

<b>Ferris State University</b> Independent Contractor Determination Checklist	
Name: _____	
Brief Description of Service: _____	
If the the work will be performed by any of the following catagories, please indicate which one and refer to the instructions. If entity does not fall into one of the following catagories, please continue answering all questions.	
<input style="width: 100px; height: 20px;" type="text"/> Student at FSU	<input style="width: 100px; height: 20px;" type="text"/> Employee at FSU
<input style="width: 100px; height: 20px;" type="text"/> Corporation	<input style="width: 100px; height: 20px;" type="text"/> Non-Compensated Non-Recurring Guest Speaker
If <b>Student</b> is checked, the rest of the answers can be left unanswered, a contract is not needed and Student Employment should be contacted. If <b>Employee</b> is checked, the rest of the answers can be left unanswered, a contract is not needed and a PAF must be processed If <b>Corporation</b> or <b>Non-Compensated Non-Recurring Guest Speaker</b> is checked, you may skip questions and sign & date form.	
<b>Behavioral Control - Shows whether there is a right to direct or control the work</b>	
	<div style="display: flex; justify-content: space-around;"> <span>Yes</span> <span>No</span> </div>
1. Will Ferris determine when work is done?	<input style="width: 100px; height: 20px;" type="text"/>
2. Will Ferris determine where work is done?	<input style="width: 100px; height: 20px;" type="text"/>
3. Will Ferris determine how work is done?	<input style="width: 100px; height: 20px;" type="text"/>
4. Will Ferris provide training?	<input style="width: 100px; height: 20px;" type="text"/>
5. Does Ferris have the right to direct or control how work is performed?	<input style="width: 100px; height: 20px;" type="text"/>
<b>Financial Control - Shows if business has the right to control economic aspects</b>	
	<div style="display: flex; justify-content: space-around;"> <span>Yes</span> <span>No</span> </div>
6. Does worker have fixed ongoing expenses related to this type of work regardless of whether work is currently being performed?	<input style="width: 100px; height: 20px;" type="text"/>
7. Does the worker make these services available to other clients?	<input style="width: 100px; height: 20px;" type="text"/>
8. Could the worker realize a loss related to this line of work, regardless of this project?	<input style="width: 100px; height: 20px;" type="text"/>
<b>Type of Relationship - Independent contractors are required to have a contract and cannot receive benefits</b>	
	<div style="display: flex; justify-content: space-around;"> <span>Yes</span> <span>No</span> </div>
9. Does Ferris have a written contract describing the relationship intended?	<input style="width: 100px; height: 20px;" type="text"/>
10. Will Ferris provide the worker with benefits such as insurance, pension, vacation or sick pay?	<input style="width: 100px; height: 20px;" type="text"/>
11. Is the relationship for a specific project or period of time?	<input style="width: 100px; height: 20px;" type="text"/>
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 independend 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 _____
<b>Return To:</b> Ferris State University Purchasing Office  420 Oak Street, Suite 250 Big Rapids, MI 49307  <b>Phone:</b> (231) 591-2165 <b>Fax:</b> (231) 591-3902	<div style="background-color: #f0f0f0; padding: 5px; text-align: center;"> <b>For Office Use Only</b> </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <span style="color: green;">Approved</span> <span style="color: red;">Denied</span> </div> <div style="margin-top: 5px;"> <b>Date:</b> ____/____/____         </div> <div style="margin-top: 5px;"> <b>Signature:</b> _____         </div>

 Revised: 12/02/2011  
 Purchasing Office

## **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: <https://www.irs.gov/taxtopics/tc762>