

Sen. Kelly Loeffler (R-GA)

The Working Families Childcare Access (WFCA) Act - Support

Parents across the country rely on their employer-sponsored Dependent Care Cafeteria Plan Flexible Spending Account (FSA) to defray unavoidable costs related to childcare. However, current tax law in the US, under IRS Code Sections [125](#) and [129](#), only allows employees with these FSAs to contribute \$5,000 annually that may be used for childcare costs. For many Americans, this doesn't even come close to covering the annual bill. Additionally, under an IRS use-or-lose rule, the FSA funds must be used by the end of the year or they are forfeited. As a result, just 1 percent of all taxpayers take advantage of this program and programs like it.

The Working Families Childcare Access Act would greatly increase access to this program by incentivizing a much larger group of American families to participate. And due to the uncertainty of the current economic climate, it is now more important than ever. The WFCA would benefit working families in the following ways:

- **Raising dependent care FSA contribution limits:** The WFCA would increase the annual contribution limit from \$5,000, which is far too low for many families, to a much more helpful \$15,000. This increase would help to offset the rising costs of childcare incurred by families.
- **Eliminating the burdensome “use-or-lose” rule:** Even more beneficial to working families is the elimination, under the WFCA, of the “use-or-lose” rule, which would allow FSA funds to roll over into the following year without penalty. As a result of the COVID-19 pandemic, children have been spending nearly all of their time at home with their families, meaning that funds invested by parents into their childcare FSA this year may go to waste if left unused. Working parents should not be penalized for putting money aside for childcare during this period (or any period) of uncertainty.
- **Increasing Flexibility:** The increase in contribution limits, coupled with the ability to roll funds over into the following year, will help to provide families with much needed flexibility in how they cover the costs of childcare. Furthermore, the removal of the “use-or-lose” rule will help to mitigate some of the strain on families that has resulted from the COVID-19 pandemic.

✓ Only an estimated **1.53 million** out of 146 million total US taxpayers, or roughly 1 percent, take advantage of a Dependent Care Cafeteria Plan FSA each year.

✓ A recent US [study](#) found that the average annual cost of childcare for two young children in 2018 ranged from about **\$18,000-26,000** per year, depending on region.

✓ According to the [CDC](#), there were 3,745,540 births in the US in 2019, the **lowest number recorded since 1985**. The general fertility rate among US women aged 15-44 in 2019 was the lowest in recorded history.