### MEMORANDUM

**TO:** Vice Presidents, Deans, Directors, Department Heads,

Business Managers and Department Secretaries

**FROM:** Steve Cunningham, Associate Vice President

Administration and Human Resources

Keith Jackson,

Controller

**DATE:** September 20, 2002

#### RE: Independent Contractors - Revised

In Spring 2002, the University adopted a new Independent Contractor procedure. As is the case with many new procedural implementations, a need for review and updating is essential. Feedback from the university on the operational impact of this procedure has prompted the following revisions. Please note that there is no change in the basic procedure; Independent Contractor relationships still need to be supported by the Independent Contractor Questionnaire and relationships that do not qualify must be paid through the Human Resource Services (HRS) payroll process.

The procedural changes are highlighted below.

# Elimination of the Two-Year Period for Previous Employees

The intent of this procedure was to protect the university and the individual employee from audit exposure for receiving both a W-2 and a 1099 from the same entity in the same tax year. The requirement to be paid through the HRS payroll process is now only for active employees.

# Elimination of the Definition of Student as an Employee

The original procedure treated all students or former students as potential employees, and required processing payment via the HRS payroll process. The new procedure will require payment through payroll only if the student is an active employee.

## The current status of an employee can be determined by using the Employee Lookup located on the HRS web-site (http://www.hr.niu.edu/peoplesoft/tools/index.cfm).

SC/bjr

Attachments

Via e-mail

## cc: Norden Gilbert

Keith Jackson

Kathe Shinham

HRS Staff