



ARIZONA STATE UNIVERSITY

Memorandum

March 23, 2006

To: Arizona State University Community

From: Paul J. Ward 
Vice President for University Administration and General Counsel

Subject: Guidelines re: TA/RA FICA Tax Withholding

In December of 2004, the Internal Revenue Service issued new regulations regarding the exemption from FICA tax withholding for student employees. These regulations became effective April 1, 2005 and are applicable to all student employees. A specific question was raised regarding what is required to maintain the FICA tax withholding exemption for Graduate Teaching and Research Assistants/Associates over the Summer session. After reviewing the regulations and having discussions with the Provost's Office, the Division of Graduate Studies, the Office of Financial Services, and the Office of Research and Economic Affairs, ASU has made a determination as to these requirements.

In order for a Graduate TA or RA to be exempt from FICA tax withholding in accordance with I.R.S. rules and regulations over the Summer session, the following criteria must be met:

1. ENROLLMENT

The I.R.S. rules and regulations require that the individual be enrolled at least half-time time in order to qualify for the FICA exemption. Accordingly, TA's and RA's in the five-week Summer sessions must enroll for at least one credit hour of coursework creditable toward their program of study per session. For TA's and RA's in the eight-week Summer session, they must enroll for at least two credit hours of coursework creditable toward their program of study.

2. NUMBER OF ALLOWABLE WORK HOURS

The I.R.S. rules and regulations provide that anyone with a "normal work schedule of 40 hours or more per week" is automatically classified as a "full-time employee" and will not be eligible for the exemption from FICA tax withholding. In order to address this along with other concerns that may arise regarding the employment status of TA's and RA's, ASU has decided that any TA or RA who wish to work more than 20 hours per week (50% FTE) during the Summer session will need to petition for a work overload. The student's committee chair and department chair must approve the petition, certifying that the student is making satisfactory progress towards her/her degree and that the work will contribute to his/her professional development.

OFFICE OF GENERAL COUNSEL
300 EAST UNIVERSITY DRIVE, SUITE 335
PO BOX 877405, TEMPE, AZ, 85287-7405
(480) 965-4550 FAX: (480) 965-0984

ASU has also decided that generally, no more than 30 hours of TA/RA work per week (75% FTE) during the Summer session will be approved in order to stay within the I.R.S. guidelines. Exceptions to this will be considered on a case-by-case basis. The student may occasionally work additional hours beyond their approved schedule as a result of demands that are unforeseen at the start of the Summer session. However, students who regularly perform TA/RA work approaching 40 hours or more per week will risk losing the FICA tax withholding exception and will also likely create other issues with respect to his/her employment. Students whose normal, regular work schedule is 40 or more hours per week are considered "full-time" employees and are not eligible for the FICA tax withholding exception. Departments should report any changes that may affect the student's status to Associate Dean Andrew Webber.

Implementation of these changes during the Summer will result in a determination of student enrollment status after the drop-add period and maximum FTE for employment purposes at the beginning of the pay period as follows:

FICA Exempt:		
Enrollment Status	5/10	minimum 50% enrollment
Employment Status RA/TA	5/16-5/31 (<i>academic break</i>)	maximum 100%FTE
Enrollment Status	6/10	minimum 50% enrollment
Employment Status RA/TA	6/1-6/30	maximum 75% FTE
Enrollment Status	7/10	minimum 50% enrollment
Employment Status RA/TA	7/1-7/31	maximum 75% FTE
Employment Status RA/TA	8/1-8/15 (<i>academic break</i>)	maximum 100% FTE

If there are any questions regarding these new requirements, please direct them to Associate Dean Andrew Webber. Your cooperation in assisting ASU with complying with these new rules and regulations is appreciated. Thank you.