

## Special Consultant

### Rate Of Pay

The Special Consultant classification is a standard classification supported by the trustees of the California State University & Colleges and have a daily rate of pay. When submitting a request for payment utilizing the SC-3 Form, please reference a daily rate only, converting hours to days when necessary.

### Submittal For Payment

There is a limit of no more than 2 Consultant transactions per month. In order for any employee to be paid for services such as a Special Consultant, the proper documents must be completed in the Payroll Office within 3 days of the beginning date of employment. **Your original Social Security Administration Card must be presented upon sign-up. Employees with immigration status must have a valid I-20 on file with the Payroll Office.**

Disbursal of pay normally is through the Cashier's Office, if not specified. If an employee is currently active at any State Agency and is enrolled in the Statewide Direct Deposit Program, the payment will be electronically transmitted to the bank and only the Direct Deposit Advice will issue to the Campus for distribution. Payments can issue any day of the month and are not timed to be available on a specific date. Please allow a minimum of 1 week after the Payroll Office has received the authorization to pay form (SG-3) for payment to issue.

### Deductions From Payment

Various conditions determine deductions withheld from Special Consultant pay. **Importance must be placed on gathering the information to answer the "PERS or STRS employee?"** question, as the answer directly affects withholding amounts as shown below:

#### CSUF status

Full-time & employment has been continuous after 4/1/86 & is currently a PERS retirement member

Full-time & employment has been continuous since prior to 5/1/86 and is a PERS retirement member

Part-time, PERS member

Non-PERS or STRS member, no other current employment with the State of California

#### Subject to the following withholdings:

Federal Income Tax based on tax schedules\*

State Income Tax based on tax schedules\*

Medicare tax

Federal Income Tax based on tax schedules\*

State Income Tax based on tax schedules\*

Federal Income Tax

State Income Tax

PERS deductions (to be deducted up to full-time equivalency)

FICA & Medicare taxes

Federal Income Tax

State Income Tax

Medicare tax

UCDS retirement plan deductions

**\*taxes withheld will be calculated by aggregation of regular gross pay in monthly position plus the Special Consultant pay to arrive at additional tax. Therefore, taxing at higher than normal rate may result and place an individual in the higher tax bracket with the combined amounts.**

---

**Questions? Contact the Payroll Office at 278-3946**

## **Change in Policy Regarding Special Consultants Classification (Code 4660)**

The ease of payment for the consultant classification led to the continued misuse of this classification to pay people who should otherwise be classified as student assistants or temporary employees. The misuse of the Special Consultant class code (4660) resulted last year in the formation of a special committee to review current practices and propose a new policy for miscellaneous payment of services.

Consistent with the recommendations of that committee,

beginning October 7, Human Resources will review all Special Consultant agreements for possible reassignment to a more appropriate classification. In addition, PRIOR to hiring a Special Consultant, a department must submit a description of the project and a justification for the consultant to the appropriate Vice President for approval.

In preparation, all departments currently using Special Consultant vouchers are asked to review the attached definitions of Special Consultants, Independent Contractors, Temporary Help and Honoraria. A memo from Susan Vaquilar is being sent this week with additional information regarding student assistants. Appointing authorities should take the initiative to recommend a more appropriate classification.

The following typical misuses of Special Consultant codes are subject to change:

- student assistants carrying a part-time load
- temporary academic appointments in summer or winter
- faculty hired for special projects (e.g., joint doc)
- technical experts hired for short-term projects
- payment for overtime

Jeannine Raymond, Ph.D  
Director of Human Resources

---

## **Policy And Procedures For Compensating Individuals Who Perform Miscellaneous Services For The University**

### **Purpose:**

The purpose of this document is to assist appointing authorities in determining how to choose the appropriate payment methods to correctly identify and compensate these individuals while adhering to State and Federal regulations and CSU policies. The classifications are:

1. Temporary Help
2. Student Assistant
3. Special Consultant - paid as an employee through the State Payroll System
4. Independent Contractor - paid through the contracting process, administered by Procurement and Administrative Services
5. Honoraria

### **1. TEMPORARY HELP**

#### **A. Definition**

Temporary, intermittent employees work on an "as needed" basis and are paid an hourly or monthly rate. Such employees must be assigned to an established CSU classification and paid according to the salary range assigned to the classification. The classification must be appropriate to the position/duties assigned to the employee.

