

State Coalition Contractors and Employees

Guidance for State Coalitions

Jump\$Start-affiliated state coalitions originated as grassroots organizations, where participants executed the coalitions' activities in a volunteer capacity or as an assignment of their "day job." Most of our state coalitions have maintained this all-volunteer model; however, some coalitions have engaged paid administrators. There are also variations where another entity serves as the administrator of the coalition.

It is up to each state coalition to determine its own operational structure.

Employment is a complex matter and this guide is intended only as a starting point, to help you think about what information and professional assistance you might need.

First, consider the differences between an employee (full or part-time) whose compensation is reported to the IRS on a Form W-2 and an independent contractor whose compensation is reported on Form 1099. The IRS website offers [guidance especially for tax-exempt organizations](#) and there are plenty of articles on the Internet, like [this one from the Nonprofit Risk Management Center](#), which can help you sort it out.

At this time, none of our state coalitions has its own W2 employees. State coalitions are urged to seek legal, accounting, and human resource guidance before hiring employees.

If your state coalition has hired independent contractors to execute activities, be sure to have a written agreement that spells out compensation and scope of work. You are encouraged to seek legal advice on creating this type of contract and to address any potential conflicts of interest. It may be tempting to have a Board Member take on an expanded role and be compensated for doing this, but it will often create a conflict of interest. The national Jump\$Start Coalition has incorporated a conflict of interest policy into its Bylaws, which you may access for reference.

Independent contractors do not receive employee benefits, such as health insurance; however, your state coalition may still need to cover your contractors with liability and workers compensation insurance. (See our state coalition guide on insurance.)

State coalitions may be administered by another entity and those arrangements may have a variety of characteristics. National Jump\$Start requires that this remain an administrative relationship and not a merger of the entities – that is, the state Jump\$Start affiliate must remain independent.