A. When Is It Appropriate to Use the State Standard Contract Form?

The State Standard Contract form shall be completed, regardless of dollar amount, for each service within object codes in Subsidiaries HH Consultant Services (1701-1719), JJ Operational Services (1901-1961), and NN Infrastructure Construction and Maintenance Projects (2301-2314).

B. When Is It Inappropriate to Use the State Standard Contract Form?

In accordance with IRS regulations, the State Standard Contract Form may not be used to contract with **individuals** when the working relationship would qualify them more as an employee instead of an independent contractor. This only applies to direct contracting with individuals. If the contract is with a company or corporation, for services rendered by one or more individual(s) within that organization, then the State Standard Contract Form may be used.

To determine whether a worker qualifies as an employee or independent contractor, you must apply the common law test of control. ([See Consultant Services Trustee Doc. T92-031, as revised (Appendix D), section 1.3](#)) Under this test, if you have the right to control and direct what a worker does and how he or she does it, a relationship between you and the worker exists, and the worker must be classified as an employee. This means that the individual must be processed through University Payroll and may have to pay into Social Security and have State and/or Federal taxes withheld. In the absence of such control, a worker may be classified as an independent contractor.

For example, if you wish to hire an individual to work in your office answering phones and typing, one would assume that you have the right to control and direct what the individual does and how (s)he does it. This person would therefore be classified as an employee and would have to be processed through University Payroll.

If, on the other had, you wish to hire an individual to create a software package for your office computer, one would assume that the individual would control what (s)he does and how it is done (hours worked, where work is done, how work is accomplished, etc.). This person could therefore be classified as an independent contractor and the contractual commitment should be processed on a State Standard Contract Form. This type of service will return a product and a flat fee is established, upon receipt of product.
If you are unsure as to how the worker should be classified, contact the Purchasing Department for a ruling. Purchasing screens all State Standard Contracts prior to further processing. Questionable contracts are referred back to the requesting departments.

Contracts for Services may not be issued for services rendered by University employees.