

FAQ: Summer Employment Policy and Its Effect on Financial Aid

What is the YLS Summer Employment Policy?

As a need based aid institution, YLS students are expected to contribute towards the cost of their education through summer employment. The determination of the expected summer contribution for continuing students is based on the following steps:

1. The calculation of gross earnings is based on the weekly rate of pay for students' full-time job(s) applied to the number of weeks worked.
 - a. For students who split employment between more than one full-time employer, gross earnings will be derived by calculating a weighted average weekly income for all full-time weeks worked. This average income will be applied to the actual number of weeks worked.
 - b. For students who split employment between a full-time compensated position and a full-time unpaid internship, gross earnings will be derived by reducing gross income by the standard weekly living allowance for weeks working at the unpaid position. See Example 5 for full details.
2. Next, we calculate a tax deduction for federal, state, and FICA taxes. For the state tax rate, we use either the tax rate of the state in which the student worked or Connecticut's income tax rate (5% in 2023), whichever is greater. This tax deduction is subtracted from gross earnings. See Appendix A for state tax rates.
 - a. For students who work in multiple states, we will base the state portion of the tax calculation on the state with the higher tax rate.
3. Next, we deduct \$8,000 for summer living expenses.
4. Next, we deduct a savings component (after taking into account the deductions above), which will be retained by students and thereby decrease the student contribution:
 - a. For weeks 1-10 we will deduct 15%; and
 - b. For weeks 11 and greater we will deduct 75%.
5. The remaining income will be the student's summer income contribution. In most cases, the summer income contribution is not paid to the law school, rather it is retained by the student to pay for part of the cost of living during the academic year.

How does it really work?

Example 1: A student in a firm position located in NY earns \$3,600 per week for 10 weeks:

- Step 1: $\$3,600 \times 10 = \$36,000$ (gross income)
- Step 2: $\$36,000 - \$9,397$ (tax allowance) = $\$26,603$
- Step 3: $\$26,603 - \$8,000$ (summer living allowance) = $\$18,603$
- Step 4: $\$18,603 - \$2,791$ (15% savings allowance) = $\$15,812$
- Step 5: $\$15,812$ Student's Summer Income Contribution

Example 2: A student in a firm position located in FL earns \$3,600 per week for 10 weeks:

- Step 1: $\$3,600 \times 10 = \$36,000$ (gross income)
- Step 2: $\$36,000 - \$8,677$ (tax allowance based on CT state tax) = $\$27,323$
- Step 3: $\$27,323 - \$8,000$ (summer living allowance) = $\$19,323$
- Step 4: $\$19,323 - \$2,899$ (15% savings allowance) = $\$16,424$
- Step 5: $\$16,424$ Student's Summer Income Contribution

Note: In this example, CT state tax rate was used since CT has a higher state tax rate than FL.

Example 3: A student works in a firm position located in CA earns \$3,600 per week for 12 weeks:

First, calculate student contribution for 10-week period:

- Step 1: $\$3,600 \times 10 \text{ weeks} = \$36,000$ (gross income)
- Step 2: $\$36,000 - \$9,324$ (tax allowance) = $\$26,676$
- Step 3: $\$26,676 - \$8,000$ (summer living allowance) = $\$18,676$
- Step 4: $\$18,676 - \$2,801$ (15% savings allowance) = $\$15,875$

Second, calculate student contribution for Weeks 11-12

- Step 1: $\$3,600 \times 2 \text{ weeks} = \$7,200$
- Step 2: $\$7,200 - \$1,865$ (tax allowance) = $\$5,335$
- Step 3: $\$5,335 - \$4,001$ (75% savings allowance) = $\$1,334$

Third, summer income contribution:

- Final step: $\$15,875 + \$1,334 = \$17,209$ Student's Summer Income Contribution

Example 4: A student splits their summer employment by working in a firm position located in NY earning \$3,600 per week for 8 weeks, and earning \$3,500 per week working in TX for 6 weeks.

First, determine average weekly income:

Step 1: $(\$3,600 \times 8) + (\$3,500 \times 6) = \$49,800$ (calculated gross income)

Step 2: $\$49,800/14$ weeks = $\$3,557$ average weekly income

Second, determine student contribution for 10-week period:

Step 1: $\$3,557 \times 10$ weeks = $\$35,570$

Step 2: $\$35,570 - \$10,030$ (tax allowance) = $\$25,540$

Step 3: $\$25,540 - \$8,000$ (summer living allowance) = $\$17,540$

Step 4: $\$17,540 - \$2,631$ (15% savings allowance) = $\$14,909$

Third, determine student contribution for weeks 11-14:

Step 1: $\$3,557 \times 4$ weeks = $\$14,228$

Step 2: $\$14,228 - \$4,012$ (tax allowance) = $\$10,216$

Step 3: $\$10,216 - \$7,662$ (75% savings allowance) = $\$2,554$

Fourth, summer income contribution:

Final step: $\$14,909 + \$2,554 = \$17,463$ Student's Summer Income Contribution

Note: Tax allowance is based on state with the highest tax rate. In this example, NY has a higher tax rate than TX.

Example 5: A student splits their summer employment by working in a firm position located in DC earning \$3600/week for 8 weeks, and at an unpaid public interest position in DC for 4 weeks.

