



INDEPENDENT SERVICE PROVIDER CLASSIFICATION PROCESS OVERVIEW

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Sam Frenkel
Coral Haas

BACKGROUND

Worker misclassification leads to risk, fines and penalties for noncompliance



BACKGROUND

- In order to be in better compliance, new policies are being implemented by the University
- Many rules and regulations with forms to help guide us



- Real-world examples



The GSE Golden Rule

Before you hire or engage with any individuals,
please contact the Business Office

CHANGES – NEW INDEPENDENT CONTRACTOR PROCESS

Step 1. Provide the Service Provider Questionnaire Form to the Vendor/Service Provider

<https://www.hr.upenn.edu/docs/default-source/service-provider-classification/service-provider-questionnaire.pdf?sfvrsn=6>

Step 2. Complete the Services Provider Evaluation Checklist

<https://www.hr.upenn.edu/docs/default-source/service-provider-classification/service-provider-evaluation.pdf>

Step 3. Submit both forms to the GSE Business Office by using gse-wc@gse.upenn.edu for all submissions.

CHANGES – WHAT'S NEW?

University of Pennsylvania Service Provider Questionnaire

For Internal Use Only:
Supplier # _____

The information on this form is used to determine whether an individual providing services is an independent contractor under IRS guidelines. This form must be completed and signed by the individual performing the services, and reviewed and signed by the individual responsible for contracting for the services, prior to the rendering of any services. No payment for any services will be made otherwise.

Scope of Work:
Please provide a brief description of the services that will be provided.

Your Name and/or Name of Business: _____

Business address for tax purposes:
Street Address (No P.O. Boxes) _____ Street Address (2) _____
City, State, & Zip Code _____

**UNIVERSITY OF PENNSYLVANIA
CONTRACT FOR PERSONAL SERVICES RENDERED BY A
CONSULTANT**

THIS AGREEMENT made as of the _____ day of _____, 201X
{ "Effective Date" } by and between The Trustees of the University of
Pennsylvania, a Pennsylvania non-profit corporation and institution of higher
education organized under the laws of the Commonwealth of Pennsylvania,
having a business address at 3451 Walnut Street, Philadelphia, Pennsylvania
19104 (hereafter referred to as the "University"), and **Service Provider's Name
and Address, an individual, corporation, limited liability company** (hereafter
referred to as the "Service Provider").

WITNESSETH:
The University desires to contract with the Service Provider for
_____ services as hereinafter set forth; and
The Service Provider hereby represents to the University that he,
she, or it holds all requisite occupational licenses to provide
_____ services in a first class and
_____ manner.

**Limited Engagement Agreement
U.S. Citizens/Resident Aliens**

University of Pennsylvania
Roller's Date: _____

Service Provider Information

Name of Individual: _____
Address (street, apt. or suite no., or rural route): _____
City, State and Zip Code: _____
Email: _____
Phone Number: _____

Note: This Agreement is designed for the limited engagement of an academic center and a class session presented to the University community. It is not designed for employment that carries a regular salary or property damage. For these agreements, the independent Contractor Agreement form should be used.

This agreement is made by and between the Trustees of the University of Pennsylvania, a Pennsylvania non-profit educational corporation ("University"), and

("Individual"), and is effective as of this day of _____, 201X.

The parties agree as follows:

1. **ENGAGEMENT:** Individual will provide _____ services to the University.
2. **DESCRIPTION:** _____

Service Provider Evaluation

This evaluation must be completed by the individual (being a service provider) in consent with the applicable supervisor prior to having an official meeting. Do not complete this worksheet to the service provider. Questions by the individual service provider should be returned to your supervisor. Review a copy of the detailed contract. This is a tool to determine if the service provider is an independent contractor or an employee. It is not a guarantee of classification. Classification is ultimately an independent contractor, which is subject to most laws and regulations of Labor Laws to follow the determination and classification. If the service provider is not an employee, then the individual must be paid as an independent contractor. An independent contractor will not be enrolled in the University system. This fee must be included as part of the service provider's invoice to the University. If followed by the terms of the engagement, any disputes of even those that have been included in the later agreement to determine if the individual is an employee or an independent contractor.

