

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 21, 2007**

**TO:** Honorable Tom Craddick, Speaker of the House, House of Representatives

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB957** by Orr (Relating to participation by certain state employees in a default investment product under a deferred compensation plan.), **As Passed 2nd House**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would make participation in the 401(k) plan automatic for any new employee hired after January 1, 2008 unless the employee elects not to participate. The employee would contribute a minimum of 1 percent to a default investment product selected by the board of trustees. The payroll deduction would be made automatically and would not require written consent of the employee.

The bill would require state agencies to use existing resources to inform new hirees, as part of the agency's new employee orientation process, of the automatic enrollment in a 401(k) account and option to opt-out of the enrollment. The bill would also require participating state agencies to maintain a record of a new hire's acknowledgement of information regarding 401(k) participation or opt-out option.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 327 Employees Retirement System

**LBB Staff:** JOB, SD, MN, KJG, MS, JW