B Dependent Care Expense

Dependent care expenses are payments for the care of a child or incapacitated adult.

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NA Dependent Care

Dependent care expenses billed for the care of *any* of the following are allowable:

- A dependent child under the age of 18.
- An incapacitated adult when the cost is not a medical expense. (See NA Medical Expenses for a list of medical expenses.)

The dependent care expense is only allowable when it is necessary to complete *one* of the following:

- Seek, accept, or continue employment.
- Participate in NA Employment & Training activities.
- Attend training or pursue education to prepare for employment.

    NOTE   Attendance in the following is also considered preparation for employment:

    - High school
    - GED classes

The following are allowable NA dependent care expenses:

- A registration fee that the budgetary unit is required to pay.

    NOTE   When the registration fee is a one-time fee, the fee is an allowable expense in the month in which it is billed. When the registration fee is a recurring fee, prorate the fee over the period of time it is intended to cover.

- Activity or meal fees that are mandatory and separate from the dependent care expense.
- Fees are billed by the provider, but care is not provided due to illness or vacation.
- Mandatory fees are billed for shuttle services from the provider to school.
- Alternative types of care are provided, which include *any* of the following:

    After-school care

        Special needs care

        At-risk youth programs

        Informal care arrangements

        Adult day care or day services

- Co-payments that the budgetary unit is required to pay, even when waived by the provider.

The following are not allowed as NA dependent care expenses:

- Any portion of an expense that has been allowed as an educational expense. (See Educational Income for a list of educational expenses.)

- Costs paid to a facility or provider for educational tuition(g) of a dependent child.

  NOTE   FAA contacts the facility or provider to determine whether the fees charged are for educational tuition or dependent care.

- Costs for care paid by *any* of the following:

  Another participant in the case.

  Reimbursements, including reimbursements made by Supplement Nutrition Assistance Program Career Advancement Network (SNAP CAN), Jobs, or Transitional Child Care (TCC).

  Vendor Payments.

- Costs for care provided out of the home when a spouse(g) or parent is in the home, and that spouse or parent meets *all* of the following:

  Not working.

  Not actively looking for work.

  Not registered for work.

  Physically capable of caring for the dependent.

- Costs paid in the form of an in-kind benefit such as food, gas, room.

- Costs paid by a third party.

NA Dependent Care Transportation Standard

The NA Dependent Care Transportation Standard is 20% of all allowable dependent care expenses. The transportation standard is allowed when a participant incurs an expense to transport their dependent to, from, or both to and from a dependent care provider.

However, the transportation standard is not allowed when the budgetary unit resides with the dependent care provider.

CA Dependent Care

Dependent care expenses billed for the care of a child or an incapacitated adult are

allowable when *all* of the following apply:

- The expense is required to ensure care is provided for the dependent.

- The expense is required to allow the participant to continue to work.

- The wage earner is billed for the expense.

- The person receiving the care is included in the same CA or CA Supportive Services budgetary unit as the wage earner.

Dependent care expenses include payments to a provider caring for an incapacitated adult in the home. Incapacity is determined by a statement from a medically qualified source(g).

The maximum dependent care amount is based on *all* of the following:

- The age of the dependent.

- The number of hours the participant works.

(For the maximum dependent care deduction, see Dependent Care Amount for CA.)

Procedures

Request verification of expenses when *any* of the following occurs:

- New application

- Renewal application

- When a reported change in the expense or address is received (See Effecting Changes for change procedures)

- When the expense amount is questionable(g)

⚠️ For the safety of the participant, do not upload any document that shows the actual address of an Address Confidentiality Program (ACP) participant. Any person who intentionally obtains or discloses information regarding the physical address of an ACP participant is potentially guilty of a class one misdemeanor.   (See ACP for more information about the program)

Budgeting

The budgetary unit dependent care expenses are calculated based on the expenses for which the budgetary unit expects to be billed during the approval period.

When the actual amounts of expenses for a budget month are unknown, project the expense based on the most recent month's bill, unless the participant is reasonably certain a change will occur.

Expenses that are billed less often than monthly may be averaged over the period the billings are intended to cover. Budgetary units may elect to have expenses that vary averaged over the approval period.

Budget dependent care expenses for each participant who incurs a dependent care expense. When the billed amount is for more than one participant and individual amounts are not specified, complete the following:

- Divide the total billed amount by the number of participants receiving care.

- Round up the amount for one participant when the billed amount cannot be divided evenly.

(See Example 1 to see how the billed amount would be split.)

Keying Dependent Care Expense Amounts

Key the budgeted amount on the appropriate screens in AZTECS.

Key only expenses that have been verified by a participant statement, documented, or collateral contact verification. When requested verification is not provided, determine the benefit amount without allowing the unverified expense. Do not deny or close the case because the expense was not verified.

NOTE   Do not convert the dependent care expense when the expense is less than a full month's expense. This could be due to the expense starting or stopping.

