

auditors, and engineers. The bill also creates a nonlapsing Public Service Commission Fund to fund the operations of the PSC, establishing the PSC as a special fund agency.

There can be no doubt that the industries regulated by the Public Service Commission are undergoing fundamental and rapid changes. A stable and qualified workforce is certainly necessary in this dynamic environment. However, while some flexibility in salary-setting authority may be advisable, I object to the unnecessary step of establishing the PSC as a special fund agency. The challenges facing the PSC should be addressed in a manner that does not significantly limit the ability of the Governor and the General Assembly to review the Commission's priorities and budget.

Many State agencies find it difficult to attract and retain qualified employees in certain positions. Salaries offered in the private sector and by local governments often exceed salaries offered by the State. By partnering with the General Assembly, we have started to remedy some of the basic problems with our personnel system. We have placed an emphasis on pay for performance and, this year, we adopted a revised standard pay plan affecting over 44,000 positions, including many of the PSC positions identified in Senate Bill 171. This will go a long way towards addressing a major problem with the current pay plan; the limits on salary growth for the over 60 percent of State employees who have reached the highest step in their grade.

This interim, the Department of Budget & Management will finalize its recommendations for updating and improving the salary structure for employees in the Executive Pay Plan. The fiscal year 2001 budget that I submit to the General Assembly next year will include a restructured Executive Pay Plan; the revised pay plan will benefit employees at the Public Service Commission and throughout State government.

Recruiting and retaining qualified staff is important to all State agencies and commissions. For example, while the PSC is entering a period of change for the industries it regulates, the Office of People's Counsel (OPC) must continue to vigorously represent the interests of residential consumers before the Commission. Senate Bill 171 fails to provide the same flexibility to OPC that is provided to the PSC for comparable positions. There are specialized positions in virtually every State agency. We should work aggressively to keep qualified people in those positions. Last year, we implemented a targeted initiative to attract and retain qualified information technology employees by providing competitive salaries. A similarly focused effort may have been sufficient to address the challenges facing the PSC. The salary plan reforms enacted for FY00 and scheduled for FY01 should be given a chance to work prior to altering the status of the Commission. The special fund structure adopted in Senate Bill 171 goes too far.

For the above reasons, I have vetoed Senate Bill 171.

Sincerely,
Parris N. Glendening
Governor