

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 867 (Delegate Pitkin, *et al.*)

Appropriations

**State Employees - Telecommuting Pilot Program - Home Office Equipment
Purchase Assistance Program**

This bill requires the Secretary of Budget and Management to establish a home office equipment purchase assistance program within the department for information technology (IT) professionals. The program provides reimbursement for interest charges incurred in connection with the purchase of home office equipment to IT employees who participate in the Telecommuting Pilot Program, have purchased home office equipment in order to participate in the pilot program, and have incurred interest charges in connection with the purchase of home office equipment. An eligible employee may be entitled to reimbursement under the program for interest charges not exceeding an actual annual percentage rate of 10%. The Secretary by regulation shall establish criteria for determining eligibility for reimbursement and procedures for applying for reimbursement. The assistance program terminates when the Telecommuting Pilot Program sunsets on September 30, 2001.

Fiscal Summary

State Effect: Increase in personnel-related expenditures (all funds) of \$48,600 in FY 2000 to pay interest costs for purchase of home office equipment. FY 2001 costs reflect 30% program turnover plus carryover of interest reimbursement costs from initial participation. Future year expenditures reflect 30% program turnover and no increase in computer equipment costs.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF/SF/FF Revs	\$0	\$0	\$0	\$0	\$0
GF/SF/FF Exps	48,600	68,000	29,200	29,200	29,200
Net Effect	(\$48,600)	(\$68,000)	(\$29,200)	(\$29,200)	(\$29,200)

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

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Expenditures: The Department of Budget and Management (DBM) advises that there are 800 eligible IT professionals. Assuming 50% of them participated in the purchase assistance program, then the program would have 400 participants at a first-year cost of approximately \$48,600. This estimate is based on an average purchase of \$3,000 on home office equipment at 10% interest for 18 months (equal to \$243 of total interest payments less 3 months in fiscal 2000 based on October 1 effective date).

Future year costs of approximately \$29,200 assume a 30% turnover, meaning that 30% of total employees in the program will change each year, requiring the payment of additional interest assistance. This is a reasonable assumption given that the bill does not require that the employee stay in the telecommuting program (or remain a State employee) for a fixed period after the purchase assistance. Fiscal 2001 costs also reflect nine months carryover of interest from the initial participants.

The resulting increase in telecommuting could result in minimal reductions in certain State expenditures such as office space. The 1998 Report of the Telecommuting Workgroup, prepared by DBM, argues that telecommuting results in increased staff productivity. Any such productivity increase, however, cannot be reliably estimated at this time.

Information Source(s): Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 1999
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