THE CALIFORNIA STATE UNIVERSITY  
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Date: May 10, 1996       Code: HR 96-08

To: Presidents

From: June M. Cooper  
Vice Chancellor  
Human Resources and Operations

Subject: STUDENT ASSISTANTS AND SOCIAL SECURITY COVERAGE

Internal Revenue Service (IRS) Code section 3121(b)(10) excludes from Social Security and Medicare coverage services performed by students employed by a school, college or university provided the student is enrolled and regularly attending classes. Our Student Assistant classification is designed for these students.

The State Controller has advised us that as a general rule, or “safe harbor”, the IRS defines a student as one who takes 12 credit hours per term and is employed by the school for 20 or fewer hours per week. IRS staff advises that this general rule is an administrative guideline but it is not absolute. The IRS defaults to case-by-case determinations to resolve tax applications. The Social Security exclusion applies only during periods of regular school attendance, i.e., when the student is enrolled and regularly attending classes, whether in the regular academic year or in summer session. Additionally, services performed on holidays, weekends and between terms falling within the academic year when classes are not scheduled are excluded. **However, the exclusion does not apply to work performed during a summer vacation/recess if the student is not enrolled in summer session and fails to meet the IRS guidelines.**

To assist campuses in providing summer employment opportunities to continuing students, the CSU is making available a “bridge” Student Assistant classification to be used for continuing student employees during summer recesses in which they are not enrolled as summer students. This “bridge” classification is also available for use by four-quarter-year-round campuses for continuing student assistants during any single quarter recess break.

Student assistants in this “bridge” classification will be covered by the University of California Defined Contribution Plan (UC DC Plan), an alternate “safe-harbor” plan provided as a substitute to Social Security coverage. This alternative plan requires students to pay 7.5% 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 employer.

(Over)

Distribution:
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Associate Vice Presidents/Deans, Faculty Affairs  
Vice Presidents, Administration  
Vice Presidents/Deans of Students  
Budget Managers

Personnel Officers (With Attachment)  
Payroll Supervisors
Attachment A provides additional information, including processing requirements for student assistant employment which does not meet the IRS rules for exclusion from Social Security and Medicare. If a campus elects to use the “bridge” classification, the campus must appoint continuing students to the alternative classification at the beginning of the summer and separate the student from that classification at summer’s end. The standard student appointment (excluded from Social Security and Medicare) which was on the database before the summer recess may be left on the database and used for the following academic year as long as the student meets the federal requirements for exclusion from social security and Medicare coverage.

Please note that use of the “bridge” classification is optional. Campus policy may limit student assistant employment to the existing student classification and ensure that all student employment meets the IRS requirements for exclusion from Social Security and Medicare.

It is important to point out that the underlying intention of this procedure is to provide campuses with the ability to continue the practice of providing employment opportunities appropriate to the Student Assistant classification within the requirements of the IRS code. As has been noted previously, all Student Assistants must satisfy enrollment and work requirements during the regular academic year to maintain eligibility for student assistant employment.

If you have any questions, please call systemwide human resources administration at (310) 985-2669.

CR/pb
Attachment
ADDITIONAL INFORMATION: NEW STUDENT ASSISTANT CLASS

Processing Requirements:

Appointments to the current, standard CSU student assistant classification are placed on the employment history database via a “shell” A98 transaction. Because of the nature of the A98 transaction, there is no way to process appointments to the standard student assistant classification with a retirement account code to indicate that employment does not qualify for exclusion from Social Security/Medicare. Therefore, the following alternative class code is being established effective May 1, 1996, to accommodate student employment which does not qualify for exclusion from Social Security/Medicare:

<table>
<thead>
<tr>
<th>Classification Title</th>
<th>Current Standard Class Code (Excluded)</th>
<th>Alternative “Bridge” Class Code (Not Excluded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Assistant</td>
<td>1870</td>
<td>1874</td>
</tr>
</tbody>
</table>

Appointments to the alternative (“bridge” class code 1874 must be processed as hourly intermittent appoints via a Personnel Payroll Transaction (PPT) form, using transaction code A52.

Special Notes:

- Appointments to the new alternative (“bridge“) class code must have a retirement account code reflecting UC DC coverage in lieu of Social Security. The correct code will normally be “TY”, which indicates the student assistant is covered by Medicare. (Use Code “TX” if the student is NOT covered by Medicare because he/she has been continuously employed with the CSU since prior to April 1, 1986 or if he/she is a non-resident non-citizen holding a J-1 or F-1 visa.)

