Executive Appropriations Committee
December 10, 2013

The Legislature appropriated $4.5 million ongoing from the General Fund in FY 2014 (less $2.25 million one-time) for matching contributions to employees’ 401(k) accounts. The match amount is based on an estimated 76% take-up rate (employees contributing to a 401(k)) and is not to exceed $26 per pay period. The bill requires the match to begin on or after January 4, 2014. The current take-up rate is 52%. In order to pay the match, the Legislature must set the match amount in an appropriations bill.

Timing Options

1. Recommended: Pass a 401(k) compensation bill at the start of the 2014 G.S., with a retrospective effective date going back one pay period to January 4, 2014. Reallocate existing General Fund appropriation and add other funding sources.
2. Similar to #1, but pass a separate bill (or include in the regular compensation bill) at any time during session, with a retrospective effective date going back to January 4, 2014.
3. Pass a bill with the 401(k) match at any time, with a different effective date than January 4, 2014 for beginning the match.

Matching Options

1. Recommended: Set the matching rate according to the take-up rate as of January 3, 2014 (up to $26 per pay period) such that total General Fund costs will not exceed the current appropriation. Any unused General Fund appropriation will remain in the Division of Finance.
2. Similar to #1, but amend statute if necessary so more than $26 can go to each employee, up to the amount of the General Fund appropriation.
3. If the cost of allocating $26 per pay period would exceed the current General Fund appropriation, add a supplemental appropriation so the allocation can be $26.