

FINAL BILL REPORT

SHB 1527

Synopsis as Enacted

C 34 L 93

Brief Description: Modifying funding of the dependent care program.

By House Committee on Appropriations (originally sponsored by Representatives Linville and Locke; by request of Office of Financial Management).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Dependent Care Assistance Program allows state employees to set aside a portion of their salary, before taxes, to be used to reimburse dependent care providers. The federal Internal Revenue Service establishes various limitations on the amount of money that can be set aside and how it may be used. One limitation is that any amounts set aside that are not used by the end of the year are forfeited. Forfeitures are currently transferred to the general fund.

The program is administered by the Committee for Deferred Compensation. Administrative expenses for the program are appropriated from the general fund.

Employers experience a slight cost savings when employees participate in the plan because the employer does not have to pay social security taxes on any salary dollars set aside under the program.

Summary: The dependent care administrative account is established to pay administrative expenses of the Dependent Care Assistance Program, rather than having expenses paid through a general fund appropriation.

The following are deposited in the account: (1) Any funds set aside but unused at the end of the year and considered forfeited under the program and (2) charges to agencies for all or a portion of the estimated savings experienced due to reductions in employer social security contributions for program participants.

The Committee for Deferred Compensation is authorized to bill agencies periodically to recoup the employer savings to pay for program expenses.

Votes on Final Passage:

House	97	0
Senate	41	3

Effective: July 1, 1993