>	19. Will the worker's position be funded by a CSU contract?
<input type="radio"/>	<input type="radio"/>	20. Will the worker be responsible for supervision of CSU contracted employees?
<input type="radio"/>	<input type="radio"/>	21. Is the worker free from control and direction of the public agency in the performance of work?
<input type="radio"/>	<input type="radio"/>	22. Does the worker perform work that is outside the usual course of public agencies business?
<input type="radio"/>	<input type="radio"/>	23. Is the worker customarily engaged in independently establish trade, occupation or business of the same nature as the work performed for the public agency?

<https://www.csuci.edu/hr/paymentsforservices.htm>

Partnership

Human Resources Contacts

Main Line: 805-437-8490

Email: hr.forms@csuci.edu

Procurement Contacts

Main Line: 805-437-8592

Email: purchasing@csuci.edu



Open to Feedback & Questions

We Are Happy to Help



Thank You Joining Us Today!