

COUNTY OF SANTA BARBARA CONTRACTOR ON PAYROLL POLICY

The intent of this policy is to set forth the appropriate use and compensation of Contractors on Payroll.

DEFINITION OF CONTRACTOR ON PAYROLL

Contractors on Payroll (COP) are at-will employees whose employment position is established through a contract with the County. COPs do not fill regular, allocated positions and do not meet the Internal Revenue Service (IRS) definition of an Independent Contractor.

APPROPRIATE USE OF COPs

The County may choose to hire a COP when:

1. There is a need for specialized work to be performed and/or when there is no existing job classification appropriate for the expected job.
2. The work cannot be performed by an independent contractor as determined by the IRS.
3. There is a temporary funding source for the work.
4. The work is sporadic and does not warrant a full or part-time regular position.

COPs AS DISTINGUISHED FROM REGULAR EMPLOYEES AND INDEPENDENT CONTRACTORS:

Regular employees are hired into positions that are allocated to specific classifications and departments by the Board of Supervisors. Each position is assigned a classification, department, and bargaining unit. The salary and benefits assigned to the position are set forth in a Memorandum of Understanding or Resolution that has been adopted by the Board of Supervisors. Most regular employees are in the classified service (civil service); some are at-will.

Independent Contractors perform services for the County but are not employees of the County. Independent contractors customarily are engaged in an independent business, and they – not the County – retain the right to control the way the work is performed and where it is performed. In an independent contractor relationship, the County is usually concerned with the finished product, or the final outcome, of a particular job.

COPs are not regular employees in that they do not fill allocated positions and their salaries and benefits are not set forth in Memoranda of Understanding or Resolution. Their employment relationship with the County is established by contract and they are at-will employees. COPs are not independent contractors because the County is involved in controlling the manner and means of work, including maintaining control over the employee's performance, using County owned tools and facilities and working hours that are determined by the County.

COMPENSATION OF COPs

1. Salary

Salaries for COPs should be based on the following factors:

- Compensation assigned to related, regular classifications
- Unique skills and licenses required for successful performance
- Market for similar positions in the labor area

2. Retirement

COPs who work at least 1040 (50% FTE) hours annually are mandatory members of the Retirement System in accordance with Government Code Section 31469, 31551, 31561.

3. Leave

COPs whose contracts require 2080 hours of work per year may take up to 160 of their working hours as leave time. COPs working less than 2080 hours may receive a prorated amount but at a minimum, 24 hours of leave time. Leave usage is subject to the approval of the COP's supervisor.

4. Health Insurance

COPs will be offered health insurance coverage upon execution of the contract if the COP is scheduled to work at least 30 hours per week during the contract period. COPs will be offered health insurance coverage during the term of the contract if the COP works an average of at least 30 hours or more per week, over a standard measurement period of 26 pay periods.

ADDITIONAL REQUIREMENTS FOR REVIEW AND APPROVAL OF COPs

All COP contracts must be approved by the Board of Supervisors prior to commencement or renewal of employment. "Ongoing contracts" may be submitted for

Attachment A

Board approval during budget hearings. Contracts must meet the 10% or less rule, use the standardized language and allow only those benefits approved in the Board policy.

Departments who wish to hire a COP must submit to CEO/HR:

- Brief description of the work to be performed
- Salary recommendation and rationale

Board letters and contracts must be reviewed and approved by CEO/HR prior to submission for Board of Supervisor's approval and must meet the criteria set forth in this policy, i.e., compliance with compensation guidelines.

Adopted October 2006
Revised October 2015