

## SENATE CONCURRENT RESOLUTION NO. 32

Senator Lucido offered the following concurrent resolution:

1           A concurrent resolution to memorialize the Congress of the  
2 United States to enact legislation to allow employees to disenroll  
3 from dependent care flexible spending accounts and withdraw unused  
4 funds.

5           Whereas, Dependent care flexible spending accounts (FSAs)  
6 allow employees to set aside a portion of their income to be used  
7 pre-tax for certain expenses. Contributions to these plans can be  
8 used for various dependent care expenses, including, but not  
9 limited to, preschool, summer day camp, and before and after school  
10 programs; and

11           Whereas, Dependent care FSAs are subject to strict federal  
12 regulation. Participants must estimate future expenses at the  
13 beginning of each plan year and cannot change their monthly  
14 contribution, except in limited circumstances. Plans are also

1 subject to a "use-or-lose" rule, meaning that unused funds are  
2 forfeited by the employee at the end of each plan year; and

3       Whereas, The COVID-19 Pandemic has significantly altered the  
4 dependent care landscape and has put millions of Americans at risk  
5 of forfeiting unused balances. In order to mitigate the virus's  
6 spread, many childcare facilities in Michigan and around the  
7 country have temporarily closed or reduced operations. In addition,  
8 many employees are working fewer hours or working from home,  
9 reducing dependent care needs. These families are at risk of losing  
10 thousands of dollars due to circumstances completely beyond their  
11 control; and

12       Whereas, Congress should enact legislation to temporarily  
13 allow dependent care FSA participants to disenroll from these plans  
14 and withdraw funds from these accounts. While the Internal Revenue  
15 Service (IRS) has already taken steps to allow mid-year amendments  
16 to reduce or end monthly contributions, funds that had already been  
17 deposited are still subject to the "use-or-lose" rule; and

18       Whereas, During the deepest economic recession in nearly a  
19 century, allowing American families to needlessly forfeit income  
20 would be counterproductive to the nation's recovery. In contrast,  
21 allowing families to withdraw these funds would help them to meet  
22 necessary expenses and increase their spending power to support  
23 businesses during this crisis; now, therefore, be it

24       Resolved by the Senate (the House of Representatives  
25 concurring), That we memorialize the Congress of the United States  
26 to enact legislation to allow employees to disenroll from dependent  
27 care flexible spending accounts and withdraw unused funds; and be  
28 it further

29       Resolved, That copies of this resolution be transmitted to the

- 1 Speaker of the United States House of Representatives, the
- 2 President of the United States Senate, and the members of the
- 3 Michigan congressional delegation.