



**152nd GENERAL ASSEMBLY
FISCAL NOTE**

BILL: SENATE BILL NO. 94
SPONSOR: Senator Paradee
DESCRIPTION: AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO EMPLOYER CONTRIBUTIONS TO DEFERRED COMPENSATION.

Assumptions:

1. This Act is effective upon signature by the Governor.
2. Chapter 60A of Title 29 currently authorizes the payment of up to a \$10 per paycheck match for state employee deferred compensation programs. The State currently offers a 457 program for state agency and public education employees as well as a 403 (b) program specifically for public education employees.
3. Beginning in Fiscal Year 2009 through the current fiscal year, epilogue contained in the annual budget act suspended the match program.
4. This Act would increase the match amount for the deferred compensation programs from \$10 to \$20 per paycheck.
5. This Act also directs the Plans Management Board, by January 1, 2025, to approve 457 and 403(b) plan amendments to allow the match authorized in this Act to match an employee's student loan payments. These match payments would be deposited to their 457 or 403(b) account.
6. As of March 31, 2023, there were a total of 14,708 employees actively contributing to the state employee deferred compensation programs. The net number of participants is assumed to increase by 3% per year.
7. For this analysis, it is assumed that the current program suspension contained in the annual operating budget act would be lifted, and the match would be payable for contributions made after January 1, 2024. The period between July 1, 2023, and December 31, 2023, would be needed for State payroll system preparation, agency and participant education, as well as preparation by the State's third-party record keeper.
8. It is assumed that funds to provide the match will be generated through a rate of payroll. Thus, seventy percent of the costs are assumed to be borne by the General Fund.

Cost:

| | <u>General Fund</u> | <u>Special Fund</u> | <u>Total</u> |
|-------------------|---------------------|---------------------|--------------|
| Fiscal Year 2024: | \$2,676,856 | \$1,147,224 | \$3,824,080 |
| Fiscal Year 2025: | \$5,514,323 | \$2,363,281 | \$7,877,604 |
| Fiscal Year 2026: | \$5,679,753 | \$2,434,179 | \$8,113,932 |