

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 \$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.