These employees do not receive benefits (health, dental, etc.); however, they do earn vacation and sick leave (accrual is based on cumulative hours worked).

Temporary appointments of less than 90 days are not covered by collective bargaining agreements, and are not subject to formal recruitment's. Questions about the terms of specific contracts should be directed to the Director of Human Resources

Regardless of the nature of an appointment, if an individual works full-time for a consecutive 12-month period (in a classification that has a one-year probationary period) or a consecutive 24-month period (in a classification with a two-year probationary period), he/she will gain permanent status.

### **2. STUDENT ASSISTANTS**

Student assistants are employees who are either currently enrolled or who were enrolled in the semester immediately preceding the summer or winter session of employment. If they are carrying a full-time course load (12 units for undergraduates and 9 units for graduates) they should be classified as 1870. Student assistants carrying part-time loads should be classified as 1874, or "Bridge Student Assistants." The latter should be made one semester at a time and treated as temporary hourly employees throughout the hiring process.

For complete information regarding the payroll process for student assistants, refer to Susan Vaquilar's memo of 9/20/96.

### 3. SPECIAL CONSULTANTS

Procedures for appointing and paying individuals as employees in the Special Consultant classification are established and administered by Human Resources.

#### **A. Length Of Appointment:**

The Special Consultant classification (class code 4660) may be used only for short time work assignments or projects and limited to no more than three (3) consecutive months at a time. Special Consultants:

- are considered employees
- are covered by the University's Workers' Compensation Program
- are subject to tax withholding, retirement, Social Security and Medicare deductions
- do not participate directly or indirectly in University employer paid benefit programs such as health and dental
- are not represented by collective bargaining

#### **B. Regulations Governing Special Consultants:**

All employees are subject to the CSU Additional Employment Policy (FSA 82-20) and applicable guidelines which limit employment within the CSU to a maximum of 125%.

Example of a full-time State position: 22 days X 125% = 27.5 days, or 27 days  
27-22 = maximum of 5 days allowed as Special Consultant

Example of a half-time employee: The Payroll System views the employee as working 22 days at 4 hour/day. Should rescheduling of this employee be set at the full limit, identification of the employee's modified time could be 11 days at 8 hours/day. The calculation then could be viewed as:

22 X 125% = 27 days

27-11 = maximum of 16 days allowed as Special Consultant

In addition, the following may apply:

- The Payroll Office is allowed to coordinate a concurrent employment activity with another State of California agency.
- The CSU Classification and Qualification Standards require that classification be paid on a daily rate regardless of the number of hours worked in a given day.
- If the work being performed is similar to the employee's current classification, the employee must receive overtime compensation in their current class and not paid as a Special Consultant.

#### **C. Documentation Required For Appointment:**

The following items (with appropriate signatures) must be received by Human Resources at least five (5) working days prior to the effective date of the appointment:

The SPECIAL CONSULTANT AGREEMENT FORM (Attachment A)- Completed, this form will eliminate misunderstandings about the terms of the appointment such as salary, benefits, etc. and ensure Worker's Compensation coverage in the event of injury, thus protecting both the employee and the institution.

SPECIAL CONSULTANT vs. INDEPENDENT CONTRACTOR/TEMPORARY HELP WORKSHEET (Attachment B). This form must be completed by the appropriate Dean or Department Manager.

Current CSU employees who accept additional employment as Special Consultants during their normal work hours will need to submit one of the following:

1. An approved "Absence & Additional Time Worked Report" (F634) charging out the days submitted for Special Consultant pay to leave credits available other than sick leave.
2. A memo from the employee's current supervisor indicating an adjustment to the employee's regular work schedule will be made so that the Special Consultant assignment will not conflict with the regular assignment.

