GUIDE TO PAYMENT METHODS

UCSB has a variety of payment methods available depending on a variety of factors, including the number and timing of payments and the person’s relationship with the University. Payments to individuals can be as an employee in the payroll system, as a vendor/independent contractor, or as certain other miscellaneous (typically one-time) payment types.

Below are guidelines for determining if a person being paid for services is considered an employee or an independent contractor:

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>VENDORS/INDEPENDENT CONTRACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>University controls how the work is done</td>
<td>University only controls the end result, not the manner of performance</td>
</tr>
<tr>
<td>Fits an existing payroll title</td>
<td>For specialized services typically not available from UCSB employees</td>
</tr>
<tr>
<td>University provides supervision and training</td>
<td>No training provided by University</td>
</tr>
<tr>
<td>Use University supplies and equipment to perform their jobs</td>
<td>Use their own supplies and equipment and add the cost to their total fee</td>
</tr>
<tr>
<td>Adheres to an expected work schedule</td>
<td>Sets their own priorities on time, amount of effort, and hours of work</td>
</tr>
<tr>
<td>Work is continuing, or for a pre-determined period</td>
<td>Work is atypical, infrequent, and/or non-recurring</td>
</tr>
<tr>
<td>May be employed elsewhere on campus</td>
<td>Not an existing UC employee</td>
</tr>
<tr>
<td>May or may not provide similar services to other entities</td>
<td>Typically provides similar services to other entities</td>
</tr>
</tbody>
</table>

Here is more detail on the payment methods and other factors to consider for each payment type:

PAYROLL

Common Student Titles
- Student Assistant: hourly general assistance
- Graduate Student Researcher: research assistance
  - Flat monthly amount based on experience level and percent time
  - Pays partial fee remission at 25%, full fee remission at 35%
- Maximum 50% total employment before additional approvals are required

Payments to Faculty
- Summer Compensation: flat, flexible payment amount up to 3/9ths per summer
- Faculty Consultant Payment: for consulting outside of normal duties

Other Titles
- Depending on position level and description, may be hourly or salaried
- Must fall within salary grade or salary steps for the appropriate payroll title
- Staff: Requires HR approval of the job description
- Academic: Requires Academic Personnel appointment approval
- Open Recruitment may be required if 50% time or more
- A percentage of benefits is charged to the funding source of the payroll, which varies depending on the employee type
- Payroll income is subject to tax withholding, reported on a W-2
VENDOR PAYMENTS

Flexcard
- Payments to businesses that accept credit cards
- Amounts under $5,000
- See the list of what can and cannot be paid by Flexcard at: https://www.bfs.ucsb.edu/procurement/resources/commodities-table

Gateway Purchase Order
- A purchase order is required to make the purchase, and an invoice and receipt are required in order to process payment
- Vendor estimate is required for orders over $2,500
- Requires vendor to complete tax and information forms for setup in the Gateway

Purchasing System
- Insurance required for on-campus services or deliveries, or $500 fee for UC contractor’s insurance program to cover UC work: https://www.ehs.ucsb.edu/riskmanagement/university-insurance-requirements
- Payment times vary depending on payment method chosen by supplier, typically 20-30 days from receipt of invoice.
- Payments for independent contractor services are taxable income to the contractor, reported on a 1099

Gateway Contract
- Most common when a vendor has a document that requires a UCSB signature
- Can be used to create a new agreement when complex deliverables and/or payment terms exist
- Includes same general vendor terms and requirements as a Gateway Purchase Order
- Contract approval process takes 6+ weeks

OTHER PAYMENT TYPES

Honorarium
- Short-term for lecture/speaking event(s), or a concert or other creative activity
- Maximum of $2,000. Any more requires an exception memo approved by the Dean and EVC.
- Not allowable on state funds for UC faculty
- Payments are reportable on a 1099, but no taxes are withheld for CA residents

Stipend
- UCSB degree-seeking students only, may have restrictions if past time to degree
- Flat payment amount, paid through BARC account
- Gift aid: not reversible, not tied to work performed
- One-time payments or quarterly payments – typically at end of quarter or upon request.

Reimbursements
- Travel Reimbursement
- Entertainment Reimbursement: for event food/drink purchases
- Supplies/Miscellaneous Reimbursement: use Flexcard or Gateway instead of paying out of pocket when possible
- Reimbursements are not taxable income to recipients, but the reimbursement documentation must be submitted within 45 days of the expense