

Determining if an Individual is an Employee, Independent Contractor or Participant

According to the IRS, individuals who receive compensation (**including stipends**) for providing any kind of **service** are classified as either employees or independent contractors and must be taxed appropriately. Therefore, **before any work is performed** CMU **must** determine if the individual is an employee or an independent contractor.

Who is an Employee?

1. All individuals who perform services for compensation are presumed to be employees, **unless** they meet the criteria of an independent contractor (IC) or a participant discussed below. Departments who wish to hire an employee **must** submit a temporary hire transaction (<https://apps.cmich.edu/personneltransactions/>) or create/recruit for a benefit-eligible position **prior** to any work being performed.
2. Anyone teaching either credit or non-credit courses offered by the university will be classified as an employee and should be hired as regular, fixed-term or adjunct faculty.
3. Anyone currently enrolled as a CMU student and who performs services for compensation should be hired as a student employee.
4. Anyone who is currently a CMU employee and who performs services for compensation or participates in a developmental opportunity outside their regular assignment must continue to be classified as an employee, not as an independent contractor or participant, and will be paid supplemental assignment pay. Please note: Departments who wish to compensate **current hourly staff** for additional work outside their primary job must contact Human Resources (#2010) **prior to the supplemental assignment**. Supplemental payments for faculty and staff should be processed via personnel transactions (<https://apps.cmich.edu/personneltransactions/>)

Who is an Independent Contractor (IC)?

The term independent contractor encompasses individuals/sole proprietors, partnerships and incorporated or unincorporated companies.

Examples of individuals who meet the criteria for IC status are:

1. Guest performers or artists who otherwise are not affiliated with the university.
2. Guest speakers or lecturers brought to the university for a very short duration because of their expertise.
3. Individuals who are in an independent trade, business, or profession in which they offer services to the general public for a fee and have the right to control how the work will be done.

Before an independent contractor (whether a U.S. citizen, U.S. company, non-U.S. citizen or non-U.S. company) performs ANY services, please visit Contracting & Purchasing Services website (<https://www.cmich.edu/offices-departments/finance-administrative-services/financial-services-reporting/contracting-and-purchasing-services>) for steps to hire the individual or company. Once approved, the department **must** complete a contract with the individual.

Please review the Independent Contractor Policy for additional information (<https://www.cmich.edu/docs/default-source/president's-division/general-counsel/administrative-policy-docs/4/p04012.pdf>).

Who is a Participant?

The term participant refers to a **CMU or non-CMU student** or **non-student** who participates in a professional development opportunity **ONLY** for their own educational benefit.

Examples of individuals who might meet the criteria for Participant status are:

1. CMU or non-CMU students who are participating in a Learning Experience (see the Learning Experience Questionnaire and Agreement on **Student Employment Services** website (<https://www.cmich.edu/about/human-resources/student-employment-opportunities/supervisor-information/forms-for-supervisors>)).
2. Non-students who are **ONLY** participating in a CMU hosted professional development opportunity.

Before a CMU or non-CMU student participates in a Learning Experience, a Learning Experience Questionnaire must be completed and submitted to Student Employment Services for review. Once approved, the department must complete a Learning Experience Agreement.

Additional information on processing stipends for CMU or non-CMU students can be found on Research & Sponsored Programs website. Payable Accounting (ext. 7372) can assist with all other stipend processing questions.