**D. Employee Responsibility:**

Newly appointed Special Consultants must complete:

- Federal I-9 requirements
- all State and Federal mandated forms

Employee responsibility must meet within 3 days of the effective date of appointment. Documents are completed in the Payroll Office.

**E. Documentation Required For Payment:**

- The complete full legal name and correct Social Security Number must be typed on all documents related to the appointment to ensure payment to the correct individual.
- The SPECIAL CONSULTANT AGREEMENT FORM must be approved and on file Human Resources or Academic Personnel Services before the individual begins work and before payment can be made.
- SPECIAL CONSULTANT VOUCHER (Example Attachment C) must be completed and turned in to the Payroll Office after work has been completed. By signing the voucher, the supervisor is certifying that the designated time was worked and that the work was completed in a satisfactory manner. Each monthly payment requested must be on a separate VOUCHER in order to be processed.

**F. University's Rights:**

In the event the assignment described on the face of the SPECIAL CONSULTANT AGREEMENT FORM is not completed, or is not completed in a satisfactory manner, the University reserves the right to cancel the appointment (and all payments remaining) or to reduce the total number of days for which payment will be made.

**G. Changes:**

Once an agreement to retain the employee as a Special Consultant and the SPECIAL CONSULTANT AGREEMENT FORM has been approved, any of the following will require completion of a new SPECIAL CONSULTANT AGREEMENT FORM:

- Substantial changes in the assignment.
- Any changes in the daily salary rate or
- Additions to the total number of authorized days

**4. INDEPENDENT CONTRACTOR**

Procedures for paying individuals as Independent Contractors are established and administered through procurement and Administrative Services.

**A. Definition:**

If the work and/or services to be performed by an individual are subject to the control and direction of the University only as to the result to be accomplished, and not the means and/or methods for accomplishing the result, and payment is based upon completion of specific work rather than time worked, the individual may be hired and paid as an Independent Contractor. Independent Contractors:

- are not considered employees for tax withholding purposes;
- are not covered by the University's Worker's Compensation Program;
- do not participate directly or indirectly in University benefit programs;
- are not eligible for the Direct Deposit Program; and
- are not represented by collective bargaining.

Guest lecturers, performing artists, language examiners, and/or visiting scholars (any of whom are not current CSU employees) may be included in the Independent Contractor category.

**B. Requirements to Compensate as an Independent Contractor:**

For an individual to be compensated as an Independent Contractor, an employer-employee relationship cannot exist, and the following criteria apply. The individual:

- is engaged in a distinct occupation, profession, business, or independent trade in which these same services are offered to the general public. In most cases, the individual will be required to provide a Business License Number, Taxpayer I.D. Number, and a Company Name;
- agrees to do specific work for an agreed upon fee;
- furnishes own supplies, tools, personal liability insurance, etc.;
- is able to set own hours; and
- requires no training or supervision

In addition, the services to be performed are not available within the University; cannot be performed by University employees; are not regularly part of University business; or are of such a specialized or technical nature that the knowledge, experience, and/or ability is not available through the normal staffing process.

**C. Documentation Required for Independent Contractor Contract:**

A Purchase/Service Requisition Form must be submitted to the Purchasing Office to secure the services of an Independent Contractor. The requisition must provide a detailed description of the work to be performed.

The requisition should be accompanied by the Independent Contractor vs Special Consultant Worksheet (Attachment "B" of this document). In addition, if the requested service is for a lecturer, performing artist, language examiner or visiting scholar, the Lecturer/Performer Contract Request and Sole Source Justification Form must be submitted with the Purchase/Service Requisition Form.

**D. Documentation Required for Payment of Independent Contractor:**

The Independent Contractor must submit an invoice for services performed to the accountable University manager. The manager must sign and approve the invoice to certify that the contracted services have been satisfactorily completed. The invoice is then forwarded to the Accounts Payable Office.

- Vendor Data Record Form (Standard 204), if not already on file; and
- Drug Free Work Place Certification (Standard 21), if not already on file.

