THE CALIFORNIA STATE UNIVERSITY
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Date: February 14, 1996

To: Personnel Officers

From: Cathy Robinson, Senior Director
Human Resources Administration

Subject: STUDENT EMPLOYEES AND EXCLUSION FROM SOCIAL SECURITY

The IRS requires that 1996 summer CSU student employment be subject to full-time summer enrollment, regular attendance at CSU classes and limited to 20 hours per week in order to qualify for exclusion from Social Security and Medicare coverage.

Because many campuses may wish to employ students on a full time basis during the summer without incurring a Social Security liability, my office will implement alternative student classifications this spring. We will notify you as soon as the new classifications are ready for campus use.

Please note that the proposed alternative student classifications will be subject to part-time retirement plan coverage in lieu of Social Security, requiring students to pay 7 1/2% of all earnings to the retirement plan. In addition, earnings will be subject to Medicare taxation, currently 1.45% paid by both the student and the campus.

Use of these classifications will require extra work on the part of the campus: the campus must appoint the student to the alternative classification at the beginning of the summer and must separate the student from the alternative classification at the end of the summer. The standard student appointment (which is excluded from both Social Security and Medicare) may be left on the database and used for the following academic year as long as the student meets the federal requirements for exclusion.

If the campus wishes to avoid the extra workload of appointing and separating students from the alternative student classifications, the campus may institute a campus policy of limiting all student employment to the standard student classifications and ensuring that all student employment meets the IRS requirements for exclusion from Social Security and Medicare.

(Over)

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As a reminder, the IRS has stated that, during the regular academic year, a student meeting the following restrictions may be excluded from Social Security and Medicare coverage, thereby qualifying for appointment to a standard CSU student classification:

- Student employees must be enrolled in at least 12 units and regularly attending classes at the CSU.
- Students may not work more than 20 hours per week, except during academic holidays within the academic year.

If you have any questions, please contact systemwide Human Resource Administration at (310) 985-2669. Thank you.

CR/pb