

# Valparaiso University

## Policy and Procedure Relating to Worker Classification - The Use of Contract Workers

### POLICY:

In order to ensure that Valparaiso University is in compliance with federal regulations regarding the classification of workers, the IRS "20 Factor Test" will be applied to all situations where departments are considering hiring a contract worker.

The IRS uses a "20 Factor Test" as a guideline to determine if a person should be classified as an employee or a contractor for tax purposes. It is important to note that fundamental to the question is "**CONTROL**" as it relates to behavioral, financial and environmental.

### PROCEDURE:

The following questions related to "**CONTROL**" are intended to assist in determining if a position will be filled by a "contract worker" or an "employee". Please keep in mind that each situation should be examined on a case-by-case basis and that all of the factors are related to the outcome. Once all questions have been answered for your particular situation, please contact the Director of Human Resources for final determination of the correct classification and **before** hiring. You will need to provide this form with all questions answered at that time.

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If you answer "yes" to a majority of questions 1 through 16, your worker is likely an "employee".

Yes No

1.   Will you be providing instructions regarding when, where and how to perform work?
2.   Will you be providing training?
3.   Will the services provided be integrated into the business operations because the services are important to the business? (Another way to ask this: Is the service provided required on a continuous basis as part of the day-to-day operation?)
4.   Will the services be rendered personally?
5.   Are you hiring, supervising and paying the worker for the services?
6.   Will you require a continuing relationship with worker providing services?
7.   Are you setting the hours of work for the worker?

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Yes No

8.   Will the worker be working full time?
9.   Will the work be performed on the premises?
10.   Will worker be performing services in the order or sequence set by you?
11.   Will you be paying by the hour, week or month?
12.   Will you be paying for business and/or travel expenses?
13.   Will you be providing tools and materials?
14.   Can the worker be separated from employment, (or terminated), by you?
15.   Can the worker voluntarily quit at any time without incurring liability?

If you answer "yes" to questions 17 through 20, your worker is a "contract worker".

Yes No

17.   Is the worker able to perform or provide their services without the use of Valparaiso University's facilities (equipment, office furniture, etc.)?
18.   Can the worker make a profit or suffer a loss?
19.   Can the worker perform services for a multiple of unrelated firms at the same time?
20.   Does the worker make his or her services available to the general public on a regular and consistent basis?

Please contact the Office of Human Resources if you have any questions regarding this policy or its interpretation.