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Subject: CHILD CARE REIMBURSEMENT PAYMENTS

To: All Holders of Employee Relations Manuals

From: Office of Employee Relations

Let this serve as a reminder that we are approaching the application period for childcare reimbursement. Application, payment procedure, and Childcare Reimbursement form for MSEA's (ADMIN, P&T, SSU, & OMS), AFSCME's, MSLEA's, and MSTTA's 2013-2015 contracts and for Confidentials are enclosed. Please direct any questions to your Human Resource Office.

The following language applies to MSEA's (ADMIN, P&T, SSU, & OMS), AFSCME's, MSLEA's and MSTTA's 2013-2015 Collective Bargaining Unit Contracts. This also applies to eligible confidentials, project and acting capacity employees.

The relevant contract language is summarized below:

A. Employees employed as of March 1 who meet the following criteria shall be eligible for a lump sum payment each year. Eligible employees may apply for this payment between March 1 and April 15 of each year. Payment shall be made within thirty (30) days of receipt of the completed application. Any application received after April 15 will be considered on a case by case basis and shall not be arbitrarily rejected.

- 1.** Employed full time during the entire previous calendar year;
- 2.** Full-time State employees employed for more than six (6) months but less than twelve (12) months of the previous calendar year are eligible for this program on a prorated basis;
- 3.** Part-time and seasonal employees covered by this Agreement who have completed one thousand forty (1,040) hours of regularly scheduled work in any calendar year in which they qualify on a prorated basis; and

4. Had a minimum of five hundred dollars (\$500.00) employment-related child care expenses for the previous calendar year.

B. Employees must submit a copy of their Form 1040 and a copy of their receipt for child care expenses for the previous calendar year to be eligible for reimbursement.

C. Employees whose wages, tips and other compensation from their W-2s and whose adjusted gross family income is less than \$28,000 for the previous calendar year shall be eligible for reimbursement not to exceed one thousand three hundred dollars (\$1,300.00). Employees whose wages, tips and other compensation from their W-2s and whose adjusted gross family income is less than \$33,000 but more than \$28,000 for the previous calendar year shall be eligible for reimbursement not to exceed one thousand dollars (\$1,000.00). Employees whose wages, tips, and other compensation from their W-2s and whose adjusted gross family income of less than \$38,000 but more than \$33,000 for the previous calendar year shall be eligible for reimbursement not to exceed seven hundred dollars (\$700.00). **In families with both parents working for the State, only one parent may apply for the Child Care Reimbursement.**

Prorated benefits are available for full-time employees who worked less than 12 months but more than six months during the previous calendar year, and for part-time and seasonal employees.

Payment shall be made within thirty (30) days of receipt of the completed application.

Note that this is a **reimbursement** program; under no circumstances is an employee to receive more than he/she spent on employment-related child care.

APPLICATION PROCEDURE

Employee Responsibility

1. To be eligible, employees must be employed as of March 1 of the year in which reimbursement is to be paid.

2. The eligible employee must complete Section B of the Application Form and attach a copy of their 2014 Form 1040/1040A/1040EZ. If the employee is married but filing separate returns (and is not filing as Head of Household), then the Form 1040/1040A/1040EZ of the employee and the spouse must be attached.

3. A copy of the 2014 receipt for employment-related childcare expenses must also be attached. The copy of the receipt for employment-related child care expenses **must** contain the following:
 - a. period of time care was provided during the calendar year;
 - b. the amount paid; and
 - c. the name, address, phone number, social security number or state vendor identification number, and signature of the child care provider.

Child care reimbursement can be provided only if a receipt containing the required information is submitted.

4. The Application Form and attachments must be submitted to the Department/Agency Human Resource Office.

PROCESSING FOR PAYMENT

Departmental Human Resource Officer's Responsibility

The Departmental Human Resource Officer is responsible for completing Section A and for verifying that the information provided in Section B is accurate. Human Resources is also responsible for keeping a copy of the completed Application Form and the attachments on file and available. Two copies of the Application Form are to be submitted to Accounts and Control.

Accounts and Control's Responsibility

Accounts and Control is responsible for processing the childcare reimbursement payments. Applications will be processed for payment by Accounts and Control from March 1 through April 15 of each year. Applications received prior to March 1 will not be processed until March 1 or thereafter. Applications will not be processed after April 15 and all payments will be made by April 30.

All processing should be completed prior to April 15 of any year. None will be processed after that date without justification approved by Employee Relations.

SOME TYPICALLY ASKED QUESTIONS

1. Question: does the cost of summer day camp count as an employment-related child care expense?

Answer: The cost of summer day camp could be included as an employment-related child care expense if the day camp was provided in lieu of child care. In other words, if the child had not attended day camp, would the

employee then have to pay for other childcare? Consider whether or not the employee paid for childcare before and after day camp.

2. Question: Is there any age limit of the child receiving childcare?

Answer: In order to qualify as a reimbursement with the IRS, the child must be under age 13.

3. Question: Do child support payments made by a divorced/separated parent qualify as an employment-related child care expense?

Answer: No.

4. Question: Is the childcare reimbursement considered reportable income?

Answer: Reimbursements are not considered reportable income. (Refer to IRS Form 2441).

5. Question: Can I collect reimbursement for each child I send to a childcare provider?

Answer: No – the reimbursement is per family, not per child.

6. Question: If both parents work for the State are they both eligible to apply for Child Care Reimbursement?

Answer: No – if families with both parents work for the State, only one parent may apply for the Child Care Reimbursement.

Thank you.