

Department of Finance and Administration

Mississippi Management and Reporting System

501 North West Street, 1201A Woolfolk Building, Jackson MS 39201

P. O. Box 267, Jackson, MS 39205-0267

Phone: (601) 359-6570 - Fax: (601) 359-6551

TO: State Agency Human Resource Directors

FROM: Cille Litchfield, CSIO
Mississippi Management and Reporting System

Leila Malatesta, Director
Office of Fiscal Management

DATE: June 30, 2008

SUBJECT: Proper Classification of Contract Workers Vs Independent Contractors

As you are aware, the Mississippi Employment Protection Act (MEPA) of 2008 applies to all newly hired employees. For the purposes of MEPA, state agency contract workers are defined as employees and receive an IRS Form W-2. Newly hired contract workers should be treated in the same manner as employees including the completion of the Form I-9 and the validation of employment eligibility via the E-Verify procedures.

The Personal Services Contract Review Board (PSCRB) of the State Personnel Board (SPB) has issued procedures for agency use in determining whether a contractor should be classified as a contract worker or an independent contractor. This determination is based on Internal Revenue Service (IRS) guidelines. PSCRB procedures can be found at <http://www.spb.state.ms.us/SPB%20Documents/CRB/CRB%20pubs.html>.

State agencies should have procedures in place to analyze each contract and properly classify the contractor as a contract worker or independent contractor based on these rules,

If you have any questions concerning the information in this memo, please contact the MMRS Call Center at 601-359-1343, or by email at mash@dfa.state.ms.us.