



HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH

Research Administration

Pre-Award Best Practice: Independent Contractors (IC)

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Background

It is Harvard University's [Independent Contractor Policy](#) that an individual who is paid to provide services to Harvard must be hired as an employee unless the engagement satisfies the three-part Independent Contractor test. An Independent Contractor (IC) is generally an individual who is in an independent trade, business, or profession and offers services to the general public. An IC may work as an individual or through a business entity such as a sole proprietorship, partnership, or limited liability corporation. ICs are sometimes also referred to as consultants, 1099s, contractors, or vendors. A worker's preference is not relevant to the classification determination, nor is that of the local department or unit wishing to engage the individual.

Reason for Best Practice

This best practice document was created as a tool to assist the SPA Pre-Award Research Administration

Support Team (RAST) or department Grants Managers (GM) through the Independent Contractors (IC) process, when an IC is listed on a proposal. This best practice should be followed in conjunction with the University's [Independent Contractor Policy](#).

Standards of Service

It is a best practice for the RAST/GM to contact Human Resources (HR) as soon as a Principal Investigator (PI) has indicated that they want to have an Independent Contractor on their project.

HR is not concerned with the approval of consultants as Independent Contractors at proposal stage, only if it is going to happen in post-award. Please note that this is a best practice rather than a requirement for proposals; depending on time and other constraints, it may not be possible to discuss with HR proposed consultants on a proposal before submission. The PI and consultant should both be aware that the consultant may not be able to be approved as an independent contractor by Harvard.

- Make sure PI is aware that it is an HR decision
- Dept. HR rep is person contacted in HR for this
- GM: Discuss with PI about possible cost for 3rd party payroll vendor in budget

Best Practice Process Steps

Step	Role	Task/Activity
1	PI/GM	Obtain statement of work from PI for each consultant, along with the rate of pay and hours worked per year. Note: Amount determined between the PI and the consultant
2	GM	Contact relevant HR partner for submitting department with PI's plan for consultants, with the statement of work, pay rate, and hours worked. This does not require the HR questionnaire, which is handled in Step 3. Example on statement of work: In a project, reviewing "analyses" versus doing "analyses" – if they are doing research, rather than advising or reviewing, HR will likely not approve as an IC
3	HR	HR makes initial determination of independent contractor possibility. <ul style="list-style-type: none"> • If IC possible, proceed with consultant on project as payment based on hours worked and rate, with letter of support (for NIH) included in proposal. Communicates with dept/post-award GM that consultant is included <ol style="list-style-type: none"> 1. Upload this HR approval email in GMAS request 2. Inform post-award GM that if awarded, the completed full questionnaire still needs to be submitted to HR for approval before any contract is signed or invoice paid.

		<ul style="list-style-type: none"> If consultant not initially approved to be IC, proceed to alternative methods
4	GM	<p>Pre-Award GM determines with HR possibilities for appointing or hiring proposed consultant. If in MA, temporary academic position at Harvard may be possible, in which case it will likely include an 8% temp fringe rate along with consultant costs. If out of state, hiring by a 3rd party payroll provider may be possible. HR partner can advise on best options and appropriate additional costs these options will entail. If international, contact Harvard Global Support Services also to determine options and costs. If option includes 3rd-party payroll provider, as best practice, include additional 20% fee on top of consultant costs. For all other options, refer to Payment Categories and Hiring Methods for Individuals Classified as an Employee.</p>
5	GM	<p>In proposal, have letter of support from consultant indicate their hours worked and rate of pay. In budget justification and budget, include the additional costs the selected option for hiring the consultant will entail under the consultant services category. Inform post-award GM of the details around the specialty hiring when notifying them of proposal submission.</p>

Independent Contractor Determination

Because of the nature of sponsored programs/ grant applications, we often need to determine IC status very early and with little turn-around time. This makes determining IC status a fairly high-stakes process to provide the most accurate budget and administrative understanding of the proposal

Questions for HR:

1. How much turnaround time should we expect for the review/ approval process?
2. Research consulting is often just providing expertise and not a discrete task. Does this type of consulting constitute a service?
3. How can we differentiate between an independent contractor and someone hired through a temp agency?
4. What service does Fieldglass/ Yoh provide? Are they an agency that connects us with temps or are they, in fact, a temp employment agency? Or are they just a reporting database system?
5. Is/ can IC pre-approval during pre-award stage be uniform across all departments and HR partners?
6. If HR says NO to an IC request at pre-award, what alternatives can we offer?

Topics for Discussion:

1. Research consulting is often just providing expertise and not a discrete task. Does this type of consulting constitute a service?

- Much of research is simply this exchange and development of ideas. If we define this to be a service, then the school is in the business of service contracts (e.g. 5% of a PIs effort on a sub), which is also false.
- There is tension between what is Harvard's regular course of business, what is research, and what is a research service that is "outside the course of Harvard business". Does the IC determination depend on how these terms are being interpreted?

2. How can GMs best advocate for PIs?

We have some IC candidates rejected because the service/ type of work that they provide is something that is already offered at Harvard. However, it is unclear whether anyone who might provide this service (which might be highly technical and require great expertise) at Harvard:

- Would be available for the given project
- Would be interested in adding to their workload
- **Note:** Our faculty members/ PI's might already have great working relationships with people outside Harvard

Resources

- [Independent Contractor Policy](#)
- [Independent Contractor Questionnaire](#)
- [Independent Contractor Exceptions Attestation Form](#)
- [IC Policy Flowchart](#)
- [IC Policy Guest Speaker Flowchart](#)
- [Payment Categories and Hiring Methods if Classified as an Employee](#)

Revision History

- **9/5/2023:** Document published and shared externally
- **3/9/2023:** Document first published internally