The University is required to file Form 1099 and other reports on Independent Contractors and other non-employee compensation, with the Internal Revenue Service.

The Accounts Payable Office must be in receipt of the above documents before payment can be made to the contractor.

## **5. HONORARIA**

**A. Definition:**

An Honoraria is a fee paid in appreciation for a service provided by an individual who is invited to make a presentation on the campus on a specific topic identified by the appointing authority. The individual customarily is invited to make the presentation because the transmittal of such knowledge or information meets a defined campus need. An honoraria is not paid for 1) consulting services, 2) service agreements, 3) student assistants or 4) services of personnel (they must be hired through normal recruitment or temporary help procedures).

**B. Procedure:**

If the amount to be paid or reimbursed to the individual or company is \$5,000 or more:

- The requesting department, via the appropriate administrators, must submit a Purchase Requisition to the appropriate Vice President designee no less than 12 working days prior to the presentation.
- The Purchasing Department will prepare a Standard Agreement (contract) and will forward the necessary copies to the individual for signature.
- Upon receiving the signed agreement, the Purchasing Department will forward approved copies of the agreement to the individual requesting department, and Accounting.

- The requesting department must submit two copies of the invoice, one with an original signature, to Accounting. If Accounting does not have a signed Vendor Data Record Form 204 (Attachment D) on file, the requesting department must insure the person signs one when presenting an invoice.
- Accounting will issue a check within 15 working days of receipt of invoice. If a check is desired on the day of the presentation and all of the above time frames and procedures have been adhered to, Accounting will prepare a check for pick-up.

If the amount to be paid or reimbursed is less than \$5,000, the same procedural steps are used except the Purchasing Department will consider all such Requisitions as "incidental" purchases. A standard agreement will not be prepared, and Accounting will issue a check based upon receipt of a properly completed Requisition, two signed invoices and a form 204 on file.





## ***Revised Independent Contractor vs. Special Consultant Worksheet***

Please use this revised worksheet when hiring a special consultant or independent contractor. It has been updated per auditors' requirements.

Thank you.

Jeannine Raymond, Ph.D.  
Director, Human Resources

ATTACHMENT B

**WORKSHEET**  
**SPECIAL CONSULTANT VS TEMPORARY HELP**

To determine whether a person should be paid as a Special Consultant or as Temporary Help, answer the following questions and include this worksheet with the paperwork that you submit to the Purchasing Office.

INDIVIDUAL'S NAME: \_\_\_\_\_

Yes    No

- |       |       |   |
|-------|-------|---|
| _____ | _____ | 1. Will the individual perform administrative study, work, or service?                                  |
| _____ | _____ | 2. Will the individual make recommendations as opposed to implementing them?                            |
| _____ | _____ | 3. Will the individual conduct an oral briefing of study, work, or service results?                     |
| _____ | _____ | 4. Will the individual prepare written reports of study, work, or service results?                      |
| _____ | _____ | 5. Will the individual work with personnel of an organization to implement a desired plan of change?    |
| _____ | _____ | 6. Will the individual provide necessary coordination, guidance, and training for the desired proposal? |
| _____ | _____ | 7. Does the individual have extensive experience or expertise in a particular area?                     |
| _____ | _____ | 8. Will the special assignment end within 90 days?  |
| _____ | _____ | 9. Can the project be completed if an adequate staff were available?                                    |
| _____ | _____ | 10. Can the description of study, work, or service be defined under a CSU classification?               |

***INSTRUCTIONS:***

- I. If 6 out of 10 of the answers to questions 1-10 are **YES** the individual should be hired as a Special Consultant.
- II. If 6 out of 10 of the answers to questions 1-10 are **NO** the individual should be hired as Temporary Help.

*(Please turn over)*

ATTACHMENT B

**WORKSHEET**  
**INDEPENDENT CONTRACTOR VS SPECIAL CONSULTANT**

To determine whether a person should be paid as a Special Consultant or as an Independent Contractor, answer the following questions and include this worksheet with the paperwork that you submit to the Purchasing Office.

