

# Definitions of Types of Employees and Contractors

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## **Regular Full and Part-Time Employees**

Salaried/exempt Employees who perform services for other university departments generally do not receive extra compensation for performing those services if those duties fall within their area of professional expertise. Such assignments are generally considered a part of the job for which the Employee is already compensated.

Nonexempt Employees who "moonlight" in areas related to their primary job assignment or work skills may not be paid as Independent Contractors. All regular and overtime payments to Employees fitting this description will be made through the payroll system.

An Employee (exempt or non-exempt) who is hired to perform services completely unrelated to his/her job duties and who can prove that he/she has a separate business which offers those services to the general public may, with the approval of the Tax Department, qualify as an Independent Contractor. For example, an Employee who works in an exempt or non-exempt administrative position and is also a musician who occasionally plays at university events **AND** at other non-GW events/concerts for pay, may be paid as an Independent Contractor for the events at the university. These types of situations are exceptional and must be reviewed on an individual basis.

## **Former Employees**

As a general rule, former or retired GW Employees may not be retained as an Independent Contractor in the same tax year as the Employee's last year of employment. Exceptions to this rule require the advance approval of the Tax Office.

## **Temporary Employees**

Temporary Employees are individuals who are expected to be employed for a fixed and relatively short period of time. Payments to temporary Employees are also made through the payroll system.

## **Agency-contracted Services**

Workers hired through temporary agencies are neither Employees nor Independent Contractors. The university pays the employment agency for the services provided by these temporary workers and the agency compensates the Worker.

## **Independent Contractors**

If GW has the right to control or direct only the result of the work and not the means by which the results are accomplished, the individual or business is considered an Independent Contractor. Independent Contractors are individuals, sole proprietorships, LLC's treated as individuals for federal tax purposes, etc., which render services to the general public and meet additional IRS criteria. They usually have a separate workplace and are not directly supervised when they are working for the university. They often provide a one-time or periodic service, which fulfills a special need of GW that generally cannot be provided within the university. They are not entitled to employee benefits, are not covered by GW's workers' compensation and are not subject to federal income tax withholding requirements. Payments to Independent Contractors are made through the accounts payable system.

## **External Consultants**

External consultants (which for the purpose of this procedure are handled identically to Independent Contractors) are individuals or businesses who provide professional advice, but are **NOT** Employees of the university (not on the university payroll). They usually have a skill or knowledge not available within the university. A worker classification review must be completed for these individuals. Payments are made through the accounts payable system.

## **Internal Consultants**

Internal consultants are faculty and staff of the university who provide professional advice under certain limited circumstances, and may be compensated for their expertise. Payments are made through the payroll system.