

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 2007

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

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.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

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, MN, KJG, MS, JW