



Office of the Controller
A2200 University Center
Tallahassee, FL 32306-2390

July 25, 2005

UNIVERSITY CONTROLLER'S MEMORANDUM #01, (2005-2006)

To: Deans, Directors, Department Heads, Fiscal and Payroll
Representatives

From: Tom Harrison, University Controller

Subject: FICA Policy and Student Enrollment

Attached is a copy of the revised university policy requirements for the student FICA tax exemption. The exemption continues to be available only to student OPS employees who are enrolled at least half-time during an academic term. The revision prohibits appointments of 1.00 FTE or more, which incorporates recent IRS Treasury Regulation changes. The effective date of implementation is August 1, 2005.

If you have any questions about the new policy, contact Mike Ballow by telephone at 644-9464 or by e-mail at mballow@admin.fsu.edu.

cc: President
Vice Presidents

Florida State University FICA Policy and Student Enrollment

This policy is meant to implement the provisions of the Social Security Act which provides an exemption from FICA taxes to enrolled students who are also employed by the University and whose employment is incidental to their pursuit of a degree. This exemption does not apply to career employees who may take courses or pursue a degree while employed by the University.

Enrollment

Undergraduate Students: Minimum full-time enrollment for undergraduate students is 12 hours in the fall and spring terms, and variable in the summer. For B & C terms, full time is six hours, for all other terms, full time is nine hours. However, the IRS uses the US Department of Education's definition of full time for undergraduates which is twelve hours.

1. For fall and spring terms, undergraduates would need to be enrolled for at least six hours to be exempt from FICA taxes.
2. For summer term enrollment and employment in only B or only C term, undergraduates would need to be enrolled for at least 3 hours; for all other summer terms or a combination of terms, undergraduates would need to be enrolled for at least 6 hours, with registration for those hours complete by the beginning of the summer term or by the beginning of the employment period if that is later than the beginning of the summer term.
3. Special circumstances: An undergraduate in the final term may be enrolled for fewer than the minimum required hours with certification of final-term status and approval by the academic dean.

Exclusion for full-time employment: IRS regulations indicate that the student FICA exemption is not available to student employees whose normal work schedule is 40 or more hours per week. Accordingly, undergraduate students with appointments aggregating 1.00 FTE or more will be subject to FICA taxation. Also, departments are advised that undergraduate students with aggregate appointments of less than 1.00 FTE should not be allowed/scheduled to work 40 or more hours per week except in emergency or unforeseen situations.

Graduate Students: For graduate students, the primary form of employment by the University is as a graduate assistant, doing either teaching or research. For fall and spring terms, 9 hours is a full-time load for a graduate assistant. For summer term, full-time enrollment for graduate assistants varies with the session. For term A, 9 hours is the full-time load. For sessions B & C, the full-time load is 5 hours; for D & F it is 7 hours.

1. For fall and spring terms, graduate students would need to be enrolled for at least 5 hours to be exempt from FICA taxes.
2. For summer term, graduate students would need to be enrolled for at least 5 hours in combination among the various summer sessions, and graduate students must register for the entire minimum by the beginning of the summer term or by the beginning of the employment period if that is later than the beginning of the summer term in order to be exempt, OR for summer terms B & C, graduate students would need to be enrolled for at least 3 hours in either or in each to be exempt if they are employed in either or in each.
3. Special circumstances: A graduate student in the final term may be enrolled for fewer than the minimum required hours with certification of final term status and approval by the academic dean.

Exclusion for full-time employment: IRS regulations indicate that the student FICA exemption is not available to student employees whose normal work schedule is 40 or more hours per week. Accordingly, graduate students with appointments aggregating 1.00 FTE or more will be subject to FICA taxation. Also, departments are advised that graduate students with aggregate appointments of less than 1.00 FTE should not be allowed/scheduled to work 40 or more hours per week except in emergency or unforeseen situations.

Doctoral Students: After doctoral students have completed course work and passed their preliminary exams they are officially admitted to doctoral candidacy, which is recorded on their transcript. Doctoral students at this stage of dissertation advisement will need to be enrolled for at least 1 hour of dissertation (or other enrollment) to be exempt.

Exclusion for full-time employment: IRS regulations indicate that the student FICA exemption is not available to student employees whose normal work schedule is 40 or more hours per week. Accordingly, doctoral students with appointments aggregating 1.00 FTE or more will be subject to FICA taxation. Also, departments are advised that doctoral students with aggregate appointments of less than 1.00 FTE should not be allowed/scheduled to work 40 or more hours per week except in emergency or unforeseen situations.

Multiple Appointments

If an individual performs services in multiple job positions, the individual will be deemed a career employee with respect to all of the positions if the individual is a career employee in any one or more of the job positions, thus the student would not qualify for an exemption. If on the other hand, each of multiple appointments qualifies for an exemption, then the student would qualify for an exemption.

If multiple appointments cause a student employee to have an aggregate FTE of 1.00 or more, the FICA tax exclusion will not be available for any of the appointments. Departments are responsible for checking the OMNI Payroll System before hiring to determine if the student has existing appointments on the system that may cause the FTE to reach 1.00 or higher. If this occurs, the student employee will pay FICA tax on all wages, and the appointing departments will be charged for their corresponding FICA matching expense. FICA taxes assessed due to exceeding the FTE restrictions will not be refunded to the student or departments.

Academic Breaks

The half-time enrollment requirement and the full-time work restriction will not be enforced during academic breaks of five weeks or less.