Whereas, child care is one of the biggest expenses families face; and

Whereas, the national average cost of child care is between $9,000 and $9,600 per year; and

Whereas, Hawaii is ranked twelfth out of fifty states and the District of Columbia for most expensive infant care with an average annual cost of $13,731 and child care for a 4-year-old costs $8,937 annually; and

Whereas, infant care in Hawaii costs $4,022 (41.4%) more per year than in-state tuition for a four-year public college making Hawaii one of thirty-three states where infant care is more expensive than college; and

Whereas, in Hawaii, infant care costs just 25.9% less than average rent and infant care for one child takes up to 16.0% of an average family’s income in Hawaii; and

Whereas, according to the U.S. Department of Health and Human Services, child care is affordable if it costs no more than 7% of a family’s income. By this standard, only 10.9% of Hawaii families can afford infant care; and

Whereas, with a Flexible Spending Account one can save an average of 30 percent by using pre-tax dollars to pay for eligible FSA expenses; and

Whereas, there are several types of Flexible Spending Accounts, including the Dependent Care Flexible Spending Account.
that is a pre-tax benefit account used to pay for eligible
dependent care services, such as preschool, summer day camp,
before or after school programs, and child or adult daycare; and

WHEREAS, with a Dependent Care Flexible Spending Account
one can use pre-tax dollars to pay for qualified out-of-pocket
dependent day care expenses. The money contributed to a
Dependent Care Flexible Spending Account is not subject to
payroll taxes which results in more take-home pay; and

WHEREAS, one can use Dependent Care Flexible Spending
Account funds to pay eligible dependent care expenses for care
of dependent children under the age of thirteen, or for a person
of any age whom one claims as a dependent on federal income tax
returns and who is mentally or physically incapable of caring
for himself or herself; and

WHEREAS, examples of eligible services include the
placement or program fees for a dependent care provider, such as
an au pair, before and after-school care (other than tuition
expenses), care of an incapacitated adult who lives with you at
least eight hours a day, childcare at a day camp, nursery
school, or by a private sitter, late pick-up fees, expenses for
a housekeeper whose duties include caring for an eligible
dependent, summer or holiday day camps, including registration
fees, activities in lieu of daycare when the fees associated
with the activity are incidental to, or cannot be separated
from, the cost of care (swimming lessons, arts and crafts, music
lessons, etc.); and

WHEREAS, under Internal Revenue Service rules, the maximum
amount that can be elected for a Dependent Care Flexible
Spending Account is limited to the lesser of $5,000 for single
individuals or married couples filing joint returns and $2,500
for married couples filing separate returns; now, therefore,

BE IT RESOLVED by the House of Representatives of the
Thirtieth Legislature of the State of Hawaii, Regular Session of
2020, that the commissioner of the United States Internal
Revenue Service is urged to raise the limit on Dependent Care
Flexible Savings Accounts to $10,000 per child to reflect the average cost of child care in the United States; and

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Commissioner of the United States Internal Revenue Service, The President of the United States Senate, the Speaker of the United States House, the Hawaii members of the United States Congress, the Governor of Hawaii, the President of the Economic Policy Institute, the Director of Parents and Children together of Hawaii, and the Director of the Tax Foundation of Hawaii.

OFFERED BY: ____________________________

MAR - 6 2020