

Ferris State University
Independent Contractor Determination Checklist

Name: _____

Brief Description of Service: _____

If the work will be performed by any of the following categories, please indicate which one and refer to the instructions.
If the entity does not fall into one of the following categories, please continue answering all questions.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student at FSU	Employee at FSU	Corporation	Non-Compensated Non-Recurring Guest Speaker

If **Student** is checked, the rest of the answers can be left unanswered, a contract is not needed and Student Employment should be contacted.
If **Employee** is checked, the rest of the answers can be left unanswered, a contract is not needed and a PAF must be processed
If **Corporation** or **Non-Compensated Non-Recurring Guest Speaker** is checked, you may skip questions and sign & date the form.

Behavioral Control - Shows whether there is a right to direct or control the work

	Yes	No
1. Will Ferris determine when work is done?	<input type="checkbox"/>	<input type="checkbox"/>
2. Will Ferris determine where work is done?	<input type="checkbox"/>	<input type="checkbox"/>
3. Will Ferris determine how work is done?	<input type="checkbox"/>	<input type="checkbox"/>
4. Will Ferris provide training?	<input type="checkbox"/>	<input type="checkbox"/>
5. Does Ferris have the right to direct or control how work is performed?	<input type="checkbox"/>	<input type="checkbox"/>

Financial Control - Shows if business has the right to control economic aspects

	Yes	No
6. Does worker have fixed ongoing expenses related to this type of work regardless of whether work is currently being performed?	<input type="checkbox"/>	<input type="checkbox"/>
7. Does the worker make these services available to other clients?	<input type="checkbox"/>	<input type="checkbox"/>
8. Could the worker realize a loss related to this line of work, regardless of this project?	<input type="checkbox"/>	<input type="checkbox"/>

Type of Relationship - Independent contractors are required to have a contract and cannot receive benefits

	Yes	No
9. Does Ferris have a written contract describing the relationship intended?	<input type="checkbox"/>	<input type="checkbox"/>
10. Will Ferris provide the worker with benefits such as insurance, pension, vacation or sick pay?	<input type="checkbox"/>	<input type="checkbox"/>
11. Is the relationship for a specific project or period of time?	<input type="checkbox"/>	<input type="checkbox"/>

Based on the accompanying checklist, my knowledge of the proposed contract, and to the best of my ability, it is my determination that the entity should be classified as an independent contractor.

I acknowledge that Ferris State University may hold my unit financially responsible for any taxes, interest, or penalties that the Internal Revenue Service or other regulatory bodies might assess due to this classification.

FOAP Manager Signature _____

Date _____

Return To: Ferris State University
Purchasing Office

420 Oak Street, Suite 250
Big Rapids, MI 49307

Revised: 12/02/2011
Purchasing Office

Phone: (231) 591-2165
Fax: (231) 591-3902

For Office Use Only

_____ Approved _____ Denied

Date: ____/____/____

Signature: _____

Ferris State University

Independent Contractor Determination Checklist (ICDC) Help Guide

The purpose of the ICDC is to help in determining if work performed should be classified as an Independent Contractor or an Employee. Responses can vary depending upon the situation and circumstances involved. The number of “Yes” or “No” responses doesn’t necessarily determine worker classification but are intended to help determine key factors on who controls the worker and the work.

The IRS refers to an employee under the common-law rules as “anyone who performs services for you **if you can control what will be done and how it will be done**. What matters is that you have the right to control the details of how the services are performed.”

The ICDC asks a series of questions across three categories of Behavioral, Financial, & Relationship to help determine who controls what is done and how it will be done.

Directly under the name of the entity you will notice a question asking if the entity is a Student, Employee, Corporation or Non-Compensated Non-Recurring Guest Speaker. If the answer is yes to any of these please check the appropriate box. If the work will be performed by an employee you will need to work with the Human Resource Department and complete a Personnel Action Form (PAF). If the work will be performed by a student, please contact Student Employment. If either employee or student is checked the form does not need to be returned to the Purchasing Department but should be kept for your records. If you checked corporation or non-compensated non-reoccurring guest speaker skip to the end of the form, sign and date and return the ICDC to the Purchasing Department.

Behavioral Control

According to the IRS, “behavioral control refers to facts that show whether there is a right to direct or control how the worker does the work.” Behavioral control is determined by evaluating the following: types of instructions given, degree of instruction, evaluation system, and training. A worker is generally considered an employee if they are given instructions about when, where, and how to work. The more training, evaluation, and instruction given to a worker the more likely they are to be considered an employee.

Financial Control

According to the IRS, “financial control refers to facts that show whether or not the business has the right to control the economic aspects of the worker’s job.” Financial control is determined by evaluating the following: significant investment, unreimbursed expenses, opportunity for profit or loss, services available to the market, and method of payment. If a worker makes their services available to others utilizing advertisements and/or maintains a visible business location, they are generally considered an independent contractor. Independent contractors typically have their own equipment not purchased by University and independent contractors usually make a profit or a loss. Employees are generally paid by the hour whereas independent contractors are generally paid a flat fee by the job.

Type of Relationship

Written contracts, employee benefits, permanency of relationship, and services provided help determine the type of relationship. Independent contractors are required to have a contract and cannot receive employee benefits. If the worker is expected to continue an ongoing relationship

with the university, they generally should be treated as an employee. If the worker provides services that are for a key activity to the university (instructing, etc), the worker should be treated as an employee.

The key consideration when going through the ICDC checklist is to determine who controls what will be done and how it will be done. If all questions are answered, the worker classification should be fairly clear.

For more information and guidance, visit the full IRS article that this help guide is derived from at: <http://www.irs.gov/businesses/small/article/0,,id=99921,00.html>.