

# University of California, Merced

## GSR Child Care Reimbursement Program

### For Graduate Student Researchers (GSR) at UC Merced

#### Factsheet

Graduate Student Researchers at the University of California, Merced are eligible for reimbursement of some child-care expenses through a program established by the University in 2013. The program described below is effective beginning June 2014.

#### Program Overview

Each eligible GSR may receive up to \$1,650 per semester for expenses incurred during the GSR's appointment period during the regular academic year. An employee must have a valid GSR appointment for a minimum of 25 percent time for the duration of the term for which reimbursement is submitted.

In addition, a GSR who meets the standard eligibility criteria for a summer session appointment can be reimbursed up to \$1,100 for eligible expenses incurred during the summer session terms. The \$1,100 maximum applies regardless of the number of summer terms a GSR may work in a calendar year. To be eligible for reimbursement during the summer term, the GSR must also be a registered student in the regular academic terms preceding and following the summer appointment.

#### Eligibility

An eligible GSR is a registered student with at least a 25 percent GSR appointment who has (a) qualified dependent(s). For the purposes of this program, qualified dependents shall include children, in the custody of the GSR, who are 12 or under on July 1<sup>st</sup>.

#### Reimbursement Process

The child-care reimbursement is paid through payroll as taxable earnings to the GSR. At end of a semester, or when the maximum reimbursement amount has been reached during the term, the GSR completes a *Graduate Student Researcher (GSR) Child Care Reimbursement form* (UCM-AP801), and submits it with applicable child-

care provider receipt(s). The name of the childcare provider and the name of the dependent(s) the expenses are related to need to be included on the receipt. UCM-AP801 is available on-line, from the Academic Personnel Office, or staff in each school Dean's Office.

#### Submitting a Reimbursement Form

Reimbursement requests for expenses must be submitted after the expenses are incurred. Reimbursement requests should be submitted via the UCM-AP801 form based on campus specified deadlines but no later than the last day of the following term.

An employee who is eligible for the GSR Dependent Care program cannot submit receipts for the same expense for both GSR Child Care Reimbursement and GSR Dependent Care program, or another program. The GSR will be required to certify on the reimbursement form that the expense is not being claimed under both the GSR Child Care Reimbursement and the GSR Dependent Care programs, or another program.

Once UCM-AP801 is submitted, the Academic Personnel Office certifies that the form is complete, that the employee has/had an appropriate appointment as a graduate student researcher, and that the applicable documentation is attached.

Note: Two GSR (or one GSR employee and one ASE employee) 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 \$1,650 per semester. The second employee may claim the additional expense reimbursement. For example, if the reimbursable amount for childcare totals \$1,850 in the academic year, the first GSR may claim \$1,650 and the other may claim \$200.

The reimbursement will usually be in the same form as the GSR normally receives pay, i.e. check or electronic deposit. If a GSR 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 is a qualified dependent(s) defined?

A qualified dependent is defined as a child, in the custody of the GSR, who is age 12 or under on July 1. The child must be 12 or under on July 1<sup>st</sup> to be eligible for the following academic year ending in June.

*-Example 1: Child turns 13 on July 2<sup>nd</sup>, Child is eligible for following academic year, since Child is 12 on July 1.*

*Example 2: Child turns 13 on June 30<sup>th</sup>. Child is ineligible for the following academic year, since Child is not 12 or under on July 1.*

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

The childcare 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. Childcare provided by the spouse, a child of the GSR under age 19, or someone else the GSR 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 contributions and Medicare tax will be deducted, if applicable.

## 4. How will I receive my reimbursement?

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

## 5. Will the \$5,000 ASE Dependent Care limit be reduced by amounts reimbursed under the ASE Child Care Reimbursement program?

GSR members may participate in both childcare reimbursement programs. Because the reimbursements paid to the GSR members under the GSR 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 GSR Dependent Care program.

## 6. Why is the childcare reimbursement taxable?

GSR ASE Child Care Reimbursement Program does not meet IRC dependent care assistance program requirements as a nontaxable program; therefore, the reimbursements under this program are treated by the IRS as additional wage income.

## 7. Can I claim the childcare credit on my tax form?

Potentially yes. Even though the reimbursements received under the GSR Child Care Reimbursement Program represent taxable wages to the employees, the amounts paid by the GSR 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. The amount of dependent care services tax credit that can be claimed depends on the individual's adjusted gross income. The dependent care service tax credit is subject to a number of different requirements. More information is available in IRS Publication 503, which can be found on the IRS website at <http://www.irs.gov/pub503>

You should consult with your 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?

A GSR must be appointed so that over the term of the appointment the average time is at least 25 percent. A GSR 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 childcare reimbursement affect my eligibility for financial aid?

It is possible that the childcare reimbursement might impact eligibility for financial aid. It is the responsibility of the ASE to inform the appropriate agencies and offices of the child care reimbursement