

**Memorandum of Agreement
By and Between
King County
and
Joint Labor Management Insurance Committee of Unions**

Subject: JLMIC COVID-19 Emergency Childcare Reimbursement

This Memorandum of Agreement (the Agreement) is entered into by King County (the County) and Joint Labor Management Insurance Committee of Unions.

Background:

1. Due to the impacts COVID-19 has had on working parents, including the closure of many in-person schools and daycare providers, the Joint Labor Management Insurance Committee (JLMIC) has established the COVID-19 Emergency Childcare Reimbursement Program to provide pre-tax payments to JLMIC-benefits employees to reimburse them for reasonable costs related to childcare expenses.

2. Under Section 139 of the IRS tax code, employers can reimburse employees for reasonable and necessary expenses related to a federally declared national disaster. On March 13, 2020, President Trump [declared](#) the COVID-19 outbreak in the United States to be a national emergency.

Agreement:

The parties agree as follows:

1. Program Funding, Start and End Dates

a. The County will establish a limited childcare expense reimbursement account in the Employee Benefits fund. The account will be funded by earmarking \$9,000,000 from the JLMIC's Protected Fund Reserve (PFR) for reimbursing eligible expenses for the 2020-2021 school year, beginning September 1, 2020 and ending June 30, 2021. JLMIC-eligible employees may submit receipts beginning January 11, 2021.

b. The program reimbursement period ends June 30, 2021 or when the funding is exhausted, whichever comes first. Employees who are eligible to request reimbursement are encouraged to submit receipts as soon as possible starting January 11. Employees may submit claims with receipts for childcare services incurred back to September 1, 2020. The last day to submit receipts for the reimbursement period is August 31, 2021.

c. If the federally declared coronavirus emergency is declared over by the federal government prior to June 30, any remaining funds may not be permitted for distribution under IRS Section 139. The parties will negotiate and determine how to distribute any remaining funds, if that occurs.

d. If there are funds remaining after the program's scheduled run-out period ending August 31, 2021, the parties will negotiate how to use any funds that remain, from the original \$9 million, in the limited childcare expense reimbursement account after August 31, 2021. Failure to reach mutual agreement by December 31, 2021 will result in the funds being transferred into the Protected Fund Reserve.

2. Eligible Employees and Children

a. JLMIC-eligible employees can be reimbursed for childcare expenses provided for their children, stepchildren, foster children or children for whom they are the legal guardian who are age 12 or younger. Children ages 13 or older with documented special needs such as a diagnosed medical disability or an Individualized Education Program (IEP) are also eligible.

b. If your child is not currently enrolled in King County health benefits (such as medical and dental plans) but you believe is eligible for the childcare reimbursement program, contact the King County Benefits & Payroll Retirement Operations Office to establish eligibility for your child.

3. Eligible Expenses Covered Under the Program

a. To be eligible for reimbursement, services must be provided during the period of September 1, 2020 – June 30, 2021. Employees must provide receipts for expenses along with a claim form provided by the program administrator.

b. Covered expenses include payments to both licensed and unlicensed childcare providers, pre-schools, school-age programs, nannies, au pairs, tutors, extended family (such as an aunt, uncle or grandparent), friend or neighbor. Receipts that identify the provider must be provided for reimbursement.

c. Expenses not covered:

- Childcare services provided by the child's parent, stepparent, foster parent, legal guardian or siblings under the age of 18
- Private K-12 school
- Curriculum, educational materials and equipment (i.e. books, computers, internet, etc.)
- Food and other materials such as sanitary and cleaning supplies, diapers, etc. unless these expenses are included in the provider's rates
- Travel expenses
- Medical expenses

4. Payment Amounts, Minimums and Maximums

a. The goal of this program is to support working parents during the COVID-19 emergency and to distribute the funds in an equitable manner. The amount of reimbursement an employee may receive will vary by the employee's income from King County and the number

of children the employee has. Employees who earn lower salaries or wages are eligible to receive higher payments, up to the program maximum of \$5,000 per child.

b. Employees can find out their reimbursement limit by contacting Navia, the program administrator, at Naviabenefits.com or by calling 425-452-3500 on or after January 11, 2021.

c. In general, the program maximum limits are based on an employee's King County pay (base annual rate) as shown below:

- Employees who **earn less than \$80,000** per year may receive up to the program **maximum of \$5,000 per child**
- Employees who earn **more than \$116,000** per year may receive up to the program **minimum of \$500 per child**
- Employees who earn **between \$80,000 and \$116,000** per year may receive **between \$500-\$5000 per child**, on a sliding scale based on income

