
HOUSE CONCURRENT RESOLUTION

URGING THE UNITED STATES INTERNAL REVENUE SERVICE TO RAISE THE
DEPENDENT CARE FLEXIBLE SAVINGS ACCOUNT LIMITS TO REFLECT
THE AVERAGE COST OF CHILD CARE IN EACH STATE.

1 WHEREAS, child care is one of the biggest expenses families
2 face; and

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4 WHEREAS, the national average cost of child care is between
5 \$9,000 and \$9,600 per year; and

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

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

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17 WHEREAS, in Hawaii, infant care costs just 25.9% less than
18 average rent and infant care for one child takes up to 16.0% of
19 an average family's income in Hawaii; and

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

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

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30 WHEREAS, there are several types of Flexible Spending
31 Accounts, including the Dependent Care Flexible Spending Account
32 that is a pre-tax benefit account used to pay for eligible



1 dependent care services, such as preschool, summer day camp,
2 before or after school programs, and child or adult daycare; and
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4 WHEREAS, with a Dependent Care Flexible Spending Account
5 one can use pre-tax dollars to pay for qualified out-of-pocket
6 dependent day care expenses. The money contributed to a
7 Dependent Care Flexible Spending Account is not subject to
8 payroll taxes which results in more take-home pay; and
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10 WHEREAS, one can use Dependent Care Flexible Spending
11 Account funds to pay eligible dependent care expenses for care
12 of dependent children under the age of thirteen, or for a person
13 of any age whom one claims as a dependent on federal income tax
14 returns and who is mentally or physically incapable of caring
15 for himself or herself; and
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17 WHEREAS, examples of eligible services include the
18 placement or program fees for a dependent care provider, such as
19 an au pair, before and after-school care (other than tuition
20 expenses), care of an incapacitated adult who lives with you at
21 least eight hours a day, childcare at a day camp, nursery
22 school, or by a private sitter, late pick-up fees, expenses for
23 a housekeeper whose duties include caring for an eligible
24 dependent, summer or holiday day camps, including registration
25 fees, activities in lieu of daycare when the fees associated
26 with the activity are incidental to, or cannot be separated
27 from, the cost of care (swimming lessons, arts and crafts, music
28 lessons, etc.); and
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30 WHEREAS, under Internal Revenue Service rules, the maximum
31 amount that can be elected for a Dependent Care Flexible
32 Spending Account is limited to the lesser of \$5,000 for single
33 individuals or married couples filing joint returns and \$2,500
34 for married couples filing separate returns; now, therefore,
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36 BE IT RESOLVED by the House of Representatives of the
37 Thirtieth Legislature of the State of Hawaii, Regular Session of
38 2020, the Senate concurring, that the commissioner of the United
39 States Internal Revenue Service is urged to raise the limit on
40 Dependent Care Flexible Savings Accounts to \$10,000 per child to
41 reflect the average cost of child care in the United States; and
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1 BE IT FURTHER RESOLVED that certified copies of this
 2 Resolution be transmitted to the Commissioner of the United
 3 States Internal Revenue Service, The President of the United
 4 States Senate, the Speaker of the United States House, the
 5 Hawaii members of the United States Congress, the Governor of
 6 Hawai'i, the President of the Economic Policy Institute, the
 7 Director of Parents and Children together of Hawai'i, and the
 8 Director of the Tax Foundation of Hawai'i.
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