BAY MILLS
Community College

Policy Title:	**Student Employment and FICA Exemption**		
Approval Authority:	President	**Date Effective:**	January 24, 2014
Responsible Office:	Accounting/HR	**Responsible Office Contact:**	Vice President for Business and Finance

1. **POLICY STATEMENT/REASON FOR POLICY**

   Bay Mills Community College offers part-time employment opportunities for students through the Federal Work Study program and other funding. Earnings are subject to federal and state income taxes. However, certain student workers will be exempt from FICA (Social Security and Medicare) taxes.

2. **ENTITIES AFFECTED BY THIS POLICY**

   All Departments hiring students and student employees.

3. **WHO SHOULD READ THIS POLICY**

   All Departments hiring students and student employees.

4. **WEB SITE ADDRESS FOR THIS POLICY**

   -This policy can be found at:
   http://www.bmcc.edu/about-bmcc/governance-administration/college-policies

5. **FORMS/INSTRUCTIONS**

   No forms required.

6. **HISTORY**

   -Amended: January 24, 2014
   -Next Review Date: January 24, 2017
   -BMCC reserves the right to revise policies at any time.

7. THE POLICY

Student Employment and FICA Exemption

Bay Mills Community College offers part-time employment opportunities for students through the Federal Work Study program and other funding. To qualify for Federal Work Study positions, the student must have a demonstrated financial need and be eligible for financial aid. Financial need may not be a factor for some of the other student worker positions.

Students interested in working for the College should watch for job postings on the Financial Aid Office and HR/Accounting Office bulletin boards.

Jobs are subject to availability and are not guaranteed. Students may be required to reapply each semester as actual employment is based upon the funding available.

Students must provide proper identification, verify their identities and ability to work within the United States, and complete and return the Federal W-4, State W-4, and I-9 form, **before work begins.** Earnings are subject to federal and state income taxes. However, certain student workers will be exempt from FICA (Social Security and Medicare) taxes.

Student Exception to FICA Tax

The Internal Revenue Code imposes a tax on employers and employees referred to as the Federal Insurance Contributions Act (FICA). The Code, however, contains a number of exceptions to the FICA tax, one of which exempts services performed for a college or university by a “student who is enrolled and regularly attending classes” at the institution. Students are not automatically exempt from FICA taxes. Certain guidelines must be met to qualify for the FICA tax exemption.

Guidelines

A student employee will generally qualify for the FICA exemption if the following conditions are met:

- Must be enrolled and regularly attending classes on at least a half-time basis (6 credits hours or more per semester) at Bay Mills Community College (BMCC). This determination will be made at the end of the add/drop period each semester.
- Must have the status of a student. The services that the student employee performs for the College must be incidental to and for the purpose of pursuing a course of study at BMCC. The educational aspect of the relationship, as compared to the service aspect, must be predominant.
- Students may work no more than 20 hours per week in order to maintain their eligibility for the student FICA exemption.
- The student employee must not be eligible to receive benefits at BMCC that are offered to non-student positions. These benefits include, but are not limited to the 403(b) retirement plan, state unemployment benefits, and vacation, short term leave, or paid holiday benefits.