

Northwestern University

Individual Worker Classification Criteria – Employee or Contractor

Northwestern University has a legal obligation to follow [IRS Rules](#) to determine the appropriate worker classification. School/unit leaders are responsible for ensuring that all necessary documentation is completed, and evaluation/classification is determined before any services are provided.

Because this is a legal matter, neither a worker's preference, nor the preference of the school/unit, is a factor in the classification decision. The general decision criteria below are based on the IRS Rules. Thank you for ensuring Northwestern is compliant.

General Decision Criteria

Factors indicating the worker should be classified as an Employee

- An individual is an employee when NU has the right to direct and control the worker. NU does not need to *exercise* that right to direct or control the work; if that right exists, the individual is an employee.
- If the University needs to provide instruction to the individual on how to perform the duties, it is likely that the worker should be classified as an employee.
- If the duties performed are part of the University's core business (teaching, research, career advising, etc.), this would indicate an employer-employee relationship.
- An individual who has been paid through NU payroll within the calendar year can only be hired as an employee, not a contractor.

Factors indicating the worker should be classified as a Contractor

- The individual's skills should demonstrate that they exercise independent business judgment. This does not mean that the individual does not receive any direction, but the activities should occur with little instruction, training, and supervision from NU.
- Independent contractors often advertise, maintain a visible business presence, and are available to work in their relevant market.
- An independent contractor generally has more freedom in where and how their work is performed, with a focus on the work product.
- An independent contractor provides a service to the University for a specified amount of compensation for a specified result.

Questions to be Answered by Requestor

The following questions will be asked on the Worker Classification form:

- What will be the day-to-day duties of the worker?
- Will there be a final deliverable or product provided to the University? If so, what is it?
- Who determines the worker's schedule? Northwestern or the individual?
- Is this a one-time project or will the work be ongoing for Northwestern?
- How will this individual receive instruction or guidance related to the job they are doing?