5. How the Maximum Reimbursement Amount is Calculated

a. Employees may receive reimbursement for the portion of their childcare expenses that exceed 15% of their King County monthly wages (base annual rate divided by 12), subtracted from a childcare expense limit of \$1,500 per month, for up to 10 months of the reimbursement period.

b. Below are examples of how an employee's total reimbursement limit is calculated under the program.

| Example 1. How Much Employee May Receive if Pay is \$4000 per month (\$48,000 per year) | | |
|--|----------------|---------------------|
| | with one child | With two children** |
| Employee's monthly pay | \$4,000 | \$4,000 |
| Monthly childcare expense limit | \$1,500 | \$3,000 |
| Subtract 15% of monthly pay per child | \$600 | \$1,200 |
| Monthly max reimbursement amount | \$900 | \$1,800 |
| Multiplied by maximum months of program (10)* | \$9,000 | \$18,000 |
| Total allowed reimbursement after Minimum/Maximum Applied | \$5,000 | \$10,000 |

| Example 2. How Much Employee May Receive if Pay is \$8,000 per month (96,000 per year) | | |
|---|-----------------------|----------------------------|
| | If you have one child | If you have two children** |
| Employees monthly pay | \$8,000 | \$8,000 |
| Monthly childcare expense limit | \$1,500 | \$3,000 |
| Subtract 15% of monthly pay per child | \$1,200 | \$2,400 |
| Monthly max reimbursement amount | \$300 | \$600 |
| Multiplied by maximum months of program (10)* | \$3,000 | \$6,000 |
| Total after minimum/maximum applied | \$3,000 | \$6,000 |

* The maximum number of months in the reimbursement period is 10. An employee's total maximum reimbursement amount will be based on the number of months the employee and child(ren) are eligible for the program, which may be fewer than 10 months.

** These examples show up to two children for simplicity. If an employee has more than two children, multiply the reimbursement limit by the number of eligible children.

6. When Both Parents are JLMIC-Eligible Employees

a. If a child's parents are both JLMIC-eligible employees, the maximum allowed reimbursement amount will be based on one employee only and calculated using the higher paid employee's pay. This is consistent with the goal of equitable distribution of limited program funds.

7. Tax Implications for Payments

a. Reimbursement payments you receive through the program are not considered taxable under IRS Section 139.

8. When Benefits Begin

a. Employees may request reimbursement *only* for those months they and their children are eligible.

b. New hire employees are eligible beginning the first day of the month after their hire date, unless their hire date is on the first, in which case they are eligible immediately.

c. A newly added child becomes eligible the first of the month after their birth, adoption or date legal guardianship becomes effective, unless that day is the first of the month, in which case they are eligible the first of that month.

9. When Benefits End

a. Employees who terminate their employment are eligible for reimbursement for services provided up to and including their termination date but not after. The deadline to request reimbursement is the last day of the month after your termination date.

b. A child ages out of eligibility the last day of the month in which they turn age 13, unless their birthday occurs on the 1st of the month; in which case eligibility ends the last day of the prior month. A child with a documented special need will continue to be eligible.

10. How to Request Reimbursement

a. Employees can request reimbursement on or after January 11, 2021 by contacting Navia, the program administrator, online at Naviabenefits.com or calling 425-452-3500. Employees have the option of viewing, requesting and receiving their available reimbursement amounts electronically through a personal online account. Employees can also request reimbursement using a paper claim form.

For the Joint Labor Management Insurance Committee of Unions:

Michael Gonzales

[Michael Gonzales \(Jan 13, 2021 13:54 PST\)](#)

Michael Gonzales, Senior Business Agent
General Teamsters Union, Local #174
Co-Chair, Joint Labor Management Insurance Committee

Jan 13, 2021

Date

For the Joint Labor Management Insurance Committee of Unions:

Denise M Cobden

[Denise M Cobden \(Jan 13, 2021 14:45 PST\)](#)

Denise Cobden, Union Representative
Professional and Technical Employees, Local 17
Co-Chair, Joint Labor Management Insurance Committee

Jan 13, 2021

Date

For King County:

Megan Pedersen

Megan Pedersen, Director
Office of Labor Relations, King County Executive Office
Co-Chair, Joint Labor Management Insurance Committee

Jan 13, 2021

Date

For King County:

Robert S. Railton

Robert Railton, Deputy Director
Office of Labor Relations, King County Executive Office
Co-Chair, Joint Labor Management Insurance Committee

Jan 13, 2021

Date












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Final Audit Report

2021-01-14

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