Determining if an Individual is an Employee or Independent Contractor

According to the IRS, individuals who receive compensation (**including stipends**) for providing a service are classified as either employees or independent contractors and must be taxed appropriately. **Individuals are presumed to be employees, unless they meet the criteria of an independent contractor (IC) as documented below**.

Who is an Employee?

1. **Faculty**: Anyone teaching either credit or non-credit courses offered by the university must be classified as an employee and hired as regular, fixed term or adjunct faculty through the Faculty Personnel Office #3368.
2. **Staff:** Anyone who fills a benefit-eligible position that is not classified as faculty is considered an employee and must be hired through Human Resources #2010.
3. **Student Employee:** Students who are enrolled at least half-time and perform services for compensation are classified as employees and must be hired through the Student Employment Office #3881.
4. **Temporary Employee:** Individuals who are hired for a short duration to assist with special projects or additional workload must be classified as employees unless they meet the criteria of an independent contractor as outlined below.
5. **Current Employees**: Current CMU employees who perform work outside of their primary job will continue to be classified as an employee and must be paid according to the Additional Compensation Policy. Departments who wish to compensate current hourly staff for a supplemental assignment must contact Human Resources #2010 prior to the work being performed to ensure compliance with overtime regulations. All additional compensation requests must be submitted using the Personnel Transaction System and require the approval of the supervisor, the senior manager, and the division vice president.

Who is an Independent Contractor (IC)?

According to the IRS, an independent contractor is defined as an individual who operates as self-employed in an independent trade, business, or profession and offers services to the general public for a fee. As outlined by the IRS, key distinctions of an independent contractor include:

- The entity paying for the services (CMU) does not have the right to control how and when the work is performed.
- The IC uses their own tools and resources to perform the work,
- The IC typically has multiple clients, and
- The IC is responsible for paying their own taxes.

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

1. Guest performers or artists who have a specialized skill and are not affiliated with the university.
2. Guest speakers or lecturers brought to the university for a short duration because of their expertise.

Visit the Contracting & Purchasing Services website for information related to hiring an IC. Prior to engaging with an individual (sole proprietor/DBA), an Independent Contractor Questionnaire **must** be completed, unless the request falls under one of the exceptions outlined in the Independent Contractor Policy. Once the questionnaire is reviewed and approved by Human Resources, the department **must** complete an Independent Contractor Agreement with the individual.

Professional Development Participants

In rare cases, individuals outside the university may receive compensation for participating in professional development opportunities intended for their own educational benefit. Payment to the participant(s) is processed through Payable Accounting.

For student participants:

- Before a student participates in a professional development opportunity, a Learning Experience Questionnaire must be submitted to Student Employment Services for review/approval.
- Once approved, the department must complete a Learning Experience Agreement and process payment through Payable Accounting.