

# Radford University

## FICA POLICIES AND PROCEDURES

The policies and procedures established by this university are based on Revenue Procedure 98-16 issued February 2, 1998 by the Internal Revenue Service. The FICA policies and procedures for student employees are broken down into four categories. They are:

- **Work Programs**
- **Graduate Assistants**
- **Wage Positions**
- **F-1 Visas**

### Work Programs

**Issued:** February 1, 1995

**Revised:** April 9, 1998

**Effective:** January 5, 1998

#### A. Purpose

Explain policy and procedures concerning the FICA exemption for undergraduate and graduate students participating in the Work Programs.

#### B. Scope

Applies to all undergraduate and graduate students receiving compensation from the Work Programs.

#### C. Policy

Compensation paid to students participating in the Work Programs may be exempt from FICA (Social Security and Medicare) withholding taxes. To qualify for the exemption, a student must be enrolled at least on a half-time basis.

#### D. Procedures

1. The Work Programs for undergraduate students include the federal work-study and work scholarship programs. For graduate students, the Work Program includes the federal work-study program.
2. A half-time student for Fall and Spring semesters is defined as either an undergraduate or graduate student enrolled in at least 6 or 5 credit hours a semester, respectively.

For summer school, an undergraduate student will be considered half-time for:

- the current semester if enrolled in at least three credit hours during Maymester, Summer School I or Summer School II, or six credit hours during Summer School III.
- Summer School I if enrolled in a combination of three credit hours during Maymester and Summer School I. The student must be enrolled Summer School I.
- Summer School III if enrolled in a combination of six credit hours during all summer school sessions. The student must be enrolled Summer School III.

For summer school, a graduate student will be considered half-time for:

- the current semester if enrolled in at least three credit hours Maymester, Summer School I or Summer School II or five credit hours Summer School III.
  - Summer School I if enrolled in at least three credit hours in a combination of Maymester, Summer School I and/or Summer School III. The student must be enrolled Summer School I.
  - Summer School II if enrolled in at least three credit hours in a combination of Summer School II and Summer School III. The student must be enrolled Summer School II.
  - Summer School III if enrolled in at least five credit hours in a combination of all summer school sessions. The student must be enrolled Summer School III.
  - Summer School I and Summer School II if enrolled in at least five credit hours in a combination of all summer school sessions.
3. The enrollment hours will be verified by the Payroll Office for all students in a Work Program position for each semester or summer school session as of the census date. If a student is not enrolled at least half-time, FICA taxes will be withheld and will continue for the remainder of the semester or summer school session.
  4. An exception to the half-time enrollment requirement will be granted for students that need fewer hours in order to graduate in the current semester or summer school session. Notification of pending graduation must be sent to the Payroll Office in order to be granted this exception. A "Tentative Graduate Form" for this exception must be completed and submitted to the Payroll Office.
  5. Student employees are allowed to work multiple positions on campus. If a student is determined to be a career employee, then all positions for that student will be deemed FICA taxable. All positions for each student will be reviewed for FICA taxability.

NOTE: Until an automated system which will track multiple payrolls is developed, this policy cannot be implemented. Manual detection is too labor intensive and is not cost effective. However, for any student who is detected, the policy will apply.

6. For students with an F-1 visa, see FICA Exemption for Students with an F-1 Visa policy.

## Graduate Assistants

**Issued:** February 1, 1995

**Revised:** April 9, 1998

**Effective:** January 5, 1998

### A. Purpose

Explains policy and procedures concerning the FICA exemption for students participating in the Graduate Teaching Fellowship and Graduate Assistantship Programs.

### B. Scope

Applies to all graduate students receiving compensation from Graduate Teaching Fellowship and Graduate Assistantship programs.

### C. Policy

Compensation paid to students participating in the Graduate Teaching Fellowship and Graduate Assistantship Programs may be exempt from FICA (social security and medicare) withholding taxes. To qualify for the exemption, a student must be enrolled as a half-time student.

## D. Procedures

1. A half-time graduate student for Fall and Spring semesters is defined as a student enrolled in at least five credit hours a semester except for a Graduate Teaching Fellow (GTF) who is required to be enrolled for at least three credit hours a semester.

