

To: Harris County Commissioners Court

Through: Shain Carrizal, Senior Director of Human Resources & Risk Management

Prepared By: Shain Carrizal, Senior Director of Human Resources & Risk Management

Subject: Flexible Spending Account Plan Amendments in Response to COVID-19

Project ID (If applicable):

Purpose and Request:

Approval to amend the flexible spending account plan to allow employees to roll over any contributions remaining in their accounts for the 2020-21 plan year, to increase the 2021 maximum contribution limit for dependent care, and to allow employees who are contributing to a flexible spending account in the 2021-22 plan year an open enrollment period to make any prospective changes to their flexible spending elections for the 2021-22 plan year.

Background and Discussion:

The Consolidated Appropriations Act (CAA), passed by Congress on December 21, 2020 and signed into law on December 27, 2020, permits Harris County to amend its flexible spending account (FSA) plan to allow employees to roll over any remaining contributions in their FSA accounts for the 2020-21 plan year and to use those funds to pay for qualifying health care and dependent care expenses incurred at any time during the 2021-22 plan year.

The CAA also permits Harris County to allow employees to make prospective changes in their FSA contribution elections in the 2021-22 plan year to take into account the availability of roll over funds from the 2020-21 plan year that were not anticipated when they made their elections during the open enrollment period.

In addition, the American Rescue Plan Act allows Harris County to increase the maximum contribution limit for dependent care flexible spending accounts from \$5,000 to \$10,500 (for married individuals filing a joint income tax return) for calendar year 2021.

Fiscal Impact:

The cost of amending Harris County's flexible spending account plan with these new provisions should be negligible or even neutral since an increase in the dependent care account maximum generates payroll tax savings.

Fiscal Summary			
Expenditures	FY 20-21	FY 21-22 Projected	Future Years Projected [3 additional years]
Service Impacted: <i>[Please provide service or division where expenditure will be used]*</i>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Existing Budget	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Additional Appropriation Requested	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Expenditures	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Funding Sources			
Existing Department Budget	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
General Fund	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
All Other Funds	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Sources	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Alternatives:

N/A

Alignment with Strategic Objective:

N/A

Attachments:

Flexible Spending Account Plan Amendment Order

ORDER OF COMMISSIONERS COURT

The Commissioners Court of Harris County, Texas, convened at a meeting of the Court,

_____ with all members present except _____

A quorum was present. Among other business, the following was transacted:

**ORDER AUTHORIZING AMENDMENTS TO THE FLEXIBLE SPENDING
ACCOUNT PLAN TO ALLOW THE ROLLOVER OF REMAINING
CONTRIBUTIONS FROM THE 2020-21 PLAN YEAR, INCREASE THE 2021
DEPENDENT CARE MAXIMUM CONTRIBUTION LIMIT, AND ALLOW AN
OPEN ENROLLMENT PERIOD(S) FOR EMPLOYEES TO MAKE PROSPECTIVE
CHANGES TO THEIR CONTRIBUTIONS IN RESPONSE TO THE CORONAVIRUS
(COVID-19) PANDEMIC**

Commissioner _____ introduced an order and moved that Commissioners Court adopt the order. Commissioner _____ seconded the motion for adoption of the order. The motion, carrying with it the adoption of the order, prevailed by the following vote:

Yes No Abstain

Judge Lina Hidalgo
Comm. Rodney Ellis
Comm. Adrian Garcia
Comm. Tom S. Ramsey
Comm. R. Jack Cagle

The meeting chair announced that the motion had duly and lawfully carried, and this order was duly and lawfully adopted. The order adopted follows:

IT IS ORDERED that:

1. Harris County's flexible spending account plan be amended as follows:

- a. Allow employees to rollover any contributions remaining in their accounts from the 2020-21 plan year to the 2021-22 plan year;
- b. Increase the 2021 maximum contribution limit for dependent care flexible spending to \$10,500; and
- c. Allow an open enrollment period(s) for employees who are contributing to a flexible spending account in the 2021-22 plan year to make prospective changes to their flexible spending elections for the 2021-22 plan year.

2. All Harris County officials and employees are authorized to do any and all things necessary or convenient to accomplish the purpose of this Order.