

Hiring a Consultant – Step by Step Instructions

Supplement to IC vs EE Helpsheet

Step 1: Determine a reasonable rate of pay for the type of consultant you plan to obtain.

- Contact Human Resources if you need assistance determining the market rate of pay.

Step 2: Find out (by asking the worker) if the individual will be paid using a Federal Employer ID Number (EIN) or a Social Security Number (SSN)

- If EIN, then skip step 3 and 4 and follow the instructions in step 5 below for Independent Contractor
- If SSN, then complete IC vs EE determination form as instructed in step 3

Step 3: Complete the [IC vs EE Determination form](#) (only if worker will be paid using SSN)

- If automated determination results in independent contractor, then skip step 4 and follow the instructions in step 5 below for independent contractor.
- If automated determination results in employee, then skip step 4 follow the instructions in step 5 below for employee.
- If automated determination results in “final determination by HR needed”, then save a copy of the form and send to payroll@spps.org as instructed in step 4.

Step 4: Send the form Human Resources (through payroll@spps.org e-mail) for final determination.

- Do not fax or interoffice mail the form – please e-mail the form to payroll@spps.org
- You will receive the final determination as an e-mail response. Either the e-mail response, or the IC vs EE form that you submitted should be attached to the requisition if the determination is that the consultant meets the definition of an independent contractor and can be paid as a vendor.

Step 5: Follow the appropriate instructions to pay the worker based on independent contractor or employee. (See steps for “Independent Contractors” or “Employees” below.)

- ***For INDEPENDENT CONTRACTORS (Continuation of Step 5):***
 - 1) Obtain a signed contract between the consultant and SPPS. (Contact the [purchasing department](#) for contract templates or to create a custom contract)
 - 2) Have the employee complete a W-9 form
 - 3) Follow the Purchasing Dept’s procedures for creating a requisition to pay a vendor. Make sure you attach the following items to your requisition:
 - a. The IC vs EE determination showing the worker has been deemed and independent contractor
 - b. The signed contract
 - c. The W-9 form

- **For EMPLOYEES (Continuation of Step 5):**

- 1) Figure out if the worker is a current, active employee of SPPS or needs to be hired/rehired.
 - a. If the employee is new or inactive in the Human Resource (HR) system, new hire paperwork will need to be completed to get this person set up to be paid.
 - i. Contact [HR-Workforce Management](#) to have new hire paperwork sent to the employee. Once the employee completes and returns the paperwork, they will be set up in the HR system and can be paid through payroll.
 - ii. Once the employee is set up and active in the HR system, follow the steps below (under section b) for active employees.
 - b. If the employee is active in the Human Resource (HR) system (i.e. working under another regular assignment) an hourly/supplemental pay form should be completed to have this person paid.
 - i. A consultant may be paid a flat amount as indicated in your contract as long as they are not already working as an hourly employee at SPPS.

Summary/Overview of Forms:

Name of Form	What it is (Purpose of Form)	When it's needed (Who must have one)
I-9	Proves eligibility to work in the U.S.	Employees – new hires
W-9	Provides certification of Taxpayer ID Number (TIN)	Independent Contractors
W-4	Allows designation of withholding allowances	Employees – new hires
IC vs EE Determination	Determines if individual is IC or EE	Independent Contractors paid with SSN
Contract	Defines the parameters of an agreement to provide services (type of work, amt, timeframe, etc.)	Independent Contractors & Vendors
Supplemental Pay form	Provides info & approvals needed for payment	Employees

Independent Contractors Typically:

- ✓ Advertise their services to the general public, have business cards and/or a website
- ✓ Have their own liability insurance
- ✓ Provide services that are outside the normal element of the employer's business
- ✓ Charges a set price for the services provided regardless of the hours invested (risks financial loss)
- ✓ Would risk a "breach of contract" claim if they quit before the assignment was complete
- ✓ Uses his/her own tools, computer, office space for the work

Employees Typically:

- ✓ Are requested to provide the service (i.e. someone knows someone who would be good at this)
- ✓ Are former employees, retirees that have connections to the employer
- ✓ Only provide the services to one employer and do not advertise their services to the public
- ✓ Provide services that are similar to what the employer provides (i.e. teaching, interpreting)
- ✓ Charges an hourly rate for each hour worked (there is no risk of financial loss to the worker)
- ✓ Uses the employee's tools, computer, desk space

IMPORTANT: A consultant is not automatically considered an "independent contractor". A consultant can be paid as a vendor if they meet the independent contractor criteria. Otherwise the consultant is paid as an employee.