Date: March 4, 2004

To: Human Resource Directors
Payroll Managers

From: Cathy Robinson, Assistant Vice Chancellor
Human Resources Administration

Subject: Student Assistant - Nonresident Alien Tax Status

The “Student – Nonresident Alien Tax Status” classification (code 1868) has been established in the CSU payscales to help campuses meet federal tax compliance requirements for students in a nonresident alien tax status. The classification is available for campus use effective March 2004 pay period. As you know, the student record (SPAR/A98 transaction) established in the Personnel Information Management (PIMS) database differs from the records established for rostered employees because information requirements differ. While current system capabilities meet the needs for the majority of California State University (CSU) students paid through the state payroll system, accommodations are needed to meet federal tax compliance requirements for Student Assistants (classification code 1870) in a nonresident alien tax status. Therefore, we established the “Student-Nonresident Alien Tax Status” classification.

Appointment to the “Student- Nonresident Alien Tax Status” classification in the PIMS database is intended to serve two purposes:

(1) to accommodate federal tax withholding requirements as appropriate, and
(2) to provide campuses the use of PIMS Non-Citizen Status Code Item 825 to maintain pertinent non-citizen status-related information.

Campuses with other systems for nonresident alien tax reporting are not required to maintain PIMS Item 825 information. However, if the affected student is paid through the state payroll system, the campus must move the student to the new
classification for the period in which the student remains in a nonresident alien tax status.

Campuses are requested to move CSU-employed students in a nonresident alien tax status to the “Student – Nonresident Alien Tax Status” classification by April 30, 2004. Please see the attached Processing Guidelines.

Background Information:
Various employment-related transactions and historical file information requirements pertinent to rostered employees are not required on the student (SPAR/A98 transaction) record. As a result, student appointments are not “rostered” or maintained in a file format as they are for rostered appointments. Certain characteristics specific to students are not applicable to employees in rostered appointments. For example, students employed in student-related classifications are exempt from social security and medicare tax (FICA), and are not subject to retirement plan withholding (e.g., CalPERS, UC/DC or DPA-PST) due to their student status. Further, miscellaneous deductions cannot be withheld from pay issued from student records. As a result, the withholding requirements for federal tax (applicable to students in a nonresident alien tax status) cannot be fully satisfied when paid through a student record.

It is important to note that the sole intention of creating this new classification is to provide campuses with the continued ability to provide employment to affected students within the requirements of the Internal Revenue Code, e.g., it is not intended to change CSU’s employment practices concerning the Student Assistant classification.

If you have any questions on this matter, please contact Human Resources Administration at (562) 951-4411. This technical letter is also available on Human Resources Administration’s Web page at: http://www.calstate.edu/HRAdm/memos.shtml. Thank you.

CR/dth
Student – Nonresident Alien Tax Status (Code 1868)
Processing Guidelines

Affected Student Classification (E99):

<table>
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<tr>
<th>1870</th>
<th>Student Assistant</th>
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**Appointments:**

- Appointments must be processed as hourly intermittent (payment type “O”) via appointment transaction code “A52” and an Employee Action Request (EAR Form Std. 686) must be completed. If the student is already on the PIMS database, appointment to the new class must be under a new position sequence/roster. PIMS Employment History Item 505 = “N” and Item 215 should denote “NRA Student”. Refer to the PIMS Manual for appointment coding instructions by accessing [http://www.calstate.edu/hrpims/pims/pims.htm](http://www.calstate.edu/hrpims/pims/pims.htm).

- The student FICA exemption pursuant to Internal Revenue Code section 3121(b)(10) remains in effect during the period in which the individual remains in a qualified student status. In this instance, students that change from a nonresident alien to resident alien tax status remain exempt from FICA, e.g., in the Student Assistant classification (code 1870). If students are no longer qualified under 3121(b)(10), for example, during the summer recess period when they are not attending classes, they typically would be considered Summer Bridge Students (code 1874). However, if a student remains in a nonresident alien tax status while working during the summer recess period, the affected student remains exempt from FICA on that basis, and Item 505 remains “N” in the Student – Nonresident Alien Tax Status classification (code 1868).

- To change the salary rate within a given roster, campuses may process a PPT transaction via A52.

- Individuals appointed to the Student-Nonresident Alien Tax Status classification will not be included in the Student Alpha Roster (SAR) listing provided by the State Controller’s Office.

- Separations must be processed via transaction code “S31” (Termination of Temporary Appointment). Appointment end dates should coincide with the pay period that the nonresident alien tax status is projected to end.

**Pay Cycles:**

- Pay cannot be requested until after the master payroll cut-off date for the respective pay period. Campuses are requested to monitor and coordinate pay cycle changes to and from the A52 and A98 transaction appointments to preclude an overlapping of time and/or pay.

**Students With Multiple Concurrent Hourly Rates:**

- In instances where the position number stays the same, campuses may request pay at different rates via PIP.

- In instances where the campus wants different rates issued from different position numbers, separate rosters must be established.