

documents to your scrutiny in the arduous task we face in our effort to work out a sound financial plan for the State during the remaining days of this session.

You will recall that in my message to you in this chamber three weeks ago I said that it would be possible for the State to operate through the next fiscal year under our present revenue structure were it not for the necessity of granting further additional financial assistance to Baltimore City and the counties. I said moreover, that, without this necessity, in all likelihood we could complete this term without changing this revenue structure.

In the same message, I spoke to you about the complicated relationship of State and local governments and of my serious concern about finding a solution to this problem. Your Legislative Council's Committee on Taxation and Fiscal Matters has conducted a long and exhaustive study of the subject of State and local fiscal relations, and has concluded that some immediate adjustments are required. I have accepted this Committee's recommendations, and respectfully request that you incorporate them in our financial program for the 1962 fiscal year.

Briefly stated, its proposal is that the State boost its financial aid to the local subdivisions, primarily by increasing State grants-in-aid for public education and public welfare. It should be emphasized at this point, I believe, that the plan was carefully drawn up so as not to precipitate a major disruption in the present State or local revenue systems.

The adjustment in the State-aid program for public education contemplates increasing the minimum salary requirements for teachers by \$400 and raising the local tax contribution requirements by twelve cents. The objective of this phase of the program is to assist those subdivisions which have had difficulty in keeping pace in their educational programs and to decrease the disparity in educational standards among these local subdivisions. The plan also contemplates increasing the incentive fund for school construction by raising the per pupil amount from \$20 to \$22 and by adding a new feature to this program which will grant an additional \$70 per pupil for each pupil in excess of the enrollment of the previous year. This proposal will increase State support for school construction, with greatest benefits going to those localities which have suffered most with the problems of growth.

The public welfare part of the program is designed to relieve the local governments of some of the burdens of welfare costs over which