

Student Employment & FICA Exemption Policy

Student Titles

The student title code should only be used by students at the University of Maryland system that have a regular schedule of less than 40 hours per week. Students that have a “regular” schedule of 40 hours or more per week or from other institutions (Non-USM) should not be classified in the “student” title code*. (F1 and J1 VISA status are not permitted to work more than 20 hours per week based on their VISA requirements.)

A student employee that has graduated can not be classified in a student position. Once the student graduates, you must change the title code or terminate the student, in the next pay cycle.

Student FICA Exemption Policy

Student employees (Student and Graduate titles) that meet the following IRS requirements will be exempt from paying FICA (Social Security and Medicare taxes):

- Employment must be at UMBC (or USM institution)
- Enrolled at least half time (including summer sessions)
 - Summer Semester Enrollment Requirements*
 - Graduate Students enrollment = 3 credits (formerly 12 units)
 - Undergraduate Students = 3 credits

- Spring or Fall Semester Enrollment Requirements*
- Graduate Students enrollment = 6 credits (formerly 24 units)
- Undergraduate Students = 6 credits

- Work less than 40 hours per week (Includes the sum of multiple positions)

In accordance with the above stated policy, departments will be required to submit the Student FICA Exemption form to Payroll with the new hire payroll documents to determine the FICA eligibility when they are hired.

The Payroll Service Center will run a compliance audit each semester to determine FICA eligibility based on the registration requirements.

If the student is any of the following, they will be considered FICA eligible

- Career employee – Works full time and eligible for benefits such as retirement
- Professional student – Primary purpose relates to their employment vs. their education

It is critical for each department to be compliant with this policy. Non-compliance may result in the employer and employee being improperly taxed which could result in retroactive taxation based on IRS requirements. Also, in the event that UMBC is audited by the IRS there could be penalties and fines to the institution.

NOTE: The IRS Regulation does not change the FICA exemption eligibility for F-1, J-1, M-1 or Q-1 immigration status.