



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:

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

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