INDIVIDUAL'S NAME: \_\_\_\_\_

Yes    No

- \_\_\_\_  \_\_\_\_ 1. Will the individual be required to comply with instructions about when, where, and how to work?
- \_\_\_\_  \_\_\_\_ 2. Will the individual be given instructions/training regarding the particular method or manner by which the work is to be performed?
- \_\_\_\_  \_\_\_\_ 3. Is the service provided a regular part of University business/work?
- \_\_\_\_  \_\_\_\_ 4. Will the individual be required to perform the work himself/herself?  
(As opposed to assigning the work or part of the work to an assistant.)
- \_\_\_\_  \_\_\_\_ 5. Will the individual be hiring or supervising CSU, Fresno employees?
- \_\_\_\_  \_\_\_\_ 6. Will the individual and CSU, Fresno have a continuing relationship?
- \_\_\_\_  \_\_\_\_ 7. Will the individual be able to hire and pay his/her own assistants?
- \_\_\_\_  \_\_\_\_ 8. Does the individual offer similar services to others as part of his/her own business?
- \_\_\_\_  \_\_\_\_ 9. Will the individual be allowed to work concurrently for other employers while working for CSU, Fresno?
- \_\_\_\_  \_\_\_\_ 10. Will the individual be able to set his/her own hours and priorities?
- \_\_\_\_  \_\_\_\_ 11. Will the individual be hired and paid to complete one specific job/project?
- \_\_\_\_  \_\_\_\_ 12. Will the individual provide his/her own tools?

Campus Project Coordinator: \_\_\_\_\_

***INSTRUCTIONS:***

- I. If the majority of the answers to questions 1-6 are YES (and the majority of the answers to questions 7-12 are no) the individual should be hired as an employee (Special Consultant or other appropriate classification) and paid through the Payroll System.
- II. If the majority of the answers to questions 1-6 are NO (and the majority of the answers to questions 7-12 are yes) the individual can be paid as an Independent Contractor through the Contracting process.



**VENDOR DATA RECORD**

(Required in lieu of IRS W-9 when doing business with the State of California)

STD. 204 (REV. 6-92)

PLEASE RETURN TO:	DEPARTMENT/OFFICE CALIFORNIA STATE UNIVERSITY, FRESNO	PURPOSE: Information contained in this form will be used by State agencies to prepare Information Returns (Form 1099) and for withholding on payments to nonresident vendors. (See Privacy Statement on reverse.)
	STREET ADDRESS 5150 N. MAPLE	
	CITY, STATE, ZIP CODE FRESNO, CA 93740-0058	

VENDOR'S BUSINESS NAME	REMITTANCE ADDRESS:	OWNER'S FULL NAME (Last, First, MI)
STREET ADDRESS		ARE YOU SUBJECT TO FEDERAL BACKUP WITHHOLDING? (See instructions for IRS Form W-9)
CITY, STATE, AND ZIP CODE		<input type="checkbox"/> YES <input type="checkbox"/> NO

INSTRUCTIONS: (1). Check box indicating type of business entity and provide taxpayer identification number.  
 (2). Check box indicating resident or nonresident. (See reverse for additional information).  
 (3). Check one or more VENDOR ACTIVITY boxes specifying vendor activity type.

