

PARENTAL RESPONSIBILITIES WHEN EMPLOYING AN IN-HOME CHILD CARE PROVIDER

Minimum wage and other benefit levels are subject to change. The figures given below are in effect for wages paid in 1998. You must meet the following requirements when you employ an in-home provider.

1. Minimum Wage Requirement

When you have someone care for your child(ren) in your own home you must pay your in-home child care provider no less than minimum wage. The federal minimum wage level is currently \$5.15 an hour for the first forty hours and \$7.72 per hour (time and one half) after forty hours.

2. Social Security Taxes (FICA)

The employer of an in-home child care provider is responsible for reporting and paying FICA each calendar quarter. FICA does not apply to wages paid to the employer's children under 21 years of age. However, FICA is applicable on wages paid to the employer's parents. As an employer, the child's parent must withhold 7.65% of the in-home child care provider's earnings and must contribute a matching amount for FICA. This 7.65% is a total of 6.2% for Social Security and 1.45% for Medicare. Earnings up to \$68,400 are eligible to be considered in 1998 and earnings \$72,600 will be eligible in 1999. For more information on F.I.C.A. rate, forms, filing procedures, and general assistance, you may contact the Internal Revenue Service at 1-800-829-1040.

3. Federal Unemployment Tax (FUTA)

As an employer, you are required to make FUTA payments if you pay your in-home child care provider a total of \$1000 or more in cash wages in any calendar quarter. This tax must be paid by you as the employer. It is not deducted from your in-home child care provider's wages. You must file a Form 940 or Form 940-EZ at the end of the year. Only the first \$7000 of the wages are subject to FUTA. To calculate the amount of tax due, multiply \$7000 by .008 if all applicable State and Federal unemployment insurance taxes have been paid. If not, the taxation rate increases to 6.2%. FUTA does not apply to wages paid to your parents, or your children under the age of 21. For more information on the FUTA rate, forms, filing procedures and general assistance, you may contact the nearest IRS office.

4. NYS Unemployment Insurance

If you pay your in-home child care provider a total of \$500 or or more in a calendar quarter, you are required to provide Unemployment Insurance coverage. The employer contribution rate in New York State is 3.7% for 1998. For more information contact the nearest Unemployment Insurance office.

5. Workers' Compensation

When your in-home child care provider works 40 or more hours per week, you are responsible for providing Workers' Compensation coverage. This requirement does not apply to your children under the age of 21. You may not charge any part of the cost of Workers' Compensation to your in-home child care provider. This insurance may be purchased from any private

company licensed to write such coverage in New York State from the State Insurance Fund, a State agency headquartered at 199 Church Street, New York, N.Y. 10007. When you have one domestic worker, workers' compensation coverage costs approximately \$376 per year. For more information, contact the nearest office of the Worker's Compensation Board.

6. Disability Benefits

When your in-home child care provider works 40 or more hours per week, you are responsible for providing Disability Benefits insurance. This requirement does not apply to your children under the age of 21. Insurance may be purchased from any insurance company authorized to write Disability Benefits insurance in New York State or from the State Insurance Fund. The rate for disability insurance is one half of the average weekly wage, as determined by the previous eight weeks, not to exceed \$170. The telephone number for the Workers' Compensation Board is 474-6674.

You may add the cost of these benefits to the rate charged by your in-home child care provider in order to calculate the full cost of your child care. You will need to tell the county department of social services how much your provider charges you and how much you are paying in addition to what your provider is charging you in order to cover minimum wage or other benefits. The county department of social services may be able to pay all or some portion of these benefits as long as the total cost of care does not exceed the local market rates for in-home child care. When the total cost of care exceeds the local market rate, you are responsible for paying the difference between the total cost of care and the local market rate.