

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
 Revised

House Bill 1012 (Delegate Guns. *et al.*)

Environmental Matters

Public Service Commission - Funding and Personnel

This bill provides that the Public Service Commission (PSC) has the authority to determine the compensation, if possible in accordance with the State pay plan, for: the deputy general counsel and assistant general counsels; license hearing officers; professional and management service personnel; accountants; auditors; and engineers.

The bill limits to \$10 million annually the amount of public utility assessments that may be paid into the newly-created Public Service Commission Fund to fund the PSC. The PSC thus becomes a special fund agency. The Office of the People’s Counsel will continue to receive general funds that will be reimbursed from the assessments.

The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: The FY 2000 budget provides for a general fund reduction of \$8,977,541 contingent on enactment of this bill. The agency will submit a special fund budget amendment for the same amount. In addition, special fund expenditures could increase by approximately \$174,000 in FY 2000 for potential salary increases and associated fringe benefits (assuming 13% vacancy rate), increasing to \$200,800 in FY 2001. These additional expenditures are not included in the proposed FY 2000 PSC budget. Future year expenditures reflect 3.5% annual salary increases and 3% turnover. No net impact from changing the funding source of the PSC.

(\$ in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	(\$9.0)	(\$9.0)	(\$9.0)	(\$9.0)	(\$9.0)
SF Revenues	9.2	9.2	9.2	9.2	9.2
GF Expenditures	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)
SF Expenditures	9.2	9.2	9.2	9.2	9.2
Net Effect	\$0	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Effect: This bill will affect the PSC's compensation policies and funding source.

Compensation

The bill allows the PSC to alter its salary plan and presumably increase employee salaries. The PSC has already presented a proposal to the Department of Budget and Management to increase by 6% the salaries of certain PSC positions related to "mission-critical" functions that are unique to public utility regulation and that require public utility expertise. Enactment of the bill would, at a minimum, allow the PSC to enact this salary increase in fiscal 2000. This salary adjustment would increase personnel expenditures by \$173,986 in fiscal 2000, including fringe benefits and the current 13% vacancy rate for these positions. Out-year growth reflects assumed increases in salaries and fringe benefits of 3.5% per year and 3% turnover.

Expenditures of the PSC (general fund previously, special fund under the bill) would increase based on the additional personnel costs. The PSC would presumably increase its assessment on the State's public utilities to address the additional costs.

The PSC advises that enactment of the bill would require the services of an outside compensation consultant at a cost of approximately \$105,600 in fiscal 2000. Legislative Services does not believe such study is necessary given that the agency has already done a thorough compensation study comparing compensation at the PSC to public service commissions in other states. The PSC also advises that the bill would require a full-time personnel officer at \$37,075 per year to implement the new salary structure. Legislative Services believes that such position is unnecessary given that the agency was able to perform the compensation analysis with existing resources.

Funding Sources

The fiscal 2000 appropriation for the PSC is \$9.0 million. Under the bill, the PSC's expenditures and revenues would be special funds, not general funds. The Office of the People's Counsel's remains a general fund agency.

Under current law, the PSC can assess each public service company up to 0.17% of the

company's gross operating revenue to fund the PSC's operations, and up to 0.05% to fund the operations of the Office of the People's Counsel, for a maximum combined assessment of 0.22%. The maximum total assessment amount has not been necessary to fund the agencies' budgets; the current total assessment stands at 0.1659%.

The bill would limit funds from the Public Service Commission Fund to \$10 million. The PSC's budget is currently \$9.0 million. Also as noted above, allowing the PSC to increase salaries for its specialized employees would increase the agency's budget by another \$200,000 per year on an annualized basis. Thus, the agency's budget would be \$9.2 million, or \$800,000 within the \$10 million proposed fund cap.

Information Source(s): Public Service Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 1, 1999
nncsjr Revised - House Third Reader - March 25, 1999
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Analysis by: Matthew D. Riven

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510