

PSU Classification Guidelines for Payments to Individuals					
Criteria	Employee / Wages (W-2)	Independent Contractor / AP Payments (1099 MISC / 1099 NEC)	Honorarium (No Tax Reporting)	Reimbursements (No Tax Reporting)	Scholarships (1098-T)
Selection Method	Selected through an employment or hiring process	Selected through a bid, quote, or service agreement	Selected for a one-time, voluntary contribution based on expertise	Not selected for services; reimbursed for out-of-pocket expenses	Selected based on academic merit, talent, or financial need
Basis of Payment	Paid a salary or hourly wage per employment agreement	Paid per contract terms or invoice	Token payment in appreciation of voluntary service	Paid based on itemized receipts and documentation	Paid according to scholarship criteria
Nature of Activity	Performs ongoing services as part of PSU operations	Performs specific services not integral to PSU operations	Performs a one-time, voluntary service without obligation	May or may not involve services; payment is for expenses	No services rendered; funds support education
Employment Relationship	Currently employed or employed within the past 12 months by PSU or another Kansas state agency, performing similar duties	Not currently or recently employed by PSU or another Kansas agency; offers similar services to the public	Not employed by PSU for the same or similar services	N/A	N/A
Duration of Service	Ongoing or recurring as part of PSU's regular operations	Short-term, project-based, or one-time service	One-time, non-recurring engagement	N/A	N/A
Provision of Tools/Materials	PSU provides necessary tools, materials, or equipment	Individual provides their own tools, materials, or equipment	Individual typically uses their own resources	N/A	N/A
Control Over Work	PSU assigns duties and controls how work is performed	Individual determines how to complete the work	Individual determines how to deliver the contribution	N/A	N/A
Training and Supervision	PSU provides training and direct supervision	Individual operates independently without PSU supervision	No training or supervision provided by PSU	N/A	N/A

Payment Classification Guidance:

Each payment for services must be evaluated individually to determine the appropriate classification—employee, independent contractor, scholarship, reimbursement, or honorarium. While certain characteristics may suggest a specific category, no single factor is determinative. Situations often involve overlapping criteria, so the core purpose of the service should be assessed in alignment with IRS guidelines. Use professional judgement and consider the totality of circumstances to ensure accurate classification and compliance. Consider how much control PSU has over the individual performing the service.