



## Legislation Text

File #: 21-1251, Version: 1

**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:

Request by **Budget Management** for 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 specify division where expenditure occurs]</i>	N/A	N/A	N/A
Existing Budget	N/A	N/A	N/A
Additional Appropriation Requested	N/A	N/A	N/A

<b>Total Expenditures</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Funding Sources</b>			
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>
<b>Total Sources</b>	<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