

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 8, 2009

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: HB2283 by Truitt (Relating to increasing state employee participation in the TexaSaver program.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would implement recommendations from the Legislative Budget Board's *2009 Government Effectiveness and Efficiency Report* entitled "Increase the Employee Participation in the TexaSaver Program." The bill would make changes to the TexaSaver Program, the 401(k) and 457 plans offered to state employees for voluntary retirement savings. Changes made by this bill include permitting the Employees Retirement System (ERS) to add a Roth 401(k), permitting ERS to add a Roth 457 when permissible under federal law, and permitting an employer match within the 401(k) plan subject to a separate legislative appropriation.

The Employees Retirement System estimates that there would be an administrative cost to the agency to make the program changes related to adding a Roth plan option. The TexaSaver Program is funded by monthly participant fees. To add a Roth plan option would require fees by the participants selecting this option.

Additional costs to the state would be incurred if the Legislature appropriates funds for an employer match for the 401(k) plan. A match would only be permitted if the Employees Retirement System trust fund receives funding for normal costs for the retirement system and the system has a funded ratio equal to or greater than 90 percent. The employer matching amount, if offered, would be determined by a separate, specific appropriation level, and is not set to a certain amount by this bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

LBB Staff: JOB, KJG, JI, JJO, JRO