Section I: Current Relationship with the University of Pennsylvania

	YES	NO
1. Does this individual currently work for the University, the Health System or any of its entities?	TREAT AS EMPLOYEE <input type="checkbox"/>	GO TO #2 <input type="checkbox"/>
2. Has the individual ever been on university payroll to perform a regular or temporary appointment?	TREAT AS EMPLOYEE <input type="checkbox"/>	GO TO #3 <input type="checkbox"/>
3. Will the individual provide services substantially similar in direction and control to those provided during his/her prior employment and under substantially similar direction and control? (NOTE: Justification of specific need of independent Contractor can be submitted for review.)	TREAT AS EMPLOYEE <input type="checkbox"/>	GO TO #4 <input type="checkbox"/>
4. Are Penn employees currently performing substantially similar services as an independent contractor?	TREAT AS EMPLOYEE <input type="checkbox"/>	GO TO #5 <input type="checkbox"/>
5. Was the university hire this individual as an employee providing substantially similar services following the termination of his/her services as an independent contractor?	CONTACT HR <input type="checkbox"/>	GO TO #6 <input type="checkbox"/>
6. Is the individual a student of the University of Pennsylvania?	CONTACT HR <input type="checkbox"/>	GO TO #6 <input type="checkbox"/>
7. Is the individual a resident of the United States?	CONTACT HR <input type="checkbox"/>	GO TO #6 <input type="checkbox"/>
8. Is the individual providing the services outside of the United States?	CONTACT HR <input type="checkbox"/>	GO TO #6 <input type="checkbox"/>
9. Is the individual a foreign national?	CONTACT HR <input type="checkbox"/>	GO TO #6 <input type="checkbox"/>

SECTION II: INDICATE THE RESPONSE

Classification Guidelines: Complete only ONE sub-section, A, B, or C, depending on the services to be performed by the individual. PLEASE NOTE: Check any factors in considering whether to hire an individual as an employee. Consult with your Human Resources manager for further guidance.

A. GUEST LECTURES/LECTURER

	YES	NO
10. Is this individual a "guest lecturer" (i.e., an individual who lectures at only one or two class sessions, conferences or events per year)?	STOP - NOT ELIGIBLE FOR LIMITED ENGAGEMENT AGREEMENT <input type="checkbox"/>	GO TO #11 <input type="checkbox"/>
11. Is the individual the primary instructor of record for the course being offered for academic credit?	TREAT AS EMPLOYEE <input type="checkbox"/>	GO TO #12 <input type="checkbox"/>

Service Provider Questionnaire (SPQ)
This form will replace the C-12

Service Provider Evaluation Checklist (SPEC)

Newly Required Individual Service Provider (ISP) Agreements

CHANGES – NEW INDEPENDENT CONTRACTOR PROCESS



- Provides Vendor with Service Provider Questionnaire
- Completes Provider Evaluation Checklist

- Submits forms to gse-wc@gse.upenn.edu
- Review of both forms and determination of Worker Classification
- Communicates with Submitter if a Contract and PO are needed or Payroll Onboarding will occur

- Submit a Contract and PO Request to Financial Coordinator/mailboxes (gse-pay@; gse-PO) **OR**
- Move through the Payrolling Process by Submitting a New Hire Form

