

## CCS Administrative Procedure

### 2.10.04-E Student Employment – Social Security Exemption

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#### Implementing Board Policy [2.10.04](#)

Contact: Manager of Employee Compensation, 434-5285

#### 1.0 Purpose

CCS has adopted a student social security exemption policy intended to comply with Internal Revenue Procedure 98-16, and the state of Washington 218 agreement with the Social Security Administration.

#### 2.0 Limitations and Requirements

- 2.1 Under section 3121(b)(10) of the Internal Revenue Code (IRS), services performed by a student in the employ of a college or university are generally exempt from Social Security (OASI and Medicare) provided the student is enrolled and regularly attending classes.
- 2.2 For the FICA exemption, all Washington State Institutions of Higher Education are considered to be one employer. For example, a student enrolled half-time or more at EWU and employed at CCS is exempt from FICA on CCS wages. The student is responsible for notifying his/her employer and completing a *Student Status Verification* form.

#### 3.0 Guidelines to Exempt a Student Employee from FICA Taxes

- 3.1 The student must be enrolled at least half-time in accordance with the regulations issued by the Department of Education (DOE), 34 CFR 674.2.
  - 3.1.1 DOE regulations specify that half-time is defined by the institution, but must equal or exceed six credit hours.
  - 3.1.2 CCS has defined half-time to mean six credits or credit equivalents.
- 3.2 The determination of whether a student meets the half-time test should be made on the Enrollment Census Date (10th instructional day; 8th day during summer quarter).
- 3.3 If a student is enrolled less than half-time, the student may still be eligible if the student is in the last quarter of a course of study, and is enrolled in the number of hours needed to complete the requirements for obtaining a degree.
- 3.4 The exemption applies to all services performed during all payroll periods of a month or less, that fall wholly or partially within the academic term. For example, the spring quarter ends June 12, and the student continues working until June 30. All pay during the month of June is exempt from FICA.
- 3.5 The exemption does not apply to services performed by a student during school breaks of more than five weeks. For example, if a student continues to work during summer quarter, but is not enrolled half-time or more during summer quarter (a period of more than five weeks), those wages are not exempt from FICA.

#### 4.0 Career Employees

The FICA exemption **does not** apply to career employees. The IRS defines a career employee as one who meets **any one** of the following tests:

- 4.1 The employee is eligible to participate in the institution's retirement plan.
  - 4.1.1 Part-time hourly employees are eligible for PERS retirement upon working five or more months at 70 or more hours per month; or, for TIAA-CREF retirement after working six consecutive months at 50 percent or more (if in an exempt position).

- 4.1.2 Student employees are exempt from PERS retirement under WAC 415-108-520. The student employee may elect to waive their PERS exemption and “opt in” to retirement.
  - 4.1.2.1 If the student elects to participate in PERS retirement, the student will not be exempt from FICA.
  - 4.1.2.2 Students who become eligible under these guidelines will be required to complete a *PERS Retirement Exemption Waiver* form to document their decision.
- 4.2 The employee is eligible to receive tuition waiver benefits.
- 4.3 The employee is classified as a career employee by the institution. For this purpose, Administrative, Classified, Faculty, and Professional/Confidential Exempt employees are considered career employees (both full- and part-time).

## 5.0 Work Classification and Pay Rates

- 5.1 Employees who meet the criteria for social security exemption will be paid using job classification numbers, titles, and hourly pay rates listed in the *Student Work Study Classification and Hourly Pay Rates* schedule.
- 5.2 The college Work Study Placement Office will determine eligibility for social security exemption and place students accordingly.
- 5.3 The Payroll Office will verify eligibility status of hourly and student employees. If employee classification changes are required, notification will be sent to the college Work Study Placement Office, the employee, and the employee’s supervisor. The Payroll Office will implement the change immediately.

## 6.0 Related Information

- 6.1 CCS Board Policy [2.10.04, Personnel Selection](#)
- 6.2 Internal Revenue [Procedure 98.16](#).
- 6.3 Internal Revenue Code, section [3121\(b\)\(10\)](#)
- 6.4 WAC [415-108-520](#), Membership Exceptions – Student & Spouse of Student.