For summer school (beginning Summer 1998), a graduate student will be considered half-time for:

- the current semester if enrolled in at least three credit hours Maymester, Summer School I and Summer School II or at least five credit hours Summer School III (except for a GTF who must be registered for at least three credit hours Summer School III).
  - Summer School I if enrolled in at least three credit hours in a combination of Maymester, Summer School I and/or Summer School III. The student must be enrolled Summer School I.
  - Summer School II if enrolled in at least three credit hours in a combination of Summer School II and Summer School III. The student must be enrolled Summer School II.
  - Summer School III if enrolled in at least five credit hours in a combination of all summer school sessions (except for a GTF who must be registered for at least three credit hours). The student must be enrolled Summer School III.
  - Summer School I and Summer School II if enrolled in at least five credit hours in a combination of all summer school sessions (except for a GTF who must be registered for at least three credit hours).
2. Since the Graduate Teaching Fellowship and Graduate Assistantship Programs require each student to be enrolled as a full-time student, this program will satisfy the half-time enrollment requirement. The Graduate Office will monitor each student's credit hours as of census date to ensure compliance. If the student's enrolled hours do not comply with the program, he/she will no longer be allowed to participate in the Graduate Teaching Fellowship or Graduate Assistantship Programs. The Graduate Office will notify the Payroll Office if the student drops below half-time status as soon after census date as possible. The Payroll Office will begin withholding FICA on any pay due the student after notification.
  3. Graduate Assistants who are receiving a nursing traineeship are considered full-time for the current semester if they are enrolled in at least six semester hours. All other graduate students are considered full-time for the current semester if enrolled in at least nine semester hours.
  4. For students with an F-1 visa see FICA Exemption for Students with an F-1 Visa policy.

## Wage Positions

**Issued:** February 1, 1995

**Revised:** April 9, 1998

**Effective:** January 5, 1998

### A. Purpose

Explain policy and procedures concerning the FICA exemption for students working in wage positions on campus.

### B. Scope

Applies to all students who are enrolled and regularly attending classes and who receive compensation from an on-campus wage position. Does not apply to career employees whose employment is not incident to and for the purpose of pursuing a course of study.

### C. Policy

Compensation paid to students working in wage positions on campus may be exempt from FICA (Social Security and Medicare) withholding taxes. To qualify for the exemption, a student must be enrolled at least on a half-time basis, perform services as an incident to and for the purpose of pursuing a course of study and not be a career employee. A career employee is defined as one who is eligible to participate in the university's retirement plan and/or who is eligible for qualified tuition reduction (employee tuition waiver plan) other than graduate teaching and research assistants and/or is defined by the university as a career employee. The university's definition of career employee includes all 1500-hour wage, part-time administrative and part-time faculty employees (see Item D.6. for exceptions). Students who perform services in multiple job positions will be deemed a career employee with respect to all of the positions if the individual is a career employee in anyone or more of the job positions.

## D. Procedures

1. A half-time student for Fall and Spring semesters is defined as either an undergraduate or graduate student enrolled in at least six or five credit hours a semester, respectively.

For summer school, an undergraduate student will be considered half-time for:

- the current semester if enrolled in at least three credit hours during Maymester, Summer School I or Summer School II or six credit hours during Summer School III.
- Summer School I if enrolled in a combination of three credit hours during Maymester and Summer School I. The student must be enrolled in Summer School I.

For summer school, a graduate student will be considered half-time for:

- the current semester if enrolled in at least three credit hours Maymester, Summer School I or Summer School II or five credit hours Summer School III.
  - Summer School I if enrolled in at least three credit hours in a combination of Maymester, Summer School I and/or Summer School III. The student must be enrolled Summer School I.
  - Summer School II if enrolled in at least three credit hours in a combination of Summer School II and Summer School III. The student must be enrolled Summer School II.
  - Summer School III if enrolled in at least five credit hours in a combination of all summer school sessions. The student must be enrolled Summer School III.
  - Summer School I and Summer School II if enrolled in at least five credit hours in a combination of all summer school sessions.
2. The enrollment hours will be verified by the Payroll Office for all students in a wage position for each semester or summer school session as of the census date. If a student is not enrolled at least half-time, FICA taxes will be withheld and will continue for the remainder of the semester or summer school session. Since all career employees are automatically eliminated from consideration for this exemption, enrollment hours will not be verified for 1500-hour and part-time faculty positions.
  3. An exception to the half-time enrollment requirement will be granted for students who need fewer hours in order to graduate in the current semester or summer school session. Notification of pending graduation must be sent to the Payroll Office in order to be granted this exception. A "Tentative Graduate Form" must be completed and submitted to the Payroll Office.
  4. Services performed by a student are eligible for the FICA exemption with respect to all services performed during all payroll periods of a month or less that fall wholly or partially within the academic term (defined as from the first day of classes through the last day of exams). Since all wage payrolls are for two-week periods, the last payroll period for an academic term may include services performed by a student after the semester ends and still be FICA exempt.
  5. The FICA exemption does not apply to services performed by a student who is not enrolled in classes during school breaks of more than five weeks (summer break) with the exception of Item 4 above. The FICA exemption does apply to services performed by a student who is not enrolled in classes during school breaks of five weeks or less (between Fall and Spring Semesters).

6. If a part-time faculty member (generally teaching one class) is also a graduate fellow or assistant who is eligible for the FICA exemption, the graduate fellow/assistant=s position will take precedent over the part-time faculty position and the FICA exemption will be allowed for both positions.

