

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 17, 2009

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions, Investments & Financial Services

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 Introduced**

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 adding a Roth 401(k), adding a Roth 457 when permissible under federal law, expanding automatic enrollment to all state employees for the 401(k) plan, adding an auto-escalation feature to increase participation contributions by one percent each year until contributions equal five percent of salary, and permitting an employer match within the 401(k) plan.

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 and the expansion of automatic enrollment. 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 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 would be determined by a 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, JRO, JI, JJO