Verification

Expenses must be verified only when *any* of the following occurs:

- New application

- Renewal application

- When a reported change in the expense or address is received (See Effecting Changes for change information)

- When the expense amount is questionable(g)

A current statement from a physician or psychologist indicating that the incapacitated adult requires supervision or personal care is needed to allow incapacitated adult care expenses.

For NA, participant statement verification can be used as the primary source of verification for the following, unless questionable:

- Verification of transportation to and from a dependent care provider for the NA Dependent Care Transportation Standard.

- To provide information about the participant's search for employment and about Supplemental Nutrition Assistance Program Career Advancement Network (SNAP) activities.

- The dependent child or incapacitated adult care expense amount.

For CA, dependent child or incapacitated adult care expense amounts must be verified using documented or collateral contact verification before allowing the expense. (Participant statement verification is not allowable verification.)

Verification that can be used for the expense amount includes the following:

- Paid receipt or participant's cancelled checks.

- Screenshot of verification from the provider's website or app.

- Collateral contact to, or a signed and dated statement from, the provider of the care.

  NOTE   Provider documentation must contain the following information:

  - Name, address, and telephone number of the provider

  - Amount billed

  - How often billed

  - Period of time it covers

  - The name of the participant receiving the care

  - The name of the participant being billed

AZTECS Keying Procedures

Keying NA

For the NA program, key dependent care expenses next to each participant receiving dependent care as follows:

- Key *one* of the following in the TY field on EXNS:

  CF when a transportation expense is incurred to take the participant to a dependent care provider, from a provider, or to and from a provider.

  NOTE   AZTECS applies the NA Dependent Care Transportation Standard when the CF Expense Type Code is keyed. The transportation standard is displayed as an increased dependent care deduction amount on FSAD.

  CN when there is no transportation expense to or from a dependent care provider.

- In the SUB field, key the AZTECS position number for the participant who is responsible for the expense.

- Key the allowable amount of dependent care charges in the AMT field.

NOTE   When the recipient of dependent care is a disqualified participant or is not included in the budgetary unit, key the dependent care expense next to the participant receiving benefits who is billed or pays the expense.

Keying CA

For the CA program, key dependent care expenses next to each participant receiving dependent care as follows:

- Key CA in the TY field on EXNS.

- In the SUB field key the AZTECS position number for the participant who is responsible for the expense.

- Key the allowable amount of dependent care charges in the AMT field.

NOTE   When the recipient of dependent care is a disqualified participant, key the dependent care expense next to the participant receiving benefits who is billed or pays the expense. When the recipient of dependent care is not included in the budgetary unit, the dependent care expense is not allowable for CA.

Converting to a Monthly Amount

Key expenses billed monthly on EXNS. When the expense is billed other than monthly, use EXPC to convert the expense to a monthly amount. Key *one* of the following Frequency Codes in the FREQ field on EXPC:

- WK when billed on a weekly basis. AZTECS converts the amount to a monthly amount by multiplying the amount keyed by 4.3.

- BW when billed on a bi-weekly basis (every two weeks). AZTECS converts the amount to a monthly amount by multiplying the amount keyed by 2.15.

- SM when billed on a semi-monthly basis (twice a month). AZTECS converts the amount to a monthly amount by multiplying the amount keyed by 2.

- QR when billed on a quarterly basis (four times per year). AZTECS converts the amount to a monthly amount by dividing the amount keyed by 3.

- SE when billed on a semi-annual basis (twice per year). AZTECS converts the amount to a monthly amount by dividing the amount keyed by 6.

- AN when billed on an annual basis (once per year). AZTECS converts the amount to a monthly amount by dividing the amount keyed by 12.

- OC when billed on an occasional basis. AZTECS converts the expense keyed by multiplying the amount by 1.

To access EXPC, key Y in the WS field on EXNS and press the Enter key. After keying the information on EXPC, press the Enter key to return to EXNS. AZTECS processes EXPC and displays the converted expenses on EXNS.

NOTE   Do not convert an expense when it is less than a full month's expense due to the expense starting or stopping. Key the actual expense using the AC Frequency Code on EXPC for the month billed and change it for ongoing months.

Examples

1)   Linda and her three children are receiving both NA and CA. Linda works and is billed $400 a month for childcare for all three children. Linda drives her children to the childcare provider on her way to work and picks them up on her way home.

Divide $400 by 3 to arrive at a per child amount:

$400 / 3 = $133.333

For CA, key CA in the TY field on EXNS for each child, the SUB, 01, to indicate Linda's position number on SEPA, and $133.33 next to two of the children. Round up the amount to $133.34 for the third child. ($133.33+$133.33+$133.34=$400)

For NA, key CF in the TY field on EXNS for each child, the SUB, 01, to indicate Linda's position number on SEPA, and $133.33 next to two of the children. Round up the amount to $133.34 for the third child. ($133.33+$133.33+$133.34=$400)

NOTE   When there is no transportation expense to or from the childcare provider, CN is keyed in the TY field on EXNS for NA.

Legal Authorities

7 CFR 273.9(d)

7 CFR 273.10(d)

7 CFR 273.2(f)

AAC R6-12-704

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Prior Policy

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