Welcome new families and returning families to the Cyert Center! You are eligible to apply for the $5,000 Sliding Scale Family Tuition Benefit program. This program represents the University’s commitment to assist Carnegie Mellon faculty and staff seeking quality child care.

**Eligibility for the Sliding Scale Family Tuition Benefit**

To be eligible to apply for tuition benefits at the Cyert Center, you must be an active, full-time faculty or staff member (or a full-time employee on short-term disability) who is enrolling a child in the Cyert Center for Early Education for the 2016-2017 program year.

In addition, applicants must meet Internal Revenue Service (IRS) eligibility requirements. These are the same requirements used for the Dependent Care Reimbursement Account, which are listed in the Benefits Workbook for Domestic Full-time faculty and staff and the Carnegie Mellon University Benefit Plan document.

**The Sliding Scale Family Tuition Benefit**

The Sliding Scale benefit provides a reduction in the Center’s tuition rate, taking into account your family income. Specifically, the benefit provides that tuition be set at 10% of your annual gross family income, up to a benefit limit of $416.67 per family per month (maximum of $5,000 per family per year).

- **When you have 1 child enrolled full time in the Center:**
  - **In 2016-2017, children in the infant room:** If your gross family income is $170,680 or less, your child will receive the full $5,000 benefit. Families whose income is $220,680 or over are not eligible to receive a benefit, as the Cyert Center tuition does not exceed 10% of your annual gross family income. Families whose annual family income falls between $170,681 and $220,679 will be eligible for a benefit that would result in a tuition rate equivalent to 10% of their family income.
  - **In 2016-2017, children in the young or older toddler rooms:** If your gross family income is $146,560 or less, your child will receive the full $5,000 benefit. Families whose income is $196,560 or over are not eligible to receive a benefit, as the Cyert Center tuition does not exceed 10% of your annual gross family income. Families whose annual family income falls between $146,561 and $196,559 will be eligible for a benefit that would result in a tuition rate equivalent to 10% of their family income.
  - **In 2016-2017, children in pre-I, pre-II and pre-K/K rooms:** If your gross family income is $123,280 or less, your child will receive the full $5,000 benefit. Families whose income is $173,280 or over are not eligible to receive a benefit, as the Cyert Center tuition does not exceed 10% of your annual gross family income. Families whose annual family income falls between $123,281 and $173,279 will be eligible for a benefit that would result in a tuition rate equivalent to 10% of their family income.

- **If you are enrolling more than one child at a time in the Center, your maximum benefit for all children enrolled in the Center is $5,000.** For example, if one of your children is eligible for $3,500 in Sliding Scale benefits, then your other child is eligible to receive up to $1,500 in benefits for a total of $5,000.

- **The benefit is calculated separately for each child, taking into account the annual tuition at the Cyert Center for that child and the gross family income.** As applicable, the $5,000 benefit is divided between the children. In addition, there is a two-child lifetime limit per family. Should a third child subsequently be enrolled at the Cyert Center, no sliding scale benefit would be available due to the two-child lifetime limit per family.
Dependent Care Reimbursement Account (DCRA) & Tax Implications on a Combination of Child Care Benefits

The Dependent Care Reimbursement Account (DCRA) and benefits at the Cyert Center for Early Education are all considered by the IRS to be pre-tax employer-provided benefits. Therefore, any benefits that you receive for children enrolled at the Cyert Center will count toward the IRS $5,000 annual limit (or $2,500 for married people filing taxes separately) on the amount of child care benefits that a family can receive without paying federal income taxes on the benefit. This annual limit applies to the sum of all child care benefits, which include the DCRA and benefits received for the Cyert Center for Early Education or from any other source outside of the University. For example, if you receive a total of $3,000 in sliding scale benefits in a calendar year and are enrolled in the DCRA at the same time, you must subtract the $3,000 from the annual $5,000 DCRA limit to estimate how much you can contribute pre-tax in the DCRA. In this example, you would only be able to set aside $2,000 of the $5,000 yearly maximum without incurring tax liability.

Your total child care benefit amount (DCRA contributions and Sliding Scale benefit) received at Carnegie Mellon in any combination will be listed on your year-end W-2. If you exceed the $5,000 limit in pre-tax benefits during the course of a calendar year, you will owe federal income tax on the excess. Because the University tracks child care benefits received through the university during the course of a calendar year, federal income tax and FICA taxes will be withheld monthly from your University pay-check(s) on amounts over the limit once you reach the $5,000 maximum.

If you do not use the full amount in your DCRA, you will forfeit the unused balance in accordance with the IRS “use it or lose it” rule. A tax credit for dependent care expenses cannot be claimed for the same tax year in which you make contributions to a dependent care reimbursement account.

Please note that the eligibility requirements established by the IRS for the $5,000 employer-provided benefit are the same as for the Dependent Care Reimbursement Account and those eligibility requirements are listed in the Benefits Workbook for Domestic Full-time faculty and staff and the Carnegie Mellon University Benefit Plan Document. If you do not meet those eligibility requirements for the tax year, you will not be eligible for the $5,000 employer-provided benefits and may have additional taxable income for the year. Carnegie Mellon does not verify eligibility for the benefit at the time of application for the Sliding Scale benefit.

Taxes
The Sliding Scale benefit is taxable as income at the state income tax rate of 3.07 percent and subject to local income tax. Dependent Care Reimbursement Account contributions are also subject to state and local income tax (but are exempt from federal and FICA taxes). The benefits will be considered additional income and added to your gross wages when determining your state or local tax wage base.

Applications and Deadlines
A new Cyert Center Tuition Benefit application must be completed and submitted each program year. These applications will become available in April 2016. Contact Human Resources at 412-268-2047 for an application or print the application from the HR website: [http://www.cmu.edu/hr/benefits/benefit_programs/cyert-center-benefit/index.html](http://www.cmu.edu/hr/benefits/benefit_programs/cyert-center-benefit/index.html). Completed applications should be returned to: Brad Truxell, Carnegie Mellon HR/Benefits and Compensation by June 1, 2016 in order to receive the benefit for the contract year beginning August 15, 2016. **Any applications received after June 1, 2016 will be processed, but benefits will become effective the first day of September or the first of the month following receipt of the application, whichever is later.** If you are completing the Sliding Scale application for benefits at the Cyert Center outside of the start of the 2016-2017 contract year, benefits, if approved, are prorated and will become effective the first of the month in accordance with your child’s enrollment into the Cyert Center.

Questions?
If you have any questions about the benefit programs or the application process, please contact me at (412) 268-2047.

c: Carla Freund, Administrative Director, Cyert Center