

## 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 programs 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.

### Program Overview

Each eligible GSR and ASE may receive up to \$1100 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 requested.

In addition, a GSR or ASE who meets the eligibility criteria for a summer-session appointment may receive up to \$1100 for eligible expenses incurred during the summer-session term. The \$1100 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 be a registered student for the academic terms preceding and following the relevant summer session, and must hold a GSR or ASE appointment for a minimum of 25% time for the period for which the reimbursement is requested.

### Eligibility

An eligible GSR or ASE is a registered student with an appointment for a minimum of 25% time and who has one or more qualified dependents. For the purposes of this program, qualified dependents are children, in the custody of the GSR or ASE, who are ages 12 or under on July 1.

Examples of eligible expenses for qualifying dependents include:

- Before- and afterschool care
- Preschool and nursery school expenses
- Extended day programs
- Au pair and nanny services (the amounts paid for the care of the dependent)
- Babysitting expenses (both in and outside of your home)
- Summer day camp for a child under 13
- Elder day care expenses

Allowable receipts requires that the child-care provider have a valid Taxpayer I.D. or Social Security Number. A child-care provider that is an organization should provide their Employer Identification Number (EIN).

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](#).

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 the \$1100 maximum 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.

Expenses incurred before the GSR or ASE appointment begins or after it ends are not eligible for reimbursement.

## Reimbursement Process

At the end of a quarter—or when the maximum reimbursement amount has been reached within the quarter—the GSR or ASE completes the *GSR & ASE Child-Care Reimbursement Form* and submits it with the 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/>.

Once the 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. The Hiring Department will process the request as a One-Time Payment request in UCPath. 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 the qualifying GSR or ASE appointment is no longer active at the time of the request, the Hiring Department will process a One-Time Payment request using the dates of the qualifying job and request the pay via an off-cycle check request.

The cost of the child-care reimbursement will be charged to the either the GSR or ASEs' Hiring Department, College or Division. The Hiring Department may request funding assistance through the Executive Vice Chancellor's Office, if needed.

Requests for reimbursement of expenses may only be submitted after the expenses are incurred. Requests must be submitted to the Hiring Department no later than the last day of the following term (e.g., reimbursement for Fall quarter must be submitted by the end of Winter quarter). If the reimbursement is for Spring quarter, the request must be submitted before the first day of the Fall quarter.

## Tax Implications

The child-care reimbursement is paid to the GSR or ASE through payroll and constitutes as taxable earnings. See FAQ for additional information.

## FAQ

### *1. How are “Qualified Dependents” defined? What is the age limit for qualified dependent?*

A qualified dependent is defined as a child, in the custody of the GSR or ASE, who is age 12 or under on July 1.

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

The child-care provider must have a valid Taxpayer I.D. or Social Security Number. If the child-care provider is an organization, then it is the Employer Identification Number (EIN). 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%.

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

The reimbursement is processed by the Hiring 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 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 programs. Because the reimbursements paid to the graduate student under the GSR & ASE Child Care Reimbursement 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. Will the reimbursement be taxed?*

Yes, reimbursements are considered taxable 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 Programs 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. Additional information is available in the IRS Publication 503, which is located on the IRS website at <https://www.irs.gov/>. Please 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.

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

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