

Loyola University Maryland
FY22 Child Care Voucher Program Guidelines
(July 1, 2021 through June 30, 2022)
(Updated 6/16/21)

The Child Care Voucher Program is designed specifically to help benefits eligible employees pay for qualifying, work-related childcare.

Employee Eligibility

Employees must be benefit eligible and have childcare costs that are work-related, allowing you to work. Additionally, the employee's spouse (if applicable) must be employed, looking for work, enrolled in school full-time, or have a documented disability that prevents full-time parenting. Newly hired eligible employees may begin participation the month following (after) date of hire.

Qualifying Children and Child Care Providers

Children, birth through age 12, are eligible under the following circumstances: by birth, adoption, stepchild or foster child living with the Loyola employee, or a child placed by court order in an employee's household. Care for your dependent child who resides with you and who is physically or mentally incapable of caring for him/herself and qualifies for dependent status under IRS regulations also qualifies for this program.

Qualifying childcare providers must fall into one of the following categories:

- A licensed childcare provider; and
- Infant care (6 weeks to 17 months),
- Toddler care (18 months to 23 months),
- Preschool/Pre-Kindergarten Aged Care (2 years to 5 years),
- Before School,
- After School, or
- Before/After School Combined.

Additionally:

- Multiple childcare arrangements are eligible for reimbursement.
- "Camp" or "recreational" facilities that do not meet the IRS definition of childcare are not eligible.
- Assistance may not be used for optional classes offered at additional cost during regular childcare hours.

Amount of Financial Assistance

- The total funds allocated, percentages and income levels are set by the University each year, and may vary benefit year to benefit year.
- The reimbursement rates can be found in the Child Care Voucher Reimbursement Rates document.

- If the child is removed from qualified childcare resulting in a refund from the provider to the parent, the portion of costs previously reimbursed for that month by the University shall be returned to the Human Resources Department within 30 days.
- If an overpayment is made to the employee by Loyola, the amount of overpayment will be subtracted from the next reimbursement amount.

Application Process

1. Application forms are available at <https://www.loyola.edu/departments/hr/forms>. A new application must be submitted for each benefit year.
2. Incomplete forms will be returned to the employee and will be date stamped when they are completed and returned.
3. Employee benefits eligibility status will be verified by the Benefits Unit. Spousal information and dependent information may also be verified by the Benefits Unit.
4. A copy of the childcare provider's state license or certification and your most recent Form 1040 must be submitted with the application.

Reimbursement Process

1. Employees must have approved applications, the childcare provider's license, and a copy of their most recent Form 1040 on file with the benefits unit. This documentation is needed each benefit year (currently, each July 1st).
2. Employees must submit a Monthly Cost Verification Form along with a receipt for payment to the childcare provider each month to be issued a reimbursement for the respective month.
3. Forms may be mailed to Human Resources, emailed to ccvp@loyola.edu or faxed to (410) 617-5072.
4. Monthly Cost Verification Forms and receipts for the current month are due by the 5th of the following month. If the 5th falls on a weekend or non-business day, the payment will be due the next business day.
5. The reimbursement amount will be included in your next available pay based on published <https://www.loyola.edu/departments/financial-services/payroll/schedules>. This may be the first or the second pay date of that month.

Dependent Care and Tax Liability Issues

The Internal Revenue Service determines the maximum allowance for dependent care assistance programs sponsored by employers. The American Rescue Plan Act of 2021 (ARPA) increased the dependent care assistance limit for calendar year (not benefit plan year) 2021 to \$10,500, per family and includes:

- The Dependent Care Flexible Spending Account (FSA) benefit, and
- The Child Care Voucher Program.

If you participate in both the Dependent Care FSA and the Child Care Voucher Program, coordinate your Dependent Care FSA annual election with your total calendar year anticipated Child Care Voucher reimbursement amount to ensure you do not exceed the \$10,500 calendar year maximum allowance. If the combined total of the Dependent Care FSA annual election and Child Care Voucher reimbursements for the calendar year reaches the \$10,500 maximum before

the end of the year any additional Child Care Voucher reimbursements will be treated as taxable income. Generally, it is not permissible to reduce the Dependent Care FSA annual election in the middle of the plan year without a qualified change-in-status event. Coordination with Child Care Voucher reimbursements or a change in tax treatment are not qualified change-in-status events.

This information should not be understood to be tax advice. ARPA significantly increases the availability of dependent care tax credits. Please consult with a professional tax advisor to determine, under the revised rules, whether dependent care assistance programs or the dependent care tax credit make the most economic sense for your specific situation.

NOTE: Selecting a childcare provider is the exclusive responsibility of the employee. Except for possibly verifying license status at the time of application, the Human Resources Benefits Unit does not perform screening and background checks of childcare providers.