2.2.2 OUT-OF-STATE EMPLOYEES

Last updated on: 12/14/2012

Formerly Known As Policy Number:
2.2.12, 23.11
This Guide Memo presents policy for hiring and/or reassigning 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.

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 2.2.1 \[1\]: 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. University Payroll 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 submitting a HelpSU [2]ticket (Category: Financial Management, Request Type: Payroll).

The existence of Stanford University 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 in writing from the responsible Vice Provost, Vice President (or similar level equivalent to the highest administrative
person within the organizational unit), or his/her designee, identifying the key University business reasons for the assignment.

c. **Payroll**
Notifying University Payroll 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](http://www.stanford.edu/group/fms/fingate/docs/approval_out_state_hire.pdf) to the Payroll Office.

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 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 are also charged $200 each year for each out-of-state employee. Failure to report out-of-state employees to University Payroll in a timely manner may result in compliance penalties, which will be assessed to the assigning department.

e. **Benefits**
The choices of health and welfare benefits plans may be more limited for employees who work outside of the Bay Area. You can find more information at [http://benefits.stanford.edu](http://benefits.stanford.edu).

f. **When Employee Works in California**
Notifying University Payroll of any days that the out-of-state employee is present in California on Stanford business. Compensation earned on such days is considered California-sourced 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](http://www.stanford.edu/group/fms/fingate/docs/days_worked_CA.pdf) to report annually the number of days an out-of-state worker works in California.

### 3. For More Information

Contact University Payroll by submitting a HelpSU ticket (Category: Financial Management, Request Type: Payroll).


**Links**