First, determine average weekly income:

Step 1: $(\$3600 \times 8) - (\$666.66 \times 4) = \$26,133$ (calculated gross income)

Step 2: $\$26,133/12 = \$2,177.75$ average weekly income

Second, determine student contribution for 10-week period:

Step 1: $\$2,177.75 \times 10$ weeks = $\$21,778$

Step 2: $\$21,778 - \$5,421$ (tax allowance) = $\$16,357$

Step 3: $\$16,357 - \$8,000$ (remaining summer living allowance) = $\$8,357$

Step 4: $\$8,357 - \$1,253.55$ (15% savings allowance) = $\$7,103$

Third, determine student contribution for weeks 11-12

Step 1: $\$2,177.75 \times 2$ weeks = $\$4,356$

Step 2: $\$4,356 - \$1,084$ (tax allowance) = $\$3,272$

Step 3: $\$3,272 - \$2,454$ (75% savings allowance) = $\$818$

Fourth, summer income contribution:

Final step: $\$7,103 + \$818 = \$7,921$ Student's Summer Income Contribution

Student's Summer Income Contribution

*Note: By reducing gross income by the standard weekly living allowance for weeks working at the unpaid position, the calculated gross income of \$26,133 is less than the actual gross income earned of \$28,800. **This allowance is only applicable if working no more than 8 weeks at a firm.***

How will having a summer contribution impact my financial aid?

Based on our need-based aid formula, an increase in summer earnings will correspondingly decrease scholarship/stipend support. However, that only happens if all other elements of your contribution stay the same. If your own asset contribution decreases (as happens with most 3Ls when we assume assets are exhausted) or the parent contribution decreases (as it is reassessed each year) then the addition of a summer contribution would not be a dollar for dollar decrease of the grant.

How do I report my summer employment?

There is a series of questions on the FFAST application which asks you to report your summer employment plans detailing the name of the employer, the state where the employer is located, the type of work, the number of weeks employed, and weekly earnings. SPiF recipients should still complete this section with all information indicating \$0 for direct weekly earnings. In addition, students will be required to upload their employer letter confirming the number of weeks employed and the gross earnings per week.

If I have questions about summer employment and the impact, what should I do?

If you have any questions on how accepting a summer position will affect your aid award, you can make an appointment with the financial aid office to discuss. We would be happy to review your options or project how the employment will impact your financial aid.

What if I work a part-time position in addition to one or more full-time position?

Students are not expected to contribute income from any part-time summer positions, whether or not the position is concurrent with a student's full-time position. We know that some students may work for a family business, work in a part-time position to earn extra income, or RA for professors on a part-time basis during the summer. None of this income needs to be reported to the Financial Aid Office. For purposes of the summer income contribution calculation, part-time employment is considered 25 hours a week, or less.

What do I do if my employer is deducting more in federal, state, or local taxes than the financial aid office will assess?

Because the tax rate is normally based on an annualized projection for each pay period, some employers will withhold more in federal taxes when employed at the company for a shorter period of time (i.e. summer only). To avoid the higher tax deduction, we suggest you speak to your employer's HR office about adjusting the federal tax withholding since you will only be employed there for a few weeks during the summer. You can find more details about this procedure in the IRS Publication 15-A, page 24 (<https://www.irs.gov/pub/irs-pdf/p15a.pdf>).

How does participation in SPIF affect the summer contribution?

Students who participate in the Summer Public Interest Fellowship (SPIF) do not have a summer contribution as their SPIF grant is less than or equal to the \$8,000 summer income living allowance. Students are not eligible for SPIF funding if also working at a firm.

Will I have a summer income contribution if I choose not to work during the summer?

A summer income contribution of \$2,500 will be assessed to students who choose not to work during the summer.

Appendix A: State Tax Rates

State/Territory	State Tax Allowance
AA - Military (AA)	1%
AB - Alberta	1%
AE - Military (AE)	1%
AK - Alaska	0%
AL - Alabama	2%
AP - Military (AP)	1%
AR - Arkansas	3%
AS - American Samoa	1%
AZ - Arizona	2%
BC - British Columbia	1%
CA - California	6%
CN - Canada	1%
CO - Colorado	3%
CT - Connecticut	5%
DC - District of Columbia	6%
DE - Delaware	3%
FC - Foreign Country	1%
FL - Florida	1%
FM - Federated States of Micronesia	1%
GA - Georgia	4%
GU - Guam	1%
HI - Hawaii	4%
IA - Iowa	3%
ID - Idaho	4%
IL - Illinois	3%
IN - Indiana	3%
KS - Kansas	3%
KY - Kentucky	4%
LA - Louisiana	2%
MA - Massachusetts	4%
MB - Manitoba	1%
MD - Maryland	6%
ME - Maine	3%
MH - Marshall Islands	1%
MI - Michigan	3%
MN - Minnesota	5%
MO - Missouri	3%
MP - Northern Mariana Islands	1%
MS - Mississippi	2%
MT - Montana	3%
MX - Mexico	1%
NB - New Brunswick	1%

State/Territory	State Tax Allowance
NC - North Carolina	3%
ND - North Dakota	1%
NE - Nebraska	3%
NF - Newfoundland	1%
NH - New Hampshire	1%
NJ - New Jersey	5%
NL - Newfoundland/Labrador	1%
NM - New Mexico	2%
NS - Nova Scotia	1%
NT - Northwest Territories	1%
NU - Nunavut	1%
NV - Nevada	1%
NY - New York	7%
OH - Ohio	3%
OK - Oklahoma	2%
ON - Ontario	1%
OR - Oregon	5%
PA - Pennsylvania	3%
PE - Prince Edward Island	1%
PQ - Quebec (PQ)	1%
PR - Puerto Rico	1%
PW - Palau	1%
QC - Quebec (QC)	1%
RI - Rhode Island	4%
SC - South Carolina	3%
SD - South Dakota	1%
SK - Saskatchewan	1%
TN - Tennessee	1%
TX - Texas	1%
UT - Utah	4%
VA - Virginia	4%
VI - Virgin Islands	1%
VT - Vermont	3%
WA - Washington	1%
WI - Wisconsin	4%
WV - West Virginia	3%
WY - Wyoming	1%
YT - Yukon	1%
NA- None of the Above	1%