Child-Care Reimbursement Program For Graduate Student Researchers (GSRs) and Academic Student Employees (ASEs)

Factsheet

Graduate Student Researchers (GSRs) and Academic Student Employees (ASEs) at the University of California, Santa Barbara, are eligible for reimbursement of some child-care expenses through a program established by the UC Office of the President and administered on the UC campuses. The UCSB Graduate Student Researchers program described below is effective beginning October 1, 2013. The UCSB Academic Student Employees program described below has been effective since July 1, 2008. The amounts increased from $600 to $900 upon ratification of the new UAW contract on June 21, 2014.

Program Overview

Each eligible GSR and ASE may receive up to $900 per quarter for expenses incurred during the GSR's or ASE's appointment period during the regular academic year. An employee must have a valid GSR or ASE appointment for a minimum of 25% time for the duration of the period for which the reimbursement is submitted.

In addition, a GSR or ASE who meets the eligibility criteria for a summer-session appointment can be reimbursed up to $900 for eligible expenses incurred during the summer-session term. The $900 maximum applies regardless of the number of summer terms a GSR or ASE may work in a calendar year. To be eligible for reimbursement during the summer term, the GSR or ASE must also be a registered student in the regular academic terms preceding and following the summer-session appointment.

Eligibility

An eligible GSR or ASE is a registered student with at least a 25% GSR or ASE appointment who has one or more qualified dependents. For the purposes of this program, qualified dependents are children age 12 and under by July 1st and in the custody of the GSR or ASE.

Reimbursement Process

The child-care reimbursement is paid to the GSR or ASE through payroll and constitutes taxable earnings. At the end of a quarter—or when the maximum reimbursement amount has been reached within the quarter—the GSR or ASE completes a Graduate Student Researcher (GSR) & Academic Student Employee (ASE) Child-Care Reimbursement form and submits it with applicable child-care provider receipt(s) to the personnel officer in his or her hiring department. The form is available on the Academic Personnel website at: https://ap.ucsb.edu/forms.and.information/GSR-ASE.child.care.reimbursement.form.pdf

Submitting a Reimbursement Form

Requests for reimbursement of expenses must be submitted after the expenses are incurred. Reimbursement requests should be submitted no later than the last day of the following term.

Once a GSR & ASE Child-Care Reimbursement Form is submitted, the hiring department certifies that the form is complete, that the employee has had an appropriate appointment as a GSR or ASE, and that the applicable documentation is attached.
A graduate student who holds both GSR and ASE appointments during the same quarter cannot submit receipts for the same expense to the GSR & ASE Child-Care Reimbursement Program and the ASE Dependent Care Program. The maximum amount that any student will receive as reimbursement under these two programs is $900 per quarter.

In the case of two eligible graduate-student employees that share a dependent, they may not each request reimbursement for the same provider for the same child unless the amount paid to the provider exceeds $900 during a given quarter. In such cases the two employees may each submit the same receipt for reimbursement; however, the total amount reimbursed will not exceed the total cost of the care. The two employees must themselves decide who will receive how much of the reimbursement and explicitly request this on the form.

The reimbursement will usually be paid out in the way that the GSR or ASE normally receives pay, i.e., by check or electronic deposit. If a GSR or ASE is no longer actively employed at the time of the reimbursement, then a paper check will be issued.
Questions and Answers

1. What is the age limit?
For the purposes of this program, qualified dependents shall include children in the custody of the ASE or GSR, who are age 12 or under on July 1st.

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 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 withheld at 25%, state tax at 6%. 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 or college 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 or ASE no longer has an active appointment, then the reimbursement will probably be via a paper check.

5. Will the $5,000 GSR & ASE Dependent Care limit be reduced by amounts reimbursed under the GSR & ASE Child Care Reimbursement program?
GSR or ASE members may participate in both child care reimbursement programs. Because the reimbursements paid to the GSR or ASE members under the GSR & 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 GSR & ASE Dependent Care program.

6. Why is the child-care reimbursement taxable?
The GSR & ASE Child-Care Reimbursement Program does not meet IRS requirements as a non-taxable dependent-care program; therefore, the reimbursements 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 GSR & ASE Reimbursement Program represent taxable wages to the employees, the amounts paid by the GSR or 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.

The amount of the dependent-care services tax credit that can be claimed depends on the individual’s adjusted gross income and 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. More information is available 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 your tax advisor in determining whether you are eligible to claim this credit.
8. **How is a 25% appointment defined for purposes of this program?**

A GSR or ASE must be appointed so that over the term of the appointment the average time is at least 25%. A GSR or ASE might be appointed for 50% time for one half of the term, which would result in the average over the term being 25%.

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 GSR or ASE to inform the appropriate agencies and offices of the child-care reimbursement.

10. **Who is responsible for processing the Graduate Student Research (GSR) & Academic Student Employee (ASE) Child-Care Reimbursement form?**

The hiring department, in collaboration with their college representative, will be responsible unless another department or unit has been designated by the campus. If so, the hiring department should inform the GSR or ASE when the form is submitted. If the hiring department is a research unit, the unit should work with the Divisional Dean of the PI’s home department.

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