

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/fas/fsr/cps/Pages/Independent-Contractor.aspx>) 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/office_president/general_counsel/Documents/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/fas/hr/ses/Pages/default.aspx>).
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.

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Source: Payroll, Payable Accounting, Contracting & Purchasing Services Human Resources and Faculty Personnel Services