VENDOR TYPE / RESIDENCY STATUS	VENDOR ACTIVITY	
	A	B
<input type="checkbox"/> <b>CORPORATION</b> (Enter Federal Employer Identification Number) _____ - _____ <input type="checkbox"/> Resident - Qualified to do business in CA / Permanent place of business in CA <input type="checkbox"/> Non Resident (See Reverse)	<input type="checkbox"/> MEDICAL SERVICES (Including dentistry, podiatry, psychotherapy, optometry, chiropractic, etc.) <input type="checkbox"/> INTEREST (Exempt from State withholding) <input type="checkbox"/> RENT <input type="checkbox"/> ROYALTIES <input type="checkbox"/> PRIZES AND AWARDS <input type="checkbox"/> OTHER (Specify) _____	<input type="checkbox"/> SERVICES (NON MEDICAL) <input type="checkbox"/> EQUIPMENT / SUPPLIES (Exempt from State withholding) <input type="checkbox"/> OTHER (Specify) _____
<input type="checkbox"/> <b>INDIVIDUAL/SOLE PROPRIETOR</b> (Enter Social Security Account Number only, NOT FEIN) _____ - _____ - _____ <input type="checkbox"/> Resident <input type="checkbox"/> Non Resident (See Reverse)	<input type="checkbox"/> NON EMPLOYEE COMPENSATION (Including repairs and maintenance, construction, etc.) <input type="checkbox"/> MEDICAL SERVICES (Including dentistry, podiatry, psychotherapy, optometry, chiropractic, etc.) <input type="checkbox"/> RENT <input type="checkbox"/> OTHER (Specify) _____	<input type="checkbox"/> EQUIPMENT/SUPPLIES (Exempt from State withholding)
<input type="checkbox"/> <b>PARTNERSHIP</b> (Enter Federal Employer Identification Number) _____ - _____ <input type="checkbox"/> Resident <input type="checkbox"/> Non Resident (See Reverse)		
<input type="checkbox"/> <b>ESTATE OR TRUST</b> (Enter Federal Employer Identification Number) _____ - _____ <input type="checkbox"/> Resident (Estate) - Decedent was a CA resident at the time of death <input type="checkbox"/> Resident (Trust) - At least one trustee is a CA resident <input type="checkbox"/> Non Resident (See Reverse)		

I hereby certify under penalty of perjury that the information provided on this document is true and correct. If my residency status should change, I will promptly inform you.

AUTHORIZED VENDOR REPRESENTATIVE'S NAME (Type or Print)	TITLE
SIGNATURE	DATE
	TELEPHONE NUMBER

CONTRACT/LEASE NUMBER		OFFICIAL STATE USE ONLY					NONRESIDENT WITHHOLDING	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> NONEMPLOYEE COMPENSATION	<input type="checkbox"/> MEDICAL SERVICES	<input type="checkbox"/> RENT	<input type="checkbox"/> OTHER (Specify)	<input type="checkbox"/> STANDARD RATE	<input type="checkbox"/> WAIVED	<input type="checkbox"/> REDUCED RATE _____ %
REPORTABLE INCOME CODE PER STATE ADMINISTRATIVE MANUAL SECTION 8422.19 (Check One)		INITIALS	DATE INITIALED					
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7		

STATE OF CALIFORNIA  
VENDOR DATA RECORD  
STD. 204 (REV. 6-82) (REVERSE)

**ARE YOU A RESIDENT OR A NONRESIDENT?**

Each corporation, individual/sole proprietor, partnership, estate or trust doing business with the State of California must indicate their residency status along with their vendor identification number.

A corporation will be considered a "resident" if it has a permanent place of business in California. A permanent place of business has been established if the corporation is organized and existing under the laws of this state or, if a foreign corporation, it has qualified to transact intrastate business. A corporation which has not qualified to transact business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in this state only if it maintains a permanent office in this state which is permanently staffed by its employees.

For individuals/sole proprietors, the term "resident" includes every individual who is in California for other than a temporary or transitory purpose. And, any individual domiciled in California who is absent for a temporary or transitory purpose. Generally an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For withholding purposes, a partnership is considered a resident partnership if it has a permanent place of business in California. An estate is considered a California estate if the decedent was a California resident at the time of death and a trust is considered a California trust if at least one trustee is a California resident.

More information on residency status can be obtained by calling the numbers listed below:

From within the United States, call ..... 1-800-852-5711

From outside the United States, call ..... 1-800-854-6500

For hearing impaired with TDD, call ..... 1-800-822-6268

**ARE YOU SUBJECT TO NONRESIDENT WITHHOLDING?**

Payments made to nonresident vendors, including corporations, individuals, partnerships, estates and trusts, are subject to withholding. Nonresident vendors performing services in California or receiving rent, lease or royalty payments from property (real or personal) located in California will have 7% of their total payments withheld for state income taxes. However, no withholding is required if total payments to the vendor for the calendar year are \$1500 or less.

