



May 5, 2023

**MEMORANDUM**

TO: Human Resources Representatives  
Fiscal Administrators  
Student Employment Coordinators

FROM: James R Kashiwamura, Director

SUBJECT: Student Employee and Graduate Assistant Summer FICA Tax Exemption Status

Student employees, except graduate assistants as noted below, must be enrolled (at a minimum) in a summer session term on a half time basis (3 credits or more) to maintain and/or qualify for the FICA tax exemption. Student employees who do not qualify for the FICA tax exemption during the summer months must participate in the State of Hawaii Part-time, Temporary and Seasonal/Casual (PTS) Deferred Compensation Program. Departmental personnel are responsible for determining student employees' FICA exemption status and changing FICA codes on applicable payroll documents.

To assist departmental personnel in determining FICA exemption status for these employees during the summer, the UH-Mānoa Student Employment and Cooperative Education office (SECE) has developed a questionnaire (Attachment A) and flowchart (Attachment B).

Changes to the FICA code to an existing student employee record, must be made on-line via the SECE System. Attachment C shows UH Payroll Office guidelines and deadlines for making online changes for pay periods during the summer months.

Any changes to Graduate Assistant FICA codes are made via submission of an ePNF through the PeopleSoft system. Go to <https://www.hawaii.edu/fmo/payroll/> for 2023 Payroll Due Dates. Documents must be submitted by appropriate deadline dates shown. Please note:

- 9-month graduate assistants are not affected and remain exempt from FICA since their compensation is prorated over 12 months.
- 11-month graduate assistants must participate in the PTS Deferred Compensation Program during the summer if they are not enrolled for at least 4 units during any summer session. If the one-month off-duty period is taken during the summer, compensation received during this off-duty period would qualify for FICA tax exemption since no work is performed. If a change in the FICA code is required, prepare and submit a PNF to reflect the proper FICA code. Use action/reason "Data Change / 950" (Change in Record - Other Changes).

Timely FICA code changes in the SECE Student On-line System and PNF document submittal to the UH Payroll Office are critical as an erroneous FICA code results in either an over-assessment or under-assessment of the employee's PTS deferred compensation contribution and Medicare taxes. If this occurs, corrective action must be initiated by the employing department.

In the event of an over-assessment or an under-assessment, departmental administrators will be required to refund or recover the PTS Deferred Compensation amount and the Medicare tax for the student and process adjustments to the State Payroll System via the UH Payroll Office to properly correct the student's payroll records. Fringe benefit corrections for the Medicare tax will also be required for imposed accounts.

- If a student has already left University employment, departmental administrators will be responsible for tracking the student and executing the required corrective actions.
- If Medicare taxes are owed by a student and cannot be recovered, the funding source (imposed accounts) will be responsible for both the 1.45% employee assessment and the 1.45% employer assessment for a total of a 2.90% assessment.

Questions related to the timing of documents should be directed to your campus Student Employment Office or the Graduate Division, as applicable. Questions on Graduate Assistant appointment processing and requests for forms/informational material on the PTS Deferred Compensation plan should be directed to your respective Human Resources Representative. Questions related to payroll processing requirements are to be directed to the UH Payroll Office at payroll@hawaii.edu.

Thank you for your assistance.

Attachments

c: Kalbert Young  
Jeffrey Long  
Krystyna Aune