

# University of California



## Exclusively Represented Academic Student Employee (ASE) Child Care Reimbursement Program Pursuant to Article 4 of the UAW and UC Collective Bargaining Agreement Factsheet

Article 4 of the University of California's ASE collective bargaining agreement with the UAW established a child care reimbursement provision effective July 1, 2008.

This program is effective July 1, 2008 and will remain in effect through September 30, 2009. Continuing participation beyond September 30, 2009 will be subject to ongoing negotiation.

### Program Overview

The child care reimbursement will be paid through payroll as taxable earnings to the ASE. Each eligible ASE may receive up to \$300 per quarter or \$450 per semester for expenses incurred during the ASE's appointment period during the regular academic year. An employee must have had a valid ASE appointment for a minimum of 25 percent time for the duration of the term reimbursement is submitted for. (Summer is not an eligible term for reimbursement.)

### Eligibility

An eligible ASE is a registered student with at least a 25 percent ASE appointment who has (a) qualified dependent(s). For the purposes of this program, qualified dependents are non-school age children in the custody of the ASE.

### Reimbursement Process

At end of a quarter or a semester, or when the maximum reimbursement amount has been reached during the term, the ASE completes a *Exclusively Represented Academic Student Employee (ASE) Child Care Reimbursement* form (UBEN 254) and submits it with applicable child care provider receipt(s) to his/her hiring departmental personnel officer. The UBEN 254 form and this factsheet are available on At Your Service ([atyourservice.ucop.edu](http://atyourservice.ucop.edu)) under "Forms and Publications."

### Submitting a Reimbursement Form

Reimbursement requests for expenses must be submitted after the expenses are incurred. Reimbursement requests should be submitted via UBEN 254 form based on campus specified deadlines but no later than the last day of the following term.

The ASE will be required to certify on the reimbursement form that the expense is not being claimed under both the ASE Child Care Reimbursement and the ASE Dependent Care programs.

Once a UBEN 254 is submitted, the hiring department personnel office certifies that the form is complete, that the employee has/had an appropriate appointment as an ASE and that the applicable documentation is attached.

Note: Two ASE employees may not each claim the credit for the same provider care for an eligible child unless the provider care exceeded the term dollar limit of \$300 per quarter or \$450 per semester. The second ASE employee may claim the additional expense reimbursement. For example, if the reimbursable amount for child care totals \$1,100 in the academic year, the first ASE may claim \$900 and the second ASE may claim \$200.

An ASE employee who is eligible for the ASE Dependent Care program in 2009 cannot submit receipts for the same expense for both ASE Child Care Reimbursement and ASE Dependent Care program.

Payment for the child care program will normally be in the same form as the ASE normally receives pay, i.e. check or electronic deposit. If an ASE employee is no longer actively employed at the time of the reimbursement then a paper check will be issued.

# Questions and Answers

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## **1. How are 'non-school age children' defined? What is the age limit for non-school age children?**

A qualified dependent is defined according to the California Department of Education under which school districts must admit children if they will be five years of age on or before December 2 of the school year. Only children under the age of five on or before December 2 qualify for the program.

## **2. How is applicable child care provider defined?**

The child care provider must have a valid tax I.D. or Social Security number. If the center cares for six or more dependents who are not residents, it must comply with all state and local licensing laws and applicable regulations. Child care provided by the spouse, a child of the ASE under age 19, or someone else the ASE claims as a dependent for tax purposes is not reimbursable.

## **3. How will the reimbursement be taxed?**

Federal tax will be at 25 percent, state tax at 6 percent. Defined Contribution Plan and Medicare will be deducted, if applicable.

## **4. How will I receive my reimbursement?**

The reimbursement will be processed through Payroll and will be provided in the same manner that you usually receive payment, either direct deposit or a paper check. If the reimbursement is processed more than 30 days after an ASE no longer has an active appointment then the reimbursement will probably be via a paper check.

## **5. When the ASE Dependent Care program becomes available in January 2009 (under the same article of the ASE contract), will the \$5,000 ASE Dependent Care limit will be reduced by amounts reimbursed under the ASE Child Care Reimbursement program?**

When ASE members become eligible in January 2009, they will be able to participate in both child care reimbursement programs. Because the reimbursements paid to the ASE members under the ASE Child Care Program will be treated as additional wages, such reimbursements will not reduce the

maximum pre-tax amount that can be deducted from the employee's paycheck under the ASE Dependent Care program.

## **6. Why is the child care reimbursement taxable?**

In order for a child care reimbursement payment made by an employer to be nontaxable to the employee, it must be paid pursuant to a "dependent care assistance program" that meets certain requirements set forth in the Internal Revenue Code. The ASE Dependent Care program meets these requirements, which is why reimbursements made under this plan are not taxable to the employees. The ASE Child Care Reimbursement Program, however, is not structured to meet dependent care assistance program requirements; therefore, the reimbursements received by eligible ASE employees under this program are treated by the IRS as additional wage income.

## **7. Can I claim the child care credit on my tax form?**

Potentially yes. Even though the reimbursements received under the ASE Child Care Reimbursement Program represent taxable wages to the employees, the amounts paid by the ASE employees for child care services may be eligible for the "dependent care services" tax credit set forth in Section 21 of the Internal Revenue Code. Unlike tax deductions that merely serve to reduce the amount of taxable income against which the tax percentage is applied, a tax credit is a dollar-for-dollar reduction in the taxpayer's tax liability and is therefore significantly more valuable than a tax deduction.

The amount of the dependent care services tax credit that can be claimed is determined by multiplying the amount paid for the child care services during the year by a sliding scale percentage depending on the individual's adjusted gross income as illustrated the chart on the following page:

## Adjusted gross income

Over	But Not Over	Applicable Percentage
0	\$15,000	35%
15,000	17,000	34
17,000	19,000	33
19,000	21,000	32
21,000	23,000	31
23,000	25,000	30
25,000	27,000	29
27,000	29,000	28
29,000	31,000	27
31,000	33,000	26
33,000	35,000	25
35,000	37,000	24
37,000	39,000	23
39,000	41,000	22
41,000	43,000	21
43,000	No limit	20

Please note, however, that the amount of the credit cannot exceed \$3,000 for one child or \$6,000 for two or more children in any single tax year. The dependent care services tax credit is subject to a number of different requirements that are explained in IRS Publication 503, which can be found on the IRS website at <http://www.irs.gov/formspubs/lists/0,,id=97819,00.html>

You should consult with you tax advisor in determining whether you are eligible to claim this credit.

## 8. How is a 25 percent appointment defined for purposes of this program?

An ASE must be appointed so that over the term of the appointment the average time is at least 25 percent. An ASE might be appointed for 50 percent time for one-half of the term which would result in the average over the term being 25 percent.

## 9. Will the child care reimbursement affect my eligibility for Financial Aid?

It is possible that the child care reimbursement might impact eligibility for Financial Aid. It is the responsibility of the ASE to inform the appropriate agencies and offices of the receipt of such child care reimbursement.

## 10. Who is responsible for processing the *Exclusively Represented Academic Student Employee (ASE) Child Care Reimbursement form (UBEN 254)*?

The hiring department will be responsible unless another department or unit has been designated by the campus. If so, the hiring department should inform the ASE when the form is submitted.

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Website address: [atyourservice.ucop.edu](http://atyourservice.ucop.edu)



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