

**SCHOOLCRAFT COLLEGE**  
18600 Haggerty Road, Livonia, Michigan 48152-2696

**PROFESSIONAL SERVICES—INDEPENDENT CONTRACTORS**

The Internal Revenue Service, Publication 15A, Circular E—*Employers Supplemental Tax Guide*—recommends using the Common-Law Rules when determining whether an individual is an employee or independent contractor:

In any employee/independent contractor determination, all information that provides evidence of the degree of control and the degree of independence must be considered.

Facts that provide evidence of the degree of control and independence fall into three categories: behavioral control, financial control, and the type of relationship of the parties.

Furthermore, the Michigan Public Schools Employees Retirement System provides the following indicators as to the Employee/Independent contractor status of workers:

<b>INDICATES PERSON IS AN EMPLOYEE</b>	<b>INDICATES PERSON IS AN INDEPENDENT CONTRACTOR</b>
Works prescribed hours.	Works self-determined hours.
Works at reporting unit's office or premises.	Works in own office or upon premises of reporting unit by personal choice.
Does not offer his/her skills or services to the public at large.	Offers services to public or to other reporting units under self-determined terms and conditions.
Reporting unit furnishes tools and equipment.	Furnishes own tools and equipment.
Expenses reimbursed.	Expenses not reimbursed.
Paid a salary or hourly wage.	Paid on a per-job basis, according to written contract as a result of bid-letting.
Reporting unit provides fringe benefits such as sick days, unemployment insurance, hospitalization insurance, group insurance, paid vacations, etc.	Does not participate in fringe benefits extended to regular employees of the reporting unit.
Reporting unit carries liability insurance for employee.	Carries own liability insurance.
Reporting unit furnishes assistants and determines when and how many are needed.	Hires own assistants; determines their compensation; pays their wages from personal resources.
Fills a position budgeted by College as part of ongoing business.	Does not fill a position budgeted by College as part of ongoing business.
Cannot realize a profit or loss.	Realizes a profit or loss.

In view of the above, the following criteria will be used by Schoolcraft College to determine if an individual is an independent contractor:

1. Entity/individual offers the services to be rendered routinely to other organizations under his/her/its own terms and conditions.
2. Has obtained a federal identification number from the Internal Revenue Service which allows income to be exempt from Social Security tax; i.e., a 38-xxxxxxx number.
3. Furnishes his/her own tools and equipment (normal audio visual equipment, etc., may be provided by the College at its discretion).
4. Works when he/she determines (independent contractors such as bands, musicians, performers, speakers, etc., will perform at the specific time and place specified in the contract) within the time frame established by the College to complete the contracted task.
5. Generally, current employees will not be considered independent contractors unless it can be clearly established that they meet the above criteria, and he/she is performing services different than those performed as an employee.

Payment for such service will be made upon receipt of an invoice and based upon an executed contract or letter of engagement or, in cases of an honorarium, upon certification by the appropriate Executive Administrator. See Check Request Procedure 5110.3 for additional payment procedures.

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