Part-time administrative positions will be evaluated on a case-by-case basis to determine qualification for the student FICA exemption. Any student who is paid \$600 per month or less as a part-time administrator and who is enrolled at least on a half-time basis will receive the student FICA exemption. Any student who is paid more than \$600 and who is enrolled at least on a half-time basis will be evaluated for career employee status and will receive the student FICA exemption if not determined to be a career employee. If the career employee determination is questionable, then the Assistant Vice President for Financial Services will make the final decision.

7. Student employees are allowed to work multiple positions on campus. If a student is determined to be a career employee, then all positions for that student will be deemed FICA taxable. All positions for each student will be reviewed for FICA taxability.

NOTE: Until an automated system which will track multiple payrolls is developed, this policy cannot be implemented. Manual detection is too labor intensive and is not cost effective. However, for any student who is detected, the policy will apply.

8. For students with an F-1 visa, see FICA Exemption for Students with an F-1Visa policy.

## F-1 Visas

**Issued:** February 1, 1995

**Revised:** April 9, 1998

**Effective:** January 5, 1998

### A. Purpose

To explain the policy and procedures concerning the FICA exemption for students with an F-1 visa.

### B. Scope

Applies to all F-1 visa students receiving compensation from on-campus employment.

### C. Policy

Compensation paid to students with an F-1 visa may be exempt from FICA (Social Security and Medicare taxes) withholding taxes for five calendar years. To qualify for the exemption, a student must be enrolled in a full course of study and not work more than a total of twenty hours a week while school is in session. Between semesters and during annual vacation, a student may work full-time.

### D. Procedures

1. Immigration and Naturalization Service (INS) regulations define a full course of study for an undergraduate student as enrollment in at least 12 credit hours a semester during the academic year. For a graduate student, the College of Graduate and Extended Education (CGEE) and the Designated School Official (DSO) determine the number of credit hours for a full course of study. The CGEE and DSO have certified that, during the academic year, a full course of study for a graduate student is 6 credit hours a semester for those students with a teaching fellowship and 9 credit hours a semester for all others.

2. The DSO and/or the CGEE will verify enrollment hours for all students with an F-1 visa for each semester or summer school session as of the census date. If a student is not enrolled full-time, the DSO and/or CGEE will notify the Tax Compliance Manager (TCM). The TCM will notify the Payroll Office of any change in FICA status.
3. The DSO may grant exceptions, as defined by INS, to the full course of study requirement for students that need fewer hours in order to graduate in the current semester or have approval from the DSO to enroll in less than a full course of study. In order to receive this exemption, each student must complete and submit an "Application for Exemption from Full-Time Student Registration" form to the DSO. Upon approval, the DSO will forward a copy to the TCM within three weeks of the beginning of the semester. The TCM will notify the Payroll Office of any students that do not receive this exemption.
4. All students with an F-1 visa are required to meet with the TCM when they work on-campus each academic year. At this meeting, the TCM will determine the student's FICA status and complete the "Nonresident Alien Withholding Worksheet". The TCM will forward a copy of this worksheet to the Payroll Office.
5. Students with an F-1 visa may work more than one job on-campus as long as the TOTAL number of hours for all jobs does not exceed twenty hours a week **while school is in session**. The Payroll Office will notify the TCM if a student works more than one job on-campus during the academic year. The TCM will review the available Payroll reports to determine if any F-1 student works more than twenty hours a week. The TCM will notify the DSO of these students and inform the Payroll Office of any change in FICA status.
6. Graduate students with an F-1 visa are not eligible to participate in the Graduate Work Fellowship program because it is a federally funded program.
7. After 5 calendar years, students with an F-1 visa may still qualify for the FICA exemption under one of the other FICA exemption policies. In order to qualify, the student must meet all of the requirements for that policy. The TCM will notify the Payroll Office of any students who have exceeded the 5 calendar year limitation.
8. INS regulations define the DSO as an individual who is a regularly employed member of the school administration, their office is located at the school and their compensation does not come from commissions for recruitment of foreign students. At Radford University, the DSO is the Immigration Counselor who is in the Office of International Programs.
9. INS regulations state that "On-campus employment must either be performed on the school's premises (including on-location commercial firms which provide services for students on campus, such as the school bookstore or cafeteria) or at an off-campus location which is educationally affiliated with the school. Employment with on-site commercial firms, such as a construction company building a school building, which do not provide direct student services, is not deemed on-campus employment. In the case of off-campus locations, the educational affiliation must be associated with the school's established curriculum or related to contractually funded research projects at the post-graduate level."

NOTE TO #5 ABOVE: Until an automated system, which will track multiple payrolls, is developed, this policy cannot be implemented. Manual detection is too labor intensive and is not cost effective. However, for any student who is detected, the policy will apply.