

# CHILD AND DEPENDENT CARE MODERNIZATION ACT

Sponsor: Congresswoman Ann Wagner

Congresswoman Ann Wagner introduced the *Child and Dependent Care Modernization Act of 2019* to help alleviate some of the financial burdens that come with rising costs of child and dependent care.

## THE PROBLEM

According to a 2018 report published by The Brookings Institution, the median annual cost of center-based daycare for one child is [\\$8,320](#), and most American families have more than one child. But the maximum amount a family can contribute to a Dependent Care Flexible Spending Account (DCFSA) is \$5,000. This contribution cap has not increased since 1986, when the average annual cost of daycare was less than \$5,000. Over time, the value of Dependent Care Flexible Spending Accounts has declined as childcare costs have increased. It's now estimated that the cost of childcare for two children exceeds annual median rent payments in every state. Another problem that many families enrolled in a DCFSA experience is the "use-it-or-lose-it" rule. If parents don't use the full balance in their DCFSA before the year ends, they forfeit that unused money, limiting the ability of parents to save for ongoing costs of care.

## THE CHILD AND DEPENDENT CARE MODERNIZATION ACT OF 2019

The *Child and Dependent Care Modernization Act of 2019* will increase the maximum amount a family can contribute to a DCFSA and allow unused funds to roll over into the next plan year. It will also index the maximum contribution limit to inflation so that the value of a DCFSA will increase as childcare costs increase. This bill will give the more than 40 percent of workers with access to a DCFSA more control over their hard-earned money and allow them to plan ahead when it comes to child and dependent care.

### Maximum DCFSA Amounts

<i>Employee Tax Status</i>	<i>Maximum Amount since 1986</i>	<i>New Maximum Amount under Child and Dependent Care Modernization Act (will index to inflation)</i>
Single Head of Household	\$5,000	\$8,000 with 1 dependent \$16,000 with 2+ dependents
Married Filing Jointly	\$5,000	\$8,000 with 1 dependent \$16,000 with 2+ dependents
Married Filing Separately	\$2,500	\$4,000 with 1 dependent \$8,000 with 2+ dependents

### DCFSA Eligible Expenses:

- Adult daycare center
- Custodial elder care
- Elder or dependent care while at work
- Senior day care
- Childcare while at work
- Before and after school programs for children
- Nursery school
- Preschool
- Summer day camp for children
- Transportation to and from eligible care
- Licensed family child care