

Guidelines for Paying Temporary Workers

These Guidelines are intended to assist departments in making payments to individuals hired to perform temporary services on behalf of the University. The Guidelines discuss the payment options for compensating such workers and the general requirements established by the Office of Accounting and Business Services when initiating a payment. References to the University policies governing these payments are also included. In addition, a [Workflow](#) is provided that describes the payment process at a high-level, including the offices within Accounting and Business Services responsible for disbursing the funds.

Background

Occasionally, a department may need to hire an individual on a temporary basis to provide services as an employee or an independent contractor. Speakers and entertainers may also be engaged by departments for special events and appearances. While a speaker or entertainer would typically be paid as an independent contractor, in some cases the individual may be offered an honorarium in lieu of a contractual payment. All payments made by departments for personal services, however, are subject to University policy and specific tax reporting and withholding requirements based on the services performed and the worker's tax residency status.

The requirements applicable to typical service payments made by departments are summarized as follows:

Employees

In general, an individual who will be performing temporary services for a department should be hired through the University's employment agency, HR Options, which handles the payroll withholding and reporting for these individuals. A temporary worker may also be hired as a University employee in certain circumstances if the relationship with the individual will be more on-going due to the nature or duration of the assignment. See [Hiring Temporary Staff at USF](#).

Honorariums

An honorarium may be paid to a nonemployee or a current employee as an expression of gratitude for the performance of certain short-term services (e.g., a lecture, music recital, etc.) at the request of the University. In such cases, the University is under no obligation to make the payment, which is limited to \$1,500 per event. Honorariums paid to non-employees are treated as independent contractor payments for tax purposes (see below). Payments made to employees are treated as additional wages subject to withholding of income and employment taxes. See [Honorarium Payments Policy](#).

Independent Contractors

It may be appropriate to hire a worker as an independent contractor when a department is in need of professional, technical, administrative, or unique services that cannot readily be performed by existing employees because of staffing constraints or due to the nature or urgency of the services required. The use of an independent contractor, however, should be to address a specific task or job that will be performed over a defined period of time. Prior to engaging the individual, the department must complete the Independent Contractor Checklist for review by the Office of Internal Audit and Tax Compliance. If that office determines that the worker may be hired as an independent contractor, the individual must complete the University's Independent Contractor Agreement and provide evidence of adequate liability insurance coverage.

Payments made to an independent contractor are reportable to the Internal Revenue Service on Form 1099-MISC if the total payments are \$600 or more for the calendar year. These payments generally are not subject to income tax withholding, however, unless the individual is a nonresident alien or a U.S. citizen who is a resident of a state other than California. See [Independent Contractor Policy](#).

Speakers and Entertainers

Individuals engaged by the University to provide speaking or entertaining services frequently require the payment of performance fees and expenses for appearing on campus. The University has developed standard agreements for speakers and entertainers that must be used when contracting with these individuals. Because outside speakers and entertainers are deemed to be independent contractors, it is not necessary that the Independent Contractor Checklist be completed in connection with these individuals. See [Independent Contractor Policy](#).