

# The **Association** report

from the **Capitol**

January 11, 2008

The '08 Missouri Legislative Session got underway Wednesday (Jan. 9) and our Association was there before the opening gavel promoting expansion of the state employees' deferred compensation plan.

On Monday and Wednesday (Jan. 7th and 9th) the House Appropriations Committee for General Administration was in the capitol holding hearings on the '09 budget. One of the topics discussed at the Wednesday hearing was state personnel benefits which included a review of deferred comp. This is an program whereby the state will match employee contributions of \$25 a month to a personal account.

In a letter submitted to the committee, Mark O'Dowd, Association President, reminded the members that HB 1229 was passed in the 1998 legislative session raising the maximum matching contribution from \$25 to \$75 a month. He further explained that the deferred comp program was created in 1994 and expanded because of its popularity.

"I'm asking you today to fully fund the deferred comp program as the legislature intended nearly a decade ago," Mr. O'Dowd said in his letter. "This is an employee benefit, certainly a savings incentive, that has been well received by our workers."

Mr. O'Dowd said MoDOT has one of the highest employee participation rates, at 76%, among state agencies.

A spokesman for the deferred comp plan who appeared at the hearing said over-all state employee participation has declined in recent years. Some committee members wondered if worker participation would rise again if the state's contribution were to be increased.

More budget hearings are planned for the coming weeks. The complete text of Mark O'Dowd's letter to the house committee follows on this web site.

**From Harry Hill, Lobbyist  
Missouri Highway and Transportation Employees' Association**

## Public Testimony; Missouri House Appropriation Committee - General Administration

Good morning. My name is Mark O'Dowd and I'm president of the MoDOT Employees' Association. I'm here to ask for your help in fully funding the state employees' deferred compensation program which was authorized in HB1229 passed by the general assembly in 1998.

As a bit of background on this program, HB947 passed in 1994, established Missouri's Deferred Compensation Plan which gave state employees the option to make monthly contributions up to \$25 to a personal account. That amount would be matched by an equal contribution by the state. The plan was soon funded at this initial level by the general assembly.

Due to the popularity of the plan which encouraged personal saving among state employees, Rep. Gene Copeland filed the aforementioned HB1229. This piece of legislation expanded the deferred comp program to a maximum of \$75 per month for each employee. The bill was passed and signed by the governor but has never been funded.

I'm here today asking you to fully fund the deferred comp program as the legislature intended nearly a decade ago. This is an employee benefit, certainly a savings incentive, that has been well received by our workers. More than 62% of our state employees participate in the plan despite relatively low pay. Of the more than 60,000 state workers, 37,526 are in the deferred comp program. That includes a high of 83% participation in the Office of Administration to the lowest participation rate of 43% by mental health. Second highest, by the way, is MoDOT at 76%.

The general revenue cost for the deferred comp program at today's level of participation is approximately \$6.2 million. I would hope you consider this a good investment in your state workers - encouraging them to help themselves for their future.

\* As a point of clarification - MoDOT workers' benefits, including deferred compensation, are paid from highway funds. At the current rate of participation (about 5,315 employees,) that cost is thought to be about \$1.5 million.