

This is a California law-compliant blueprint for a nonprofit corporation hiring educators as independent contractors, incorporating all necessary legal requirements, sample contract language, and the latest updates through 2025 and into 2026:

California Nonprofit Independent Contractor Educator Hiring Blueprint (2025–2026)

1. Worker Classification: The ABC Test

- **A:** The educator is free from your nonprofit's control and direction in performing the work.
- **B:** The work is outside the usual course of your nonprofit's business (unless your mission is strictly education delivery).
- **C:** The educator is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed²⁵.
 - *Evidence includes:* Incorporation, licensure, advertising, offering services to the public, not relying on your nonprofit as a sole source of work².

2. Contract Requirements

(SB 988: Freelance Worker Protection Act)

- **Written Contract Required:** Must be signed by both parties, retained for at least four years³⁴⁵.
- **Contract Must Include:**
 - Names and addresses of both parties
 - Itemized list of services, value, rate, and method of compensation

- **Payment date or method to determine it**
- **Deadline for the educator to submit a list of services rendered³⁴**
- **Timely Payment: Must pay by the date in the contract or within 30 days after services are completed if no date is specified³⁴.**
- **No Waivers: Any attempt to waive these protections is void and unenforceable³⁴.**

3. Compensation and Payment

- **Permitted Structures:**
 - **Flat fee per project or session**
 - **Percentage of revenue generated (if reasonable and market-based)**
 - **Performance-based bonuses (if contractually specified)**
- **Timely Payment: Strictly required by law; penalties for late payment³⁴.**
- **No Retaliation: Cannot penalize educators for enforcing their rights under the Act⁴.**

4. Training and Resources

- **Training: You may offer training, but do not require it as a condition of payment or contract.**
- **Client Lists and Scripts: You may provide, but avoid dictating how, when, or where outreach is conducted.**
- **Tools: Encourage educators to use their own equipment when possible.**

5. No Board Overlap

- **Paid Educators ≠ Board Members: Educators must not be voting board members to avoid conflicts of interest.**

6. Documentation and Compliance

- **Contracts:** Maintain signed, written contracts for all independent contractor educators³⁴.
- **Records:** Keep contracts and payment records for at least four years³⁴.
- **Audits:** Regularly review worker classifications to ensure ongoing compliance.

7. 2025–2026 Updates and Statistics

- **SB 988 (Freelance Worker Protection Act):** Effective January 1, 2025. Applies to contracts of \$250 or more³⁵.
 - **Minimum Wage:** \$16.50/hour (as of January 1, 2025; check for updates in 2026).
 - **Prompt Payment:** State grants and contracts with nonprofits may require advance payments starting January 1, 2026 (AB 1039)⁶.
 - **Penalties:** \$1,000 for refusing a written contract; double damages for late payment³⁴.
 - **Nonprofit Trends:** Nonprofits are adopting more formal contracts and compliance practices due to new laws⁶.
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Sample Contract Clause

Independent Contractor Agreement for Educational Services

Parties: *[Nonprofit Name], a California nonprofit corporation, and [Educator Name].*

Services: *[Description of services, e.g., deliver workshops, provide training].*

Compensation: *[Flat fee, percentage, or bonus structure, e.g., 30% of net revenue, payable within 30 days of receipt].*

Contract Requirements: This agreement complies with SB 988 and includes an itemized list of services, payment terms, and deadlines.

Independent Contractor Status: Educator is not an employee or board member and is free to determine how, when, and where services are performed.

Training: Nonprofit may provide training, but educator is not required to attend as a condition of payment.

Client Outreach: Nonprofit may provide client lists and scripts, but educators determine outreach methods.

Record Retention: Both parties retain a copy of this agreement for at least four years³⁴⁵.

Summary Table

Requirement	Independent Contractor (2025–2026)
ABC Test	Must meet all three criteria
Written Contract	Required (SB 988)

Payment Terms	Clear, timely, and itemized
Training	Optional, not required
Board Overlap	Not allowed
Record Retention	4 years
Penalties	\$1,000+ for non-compliance

This blueprint ensures our nonprofit remains fully compliant with California law for independent contractor educator relationships through 2026. Legal experts review our specific contracts and practices.