

Business Office

Payroll Deduction

General

During each pay period, an employee's gross pay may be reduced by various deductions. Some deductions are required by law, whereas others are optional and may be withheld at the request of the employee. Specific types of payroll deductions are listed below. For additional information about a payroll deduction, the employee may contact the Payroll Office at 505-835-5510.

Payroll Taxes

The Internal Revenue Service (IRS) and other taxing agencies require that taxes be withheld from the gross pay of all employees unless the employee qualifies for exemption. Taxes are taken from gross pay before any other deduction.

FICA

A percentage of gross pay is deducted for both FICA Tax (Social Security) and FICA Medicare Tax contributions. Since July 1, 1991, all New Mexico Tech employees, other than student employees, are required to pay all FICA contributions. Prior to July 1, 1991, some part-time, temporary, and seasonal employees had only FICA Medicare Tax deducted. The Social Security Administration now requires full Social Security coverage for these employees. Student employees are exempt from both the FICA Tax and FICA Medicare Tax deductions.

Federal Income Tax

The calculation of Federal income tax is based on information submitted by the employee on his or her W-4 Form completed upon hire. This information may be changed by the employee when there is a change in dependent status or the employee wishes to change the amount of tax withheld (within IRS restrictions).

New Mexico State Income Tax

The calculation of state income tax is based on information submitted by the employee on the W-4 form, unless a Payroll State Tax form is submitted. The Payroll State Tax form allows the employee to request an additional amount withheld for State tax only, or to claim exempt status from state tax based on residency in another state. New Mexico Tech calculates and withholds state income tax for the State of New Mexico only.

Tax Exemption for Non-Resident Aliens

Employees who are citizens and permanent residents of another country may qualify for exempt status from FICA, Federal, and State taxes. To apply for this exemption, employees must present their visas at the Payroll Office and complete the required forms.

Earned Income Credit

Employees eligible for the Earned Income Credit may elect to receive an advance payment of the credit by filing a W-5 form with the Payroll Office. Earned Income Credit is a refundable tax credit provided for low-income employees with dependent children who maintain a household.

Other Deductions

Required Deductions

Retirement Contributions

Contributions to the Educational Retirement Fund (defined under heading “Retirement” Policy 3625, IBP) are required for all employees except for those in the following categories:

- Staff employees working 30 days or less per year
- Faculty working during Summer Session only
- Student employees (including undergraduate, graduate, and intern students)
- Working retirees
- Substitute employees

Additional information about eligibility is available from the Human Resources Office. Retirement contributions are calculated as a percentage of gross pay. Retirement contributions are not subject to Federal and State income tax in the year they are deducted, but they may be subject to these taxes if they are withdrawn. The New Mexico Educational Retirement Plan is a qualified benefit plan, which limits the amount that a participating employee may invest in an IRA.

Workers' Compensation Annual Assessment

Every three months, a fixed amount, (currently two dollars) is deducted from the gross pay of all employees as required by State law.

Mandated Deductions

Other deductions may be mandated on an individual basis by court order or governmental agency. Such deductions may be required for child support, a tax levy, or a Writ of Garnishment. Mandated deductions are taken after taxes and retirement contributions, and before all optional deductions. New Mexico Tech policies may also mandate deductions for debts owed to the university.

Optional Deductions

Insurance

Premiums for The New Mexico Institute of Mining and Technology Employee Benefit Trust Plan (see heading “Employee Benefit Trust Plan” Policy 3600, IBP) may be paid through payroll deduction by regular staff or faculty with at least .50 FTE. Plans include coverage for health, dental, vision, life, and disability insurance. Additional information is available from the Human Resources Office.

Investments

Employees may choose to purchase tax-deferred annuities or US Savings Bonds through a payroll deduction.

Dues

Employees may choose to pay dues and/or fees associated with New Mexico Tech facilities and programs.

Faculty Paid in Ten Installments

Some payroll deductions are doubled in May and August for faculty members with nine-month contracts who choose to be paid in ten monthly installments from August through May. To ensure continuous coverage, insurance premiums must be paid for 12 months. Extra insurance deductions are taken in May and August to cover the months of June and July.

Student Employee Work Hours and Employment Status Policy

The purpose of this policy and procedure is to comply with IRS guidelines for treatment of the student FICA/Medicare exception. Regular degree seeking students enrolled full-time and working no more than 20 hours a week will automatically be eligible for the § 3121 (b)(10) of the IRS code (student FICA exception). Student employees are exempt from both FICA and Medicare payments so long as they meet the above criteria. This policy is applicable to all types of student work-study employment.

Definitions

All student employees will be classified as part-time or full-time according to their enrollment status at the beginning of each academic term. All students, who enroll for less than twelve (12) credit hours for fall and spring semesters, or six (6) credit hours for the summer semester, will be classified as part-time for employment purposes for the entire academic term. The official records of the Registrar's office will determine the student's enrollment status. Academic term as used in this policy means semesters as defined by the New Mexico Tech Registrar's office.

Employment Status

For regular full-time students working over academic breaks that do not exceed five weeks in duration and as long as the student's work hours do not exceed 40 hours per week, the student FICA exception will remain in tact.

In order to keep their exception during the summer break periods a student must be enrolled at least half time (3 credit hours) during the summer semester. Students who do not enroll for summer school or enroll for less than three credit hours will not be eligible for the exception. FICA/Medicare will be assessed to both the student and the hiring department. These students however will be permitted to work up to 40 hours a week or 80 hours per pay period without jeopardizing their student employment status.

Students enrolled for 3 credit hours and up to 5 credit hours during the summer semester are permitted to work up to 30 hours a week without jeopardizing their student employment status and will be allowed the FICA/Medicare exception.

Changes in Status

If a student must drop below full-time enrollment, but not less than half time, the Financial Aid Office may elect to continue this student on the student payroll and the student will continue to qualify for the student FICA exception.

Students who enroll for at least three credit hours during the summer and receive the exception for the first 5 week break and subsequently drop out of summer school will be charged FICA retroactively to the first day after the last day of Spring finals. The hiring department will also be charged retroactively.

Work Hours

Students enrolled for six or more credit hours will not be permitted to work over 20 hours per week or 40 hours per pay period while school is in session in order to qualify for the FICA/Medicare exception and to remain on the student payroll. Registration day will be considered the first day of the academic semester.

Any student that exceeds the 40 hours a pay period limit while school is in session will be given one warning per semester before becoming ineligible for the student FICA exception and will be removed from the student payroll for the remaining portion of the semester. This also applies to students who exceed 40 hours per week during an academic break.

If removed from student status, the hiring department will have two working days to submit paperwork placing the student in emergency employee status and full FICA and Medicare deductions will be charged to both the student and to the department on the entire paycheck for that employee. The department may not change the student's rate of pay for the affected pay period.

To facilitate compliance with this provision, any student employed in full-time status who seeks a second position with another department at New Mexico Tech must secure approval from the first department to hold a second job and must inform the second hiring department. If a student employee exceeds forty (40) hours in this dual department employment arrangement, both departments will pay their share of FICA and Medicare charges for the employee. The student will pay the employee's share and be dropped from student employment status.

Reinstatement of Student Employment Status

If a student loses full-time student-employment status for any reason, including dropping below full-time enrollment or by working more than forty (40) hours in any two week pay period, that student may not be reinstated to full-time student status until the first pay period starting after the end of the semester. The student must meet student-status eligibility beginning the next semester.