

Azusa Pacific University
Engaging Individuals for Service to the University
September 2013

Most university activities should be carried out by using the services of regular and temporary employees in the course of their customary assignments. Sometimes, a department needs to augment that work with additional services. This may be done by engaging current regular or temporary employees for services outside of their customary assignment. Another option involves hiring additional temporary employees. The university employs temporary employees directly and does not customarily utilize temporary agencies. Finally, a department may use independent contractors (further defined below) when the needed services cannot be provided by regular or temporary university employees.

The university takes seriously its charge to classify individuals correctly and pay them for services rendered according to applicable laws and university policies. The procedure outlined herein represents the institution's commitment to appropriate classification and compensation. The Office of Human Resources (HR) makes the final determinations regarding the proper classification and the resulting method of compensation for individuals providing services to the university.

Additional Pay for Current Employees

Current faculty and staff employees performing additional duties beyond the scope of their customary work assignment may be paid for those services. The first step involves distinguishing between a non-exempt and an exempt employee when determining pay.

Non-exempt employees. Non-exempt employees are paid based on the actual hours worked. Hours worked by non-exempt staff members in addition to their customary assignment must be paid as overtime (one and one-half times regular pay rate) when those hours cause the total hours worked by the university employee to exceed eight hours in one workday or 40 hours in one workweek. All hours worked by a non-exempt employee must be recorded and paid. Because of the complexity of paying non-exempt employees, please contact APU's compensation manager, Terri Drechsler, in the Office of Human Resources to discuss this need before arranging to have non-exempt employees perform duties outside of their customary assignments.

Exempt employees. The salaries of exempt employees compensate them for services performed within the scope of their regular university assignment. Exempt employees are expected to routinely work 40 to 50 hours per week. Exempt employees may be paid for additional temporary responsibilities outside of the scope of their regular assignment at a rate commensurate with the rates paid to other regular employees performing similar work.

Extra Service Payment Request Form. Submit requests to pay a current non-exempt or exempt faculty or staff member for additional services rendered on the [Extra Service Payment Request Form](#). The department completes the form, securing all required signatures, and submits it to Human Resources for review. Upon HR approval, the form goes to Payroll to be processed, so that proper compensation appears on the employee's paycheck.

Independent Contractors and Temporary Employees

When engaging the services of an individual who is not a university employee, the university must first determine whether the individual should be treated as an employee or an independent contractor. Multiple federal and state agencies have an interest in proper classification. This classification decision impacts benefit eligibility, workers compensation, social security, and personal income tax.

Generally speaking, an **employee** is subject to the control of the employer as to what work must be done and how the work must be done. The employer need not direct or control the manner in which the services are performed; it is enough that the employer has the right to do so. Services performed fall within the general business of the employer and are typically performed on site. An employee generally depends on an employer for income on a continuing basis.

A **regular employee** is hired by the university for continuing employment, whether full time (defined as 30 hours or more per week in the Employee Handbook) or part time. In contrast, a **temporary employee** is hired for a limited period, generally not exceeding 12 months.

An **independent contractor** is an entity or an individual not employed by the university who performs the required task or tasks under agreement. The independent contractor determines the work's manner and method, and is subject to the controls of the university only in regard to the result achieved. An independent contractor's activities are not controlled or directed by the university or subject to the university's right to control or direct the task(s) to be performed. Services provided are typically on a task basis, specific in nature, short in duration, and/or sought based on particular professional expertise. Compensation is usually according to an agreed-upon amount or rate, for a given task.

Assessment of Temporary Employee Versus Independent Contractor

In determining whether to engage an individual as an independent contractor or temporary employee, the university must first assess the characteristics of the work. To do so, the university created an [Independent Contractor Determination Worksheet](#) to aid the department and the Office of Human Resources in making that decision. Page one indicates several specific circumstances where completion of the worksheet is not necessary.

Procedure. The requesting department completes the Independent Contractor Determination Worksheet and forwards it to Human Resources at least two weeks in advance of the requested services being rendered. This two-week minimum window allows for Human Resources to review the information provided, make a determination, and then inform the department so that subsequent steps for either employee or independent contractor may be initiated, and ultimately, have the person paid in a timely way. Once the form is submitted, Human Resources will review the form and notify the department of their assessment of the proper classification. Assessment of the work characteristics will lead to one of the following results:

Result 1: Temporary Employee. If determined that the person should be classified as an employee, then the department initiates the hiring of that individual by submitting a completed Temporary Position Requisition Form to Human Resources and following the prescribed process for hiring temporary employees. The individual cannot commence working for the university before completing the hiring process. See the [Independent Contractor/Employee Workflow Chart](#) for more on the hiring process.

Result 2: Independent Contractor. If determined that the person should be classified as an independent contractor, Human Resources notifies the department. The department then follows Business Office procedures related to an independent contractor agreement and pay as [outlined here](#).

Please note, if the assessment produces ambiguous results, the individual is to be hired and paid as a temporary employee. Generally, if an individual has been paid on the university payroll at any time during the current calendar year, the individual will be treated as an employee on any payments for work performed, even if the relationship might otherwise qualify as that of an independent contractor.

Honoraria

An honorarium is typically a one-time gratuitous payment made as a gesture of good will and in appreciation to guest speakers or others who provide services for which payment is not required. Payment is generally considered to be a token of appreciation for services provided, rather than fulfillment of an obligation, and the service provided is often event-related, such as a performance or speaking engagement. If the individual requires or negotiates a fee, it is no longer an honorarium.

APU students, faculty, and staff are not eligible to receive honoraria from the university. To request payment of an honorarium to a non-APU employee, the department should complete the [Honorarium Payment Request Form](#) and submit it to HR for approval. Upon approval, Human Resources forwards the document to the Business Office, where the check will be generated.

In situations where a department desires to pay a current employee in a manner that resembles an honorarium, the requesting department should complete an [Extra Service Payment Request Form](#) and submit it to Human Resources. Such payments are processed through Payroll and included in the employee's regular paycheck as per the guidelines for Additional Pay for Current Employees above.

Please refer to the chart titled ["Which Form Do I Use?"](#) to determine when to use the Extra Service Payment Request Form, Honorarium Payment Request Form, and the Independent Contractor Worksheet.

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