- To facilitate tracking of student assistant expenditures with and without benefits costs, a new serial number/sub-code is being established for student assistant appointments to the “bridge” class code 1874. Please use the following blanket serial number and sub-code:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Serial Number</th>
<th>Sub-Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1874 “Bridge” Student Assistant</td>
<td>961</td>
<td>3190</td>
</tr>
</tbody>
</table>
• Employment which qualifies for exclusion from Social Security/Medicare generally also meets the Unemployment Code Section 642 exclusion from unemployment insurance coverage. Employment which is not excluded from Social Security will generally be covered by unemployment insurance.

The following are answers to frequently asked questions:

Q. Do extension and extended education units count toward the safe harbor 12-unit requirement for exclusion from Social Security/Medicare and to student status for the new alternative class code?

A. Yes.

Q. Will the new alternative student class code be restricted to students?

A. Yes. The new "bridge" class code 1874 will be available only to continuing students to provide student assistant employment between academic years. Normally, this will mean the student has been eligible for or appointed to the standard class code 1870 during one academic year and is expected to be reappointed to that class code during the following academic year, but does not qualify for exclusion from Social Security/Medicare during the intervening summer. In this case, the student must be appointed to the alternative class code 1874 for the intervening summer.

Similarly, for quarter-year-round campuses, the alternative class code may be used to "bridge" any single quarter break in full-time student status. For example, if the student attends full time during summer, fall and winter quarters and chooses to take a break from classes during the spring quarter, class code 1874 may be used to provide employment during the spring quarter.

Q. If a student qualifies for exclusion from Social Security/Medicare during the academic year, but not during the summer, what dates must be used for the summer appointment?

A. This is determined by the campus’ own academic calendar. The appointment to the new class code would normally start the first day after the last academic work day of the Spring term and end with the last day prior to the start of the Fall term.
Q. Can students request retroactive placement in one of the new classifications?

A. No. The new classification is effective May 1, 1996, and is designed for prospective use only. It is the campus' responsibility to determine whether or not the student's employment meets the IRS guidelines for exclusion from Social Security/Medicare. This is not a matter of individual choice by the student employee.

Q. Are students eligible for overtime?

A. Yes. They are FLSA nonexempt employees and if they work more than 40 hours per week, they must receive overtime compensation. Such overtime must be paid in cash unless the student assistant's appointment letter provides as part of the employment terms that overtime may be compensated in Compensatory Time Off (CTO).

Q. Will students be eligible for shift differential?

A. No.

Q. Are there minimum or maximum duration of appointment requirements for UC DC retirement plan purposes?

A. No. Students are ineligible for PERS retirement coverage. If they are not excluded from Social Security and Medicare, they must be placed in the UC DC retirement plan, which has no minimum or maximum appointment requirements.

Q. Must the campus process separation transactions for the new classification?

A. Yes. Unlike the appointments processed on "shell" A98 transactions, the new class code 1874 requires the campus to process a separation when the student leaves employment or switches to other CSU employment status.

Q. When the student changes from the alternative class code 1874 to the standard student assistant class, will he/she be eligible to withdraw his/her UC DC funds?

A. No. A UC DC participant must be separated from all CSU employment to be eligible to withdraw his/her funds.
Q. Is the new student assistant class code available only during the summer?

A. Generally, yes. However, class code 1874 may also be used on a quarter-year-round campus for any single quarter break in student enrollment.

Q. Can a class code 1874 student assistant have multiple appointments at different rates of pay?

A. Yes. However, each appointment will require a separate PPT document. Each appointment must reflect a different position number (i.e., a different agency/reporting unit).

Q. How will pay be requested for the new class code?

A. The student assistant should be appointed as an hourly intermittent employee, and the campus must use the PIP 672 time and attendance processes for class code 1874, just as for any other hourly intermittent employee.

Q. What payment type will be used for the new “bridge” classification?

A. The payment type will be 0 for regular pay.

Q. Can campuses submit requests for pay via magnetic tape for the new classification?

A. Yes. Contact the Data Management Unit in PPSD at the State Controller’s Office (SCO). This process requires the SCO’s permission, then the campus would create test tapes and obtain SCO’s concurrence that the data is usable.

Q. Does this change affect any other student classifications?

A. No. At this time, only the Student Assistant classification is affected.
• Employment which qualifies for exclusion from Social Security/Medicare generally also meets the Unemployment Code Section 642 exclusion from unemployment insurance coverage. Employment which is not excluded from Social Security will generally be covered by unemployment insurance.

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