

Out-of-State Employees

- Authority** This Guide Memo was approved by the Vice President for Business Affairs and Chief Financial Officer.
- Applicability** This policy applies to all Stanford University employees, including SLAC and employees covered by collective bargaining unit agreements.
- Summary** This Guide Memo presents policy for hiring and/or reassigning out-of-state employees.
- Section headings are:
1. DEFINITION
 2. POLICY
 3. FOR MORE INFORMATION

1. DEFINITION

An “out-of-state employee” is defined as an employee of Stanford University whose primary work site is located outside the state of California. All individuals defined in [Guide Memo 23.1](#), Definitions, are considered employees for the purpose of this Guide Memo. Consultants and contractors are not covered by this Memo.

2. POLICY

- a. Applicable laws** – Employees outside the state of California and Stanford University as their employer are subject to all employment-related laws of the state or foreign nation in which they work.

State taxes, employment tax, and workers compensation provisions vary from state to state for U.S. employment. The University Payroll Office is primarily responsible for compliance with these various rules. Therefore, departments must notify Payroll immediately of any prospective arrangements involving Stanford employees outside the state of California by sending an email to payroll@stanford.edu.

Further, the existence of Stanford employees in a state outside California may trigger additional compliance requirements besides those relating to employment. Therefore, the hiring or reassignment of employees to positions outside California must be supported by an important University business purpose and not be merely an accommodation to the employee.

- b. Approval** – Approval of the hire or reassignment must be obtained in advance from the cognizant Dean, Director, Vice Provost or Vice President identifying the key University business reasons for the assignment.
- c. Payroll** – Notify the University Payroll Office of the out-of-state assignment in advance of the start of work outside of California by sending a completed Approval of Out-of-State Employee Approval form to the Payroll Office. This form can be found at: <http://fingate.stanford.edu/staff/payadmin/forms.html>.
- d. Administrative costs** – Administrative costs per capita for out-of-state employees are high due to the extraordinary costs to assure compliance and, in some cases, liability for unemployment pay and disability benefits. Therefore, a one time \$500 fee is charged to the assigning department for each new out-of-state employee on payroll, to be assessed when the assignment begins.

Departments will also be charged \$200 each year for each out-of-state employee. Failure to report out-of-state employees to the Payroll department in a timely manner may result in penalties being assessed to the department.

- e. **Benefits** – The choices of health and welfare benefits plans may be more limited for employees who work out of the Bay Area. You can find more information at <http://benefits.stanford.edu>.
 - f. **When Employee Works in California** – Notify the University Payroll Office of any days that the out-of-state employee is present in California on Stanford business. Compensation earned on such days is considered California taxable income regardless of employee's state of residence and is subject to all California tax provisions. Use the Out-of-State Employee Days Worked in California form located at <http://fingate.stanford.edu/staff/payadmin/forms.html> to report the number of days an out-of-state worker works in California.
 - g. **Out-of-Country Employees** – In the case of a Stanford University employee working outside the United States in any nation, the Department will reimburse the Controller's Office all necessary charges to meet all employment compliance requirements of that nation. It is recommended that the Department explore billing arrangements with a temporary agency or University local to the employee. Departments are advised that implementation time for the University to set up an employment relationship may exceed six months.
3. **FOR MORE INFORMATION**
- Contact the University Tax Compliance Officer for more information at Canellos@stanford.edu.