Division of Human Resources

Independent Contractor or Employee – The “Economic Realities Test”

Instructions (Note: This is to be completed by the Principal Investigator or the Supervisor)

1. Please review the information found here: http://www.dol.gov/whd/regs/compliance/whdfs13.htm
2. Complete the responses to questions 1-6 on the form below.
3. Create a statement of the work for which the worker is being hired to complete
4. Attach the statement of work and the completed questionnaire to the OSCAR requisition.

Note: the “Employer” is the supervisor, PI, or other member of Rensselaer Polytechnic Institute's faculty or staff. The “Worker” is the individual that Rensselaer would like to hire, and who needs to be classified as employee or independent contractor.

1) To what extent is the work performed an integral part of Rensselaer Polytechnic Institute’s business?

Pick one. Explanation required.
1. Directly related to the business of undergraduate and graduate education and research
2. Indirectly related to the business of residential undergraduate and graduate education and research
3. Not related to the business of residential undergraduate and graduate education and research

Please explain
__________________________________________________________________________________________________________________________________
__________________________________________________________________________________________________________________________________

2) Describe whether the worker’s managerial skills affect his or her opportunity for profit and loss.

Pick one. Explanation required for responses 2 or 3.
1. The employer makes most or all managerial decisions related to planning, purchasing, training, investing, hiring, and other decisions related to the completion of the work.
2. The employer makes some of the managerial decisions related to planning, purchasing, training, investing, hiring, and other decisions related to the completion of the work. (please explain)
3. The worker makes most or all of the managerial decisions related to planning, purchasing, training, investing, hiring, and other decisions related to the completion of the work. (please explain)

Please give examples of the managerial decisions that the worker is expected to make in order to be economically independent of the employer
__________________________________________________________________________________________________________________________________
__________________________________________________________________________________________________________________________________

3) What is the relative investment in facilities and equipment by the worker as compared to the investment made by the employer?

1. The employer has invested in all or most of facilities and equipment that the worker uses and the worker bears little to no risk for losing money on the job.
2. The worker pays for all or most of the equipment, facilities needed to do the work, and bears all or most of the risk for losing money on the job (please explain).

Briefly describe the facilities and equipment needed and who supplies them
__________________________________________________________________________________________________________________________________
__________________________________________________________________________________________________________________________________

(continued)

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4) Does the worker have to apply skill and initiative related to matters requiring business judgement in order to stay in business?

**Pick One.** Explanation required for response 2.

1. No
2. Yes (please explain)

Briefly describe the actions the worker takes to find new work/new customers and/or to stay in business

________________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________________

5) Is there an ongoing relationship between the worker and the employer.

**Pick One.**

1. Yes
2. No.

Please explain:

________________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________________

6) For items a-d, please select the appropriate answer in order to assess the nature and degree of control retained by the employer

   a. **Who sets pay amounts**
      
      i. The worker
      
      ii. The employer

   b. **Who sets work hours**
      
      i. The worker
      
      ii. The employer

   c. **Who determines how the work is performed**
      
      i. The worker
      
      ii. The employer

   d. **Is the worker free to work for others and hire helpers.**
      
      i. Yes
      
      ii. No

Other information related to the nature and degree of control retained by the employer

________________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________________

Please provide any additional information that will help explain whether the worker should be classified as independent contractor or employee

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