A nonresident vendor can request that income taxes be withheld at a lower rate or waived. A waiver will generally be granted when a vendor has a history of filing California returns and making timely estimated payments. If the vendor activity is carried on outside of California or partially outside of California, a waiver or reduced withholding rate may be granted. For more information, contact:

Franchise Tax Board  
Withhold at Source Unit  
Attention: State Agency Withholding Coordinator  
P.O. Box 651  
Sacramento, CA 95812-0651  
(916) 369-4900 FAX (916) 369-4831

If a reduced rate of withholding or waiver has been authorized by the Franchise Tax Board, attach a copy to this form.

**PRIVACY STATEMENT**

Section 7(b) of the Privacy Act of 1974 (Public Law 93-5791) requires that any federal, state, or local governmental agency which requests an individual to disclose his social security account number shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what uses will be made of it.

The State of California requires that all parties entering into business transactions that may lead to payment(s) from the State must provide their Taxpayer Identification Number (TIN) in order to facilitate the preparation of Form 1099 and other information returns as required by the Internal Revenue Code, Section 6109 and the State Revenue and Taxation Code, Section 18934. The TIN for individual and sole proprietorships is the Social Security Number (SSN).

It is mandatory to furnish the information requested. Federal law requires that payments for which the requested information is not provided be subject to a 20% withholding and State law imposes noncompliance penalties of up to \$20,000.

You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the State agency(ies) with which you transact business.

If you have any questions regarding this notice, please call the Department of Finance, Fiscal Systems and Consulting Unit, at (916) 445-0325.

## **Procedures to Hire a Special Consultant or Independent Contractor**

Effective August 9, 1996, this office must receive a written request and justification to hire any special consultant or independent contractor. Following a review by Human Resources and the approval of this office, an offer can be made. This procedure will insure the proper payment method is identified to compensate these individuals while adhering to State and Federal regulations and CSU policies.

Benjamin F. Quillian  
Vice President for Administration



## **State Reimbursement of an Individual's Services to the Foundation**

There have been some instances where payroll payments had been made to Foundation employees and the project directors then asked the state to reimburse the Foundation for the services. When the Foundation submitted an invoice to the state for reimbursement, the requests for payment were rejected.

The attached letter from Margie Phillips, in the Purchasing Department, explaining why the state is unable to reimburse the Foundation for payroll. It really comes down to two issues for the state. They are bound by:

- ◆ Competitive bidding, and
- ◆ Campus policy

Please let me know if you have any further questions.

Randy Larson, Director of Financial Services  
California State University, Fresno  
Auxiliary Services  
Mail Stop OF123  
Phone 278-0838  
Fax 278-0992

## **Independent Contractors**

In an effort to clarify the question, when will the state reimburse the Foundation for services of an individual? Under the Public Contract Code Section 10230 the Procurement Department is to competitively bid contracts for services. All services must be bid unless a sole source justification is approved. If it is determined that the person is an independent contractor, a standard agreement will be prepared between the University and the independent contractor. For an individual to be compensated as an Independent Contractor, an employer-employee relationship cannot exist.

If the services are not provided by an independent contractor, then the department must go through Human Resources to hire the person. Please refer to a copy of a memorandum dated October 2, 1996, from Jeannine Raymond that details the policy and procedures for compensating individuals who perform miscellaneous services for the University. Departments must determine if the status is an independent contractor or if the person should be brought on as an employee of the University.

The University cannot reimburse the Foundation for compensating individuals who have performed services through the Foundation. The University is bound by both the competitive bidding and hiring practices, and to reimbursement the Foundation would circumvent the campus policies and procedures.

I hope this helps to clarify the reimbursement issue. If you have further questions, or if the departments are unclear of just how they should proceed please have them contact our office, will be happy to assist them.

Margie Phillips

Procurement and Support Services

June 8, 1998