Classification/Frequency	Services	Travel	Forms Needed	Business Office Action
Honorarium “One and Done”; no negotiation; gift-in-kind	Internal Invoice with set dollar amount	On GTW with scanned receipts; can book travel if guest pays	W-9; invitation/agenda and email or internal invoice with amount to be paid	Paid through Disbursements on a PDA-form via check to individual
Independent Service Provider No other person at Penn is performing the same service; specialized knowledge individuals Set time frame; not on-going	Invoice from provider with line items for service cost	Invoice from provider with line item for travel expenses (lump sum); no receipts	SPQ (completed by the provider) SPEC (completed by Staff Person/Sam/Coral) Agreement for services and travel (Business Office can supply sample) Invoice W-9 Request for PO to be created (joint effort between staff/BO/purchasing)	Paid through Accounts Payable on a PO via check to ISP
Limited Engagement SP – US 1-2 times/calendar year	Invoice from provider with line items for service cost	Invoice from provider with line items for travel expenses (lump sum); no receipts	Limited Engagement Form Invoice W-9	Paid through Disbursements on a PDA-form via check to individual
Limited Engagement SP – Non-US Entity 1-2 times/calendar year	Invoice from provider with line items for service cost	Invoice from provider with line items for travel expenses (lump sum); no receipts	Limited Engagement Form Invoice W-8 BEN – Individual Form FNIF PDA-W/F with currency and wire details	Paid through Disbursements on a PDA-form via check to individual or wire transfer of funds May be subject to 30% tax; check with BO and Tax Office for Tax Treaty information
A new questionnaire and checklist are required for each new vendor engagement even when working with GSE or Penn overall				
Employee Consistently working for us; using Penn materials and space	Hourly rate needed; no more than 29/week	Concur	GSE New Hire Form and other required additional HR forms Inform the BO that the individual will need expense access in Concur	Paid through Payroll, Concur to direct deposit account or paycard
Businesses/Corporations	Invoice from provider with line items for service cost	On Invoice as it pertains to an individual travelling on behalf of the business.	W9 and invoice	Paid through Accounts Payable on a PO via check

INDEPENDENT SERVICE PROVIDER PROCESS – MUSICIAN



Gary O’Guitarie, is hired by Student Activities to perform at the end-of-the-year Barbeque for 3 hours. His fee is \$50/hour. He has a WV9, and will submit an invoice for \$150. We asked if he could perform for us in future years and unfortunately, he joined a band that is going on tour and he is quitting the University-gig scene.

What should his affiliation with Penn be?

LIMITED ENGAGEMENT SERVICE PROVIDER

INDEPENDENT SERVICE PROVIDER PROCESS – GRANTS



Randy P.I. Researcher, is hired by our Center for Early Childhood Education Research to study the learning styles of preschool age children along with GSE's Center Director, Dr. Earl E. Educator. Dr. Researcher works with Columbia University as a full-time faculty member, but is helping GSE with this research under a grant from the National Science Foundation. The payments are to be given directly to Randy. His work is to last one year inclusive of research and compilation of study data. The payment will be \$5,000.00 paid in two installments.

Once the grant has been awarded, an agreement for independent service providers should be put in place.

What should his affiliation with Penn be?

INDEPENDENT SERVICE PROVIDER

Always loop in Helen Mitchell-Sears/Sara Saxby for Grant Guidance

INDEPENDENT SERVICE PROVIDER PROCESS – FACULTY SPECIALIST



Inez Invention is hired by Academic Innovation to teach the Fall module of Innovative Thinking 101. The class will meet on Tuesday and Thursdays from 6-9pm and will continue into the Spring with coaching sessions in hourly blocks of time where Inez can get to know her students better. We gave Inez a welcome letter and explained that the terms of her engagement would be for Fall 2016 through Fall 2017 and we could pay her \$2000 per semester. We may ask her to work with us again in the future.

What should her affiliation with Penn be?

TEMPORARY STATUS ON PAYROLL (PT LECTURER)

INDEPENDENT SERVICE PROVIDER PROCESS – GUEST SPEAKER



Susan McSpeaker is asked to present her paper on human rights and equity in education. She will be the guest speaker at the GSE Human Rights Colloquium. She is doing this engagement just to get the word out about her research. The event will be held on December 10th.

The program manager has been talking with the Business Office and would like to give a \$250 payment to thank Susan for her time and to help further her research.

What type of payment would she get?

HONORARIUM

**BOTH ways are correct!
You can always reimburse
someone for travel with
an Honorarium
classification.**

**In fact, agreeing to cover
travel expenses is
acceptable as your
payment to the speaker.**

**As with any non-affiliate
travel reimbursement, a
GTW should be used.**

BONUS: ARE WE ABLE TO PAY FOR HER TRAVEL EXPENSES SOLELY OR IN ADDITION TO THE HONORARIUM?

INDEPENDENT SERVICE PROVIDER PROCESS

Questions? Specific Scenarios?



**The Business Office is your partner in this process.
Please feel free to ask questions, engage us to work through the process together!**