

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.