

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1773 - HB 2045

February 3, 2020

**SUMMARY OF BILL:** Increases the maximum monthly 401k matching amount from a state employer from 100 percent of the first \$40 contributed to 100 percent of the first \$75 contributed per employee per month, unless a higher maximum is specifically prescribed in the annual general appropriations act.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures –**  
**Exceeds \$12,479,300/FY20-21 and Subsequent Years**

Assumptions:

- The Department of Finance and Administration currently budgets so that the effective matching amount from state employers is 100 percent of the first \$50 per employee per month. It is assumed that, pursuant to this legislation, the effective matching amount from state employers will be 100 percent of the first \$75 per employee per month.
- There are 34,887 Tennessee Consolidated Retirement System (TCRS) participants currently contributing greater than the appropriated \$50 matching maximum. The average contribution of such employees is \$267.43 per month.
- Furthermore, there are 13,421 TCRS participants contributing at the current \$50 matching rate.
- It is estimated that 100 percent of those over \$50, and at least 50 percent of those who currently contribute \$50 will contribute at least \$75 per month.
- The recurring increase in state expenditures is estimated to be \$12,479,300  $\{[(34,887 \times (\$75 - \$50)) + [(13,421 \times 50\%) \times (\$75 - \$50)] \times 12\}$ .

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner".

Krista Lee Carsner, Executive Director

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