

Also, rental for State offices in Baltimore City, formerly carried in the Budget to the Board of Public Works in the amount of \$25,800.00, has been transferred to Miscellaneous Appropriations, since that sum does not provide any facilities for the Board.

Under the present Act, there will be required in 1942 \$80,000.00, and in 1943 \$95,000.00, for retirement of State employees. This is an increase over the 1941 appropriation of \$24,500.00 in 1942, and \$39,500.00 in 1943. This is necessary in order to provide retirement for all employees who reach the age of seventy and who have the option of retirement, and for those employees who are retired because of physical disability.

As noted below, the present cost of Retirement Systems provided by law, not including the Teachers' Retirement System, is \$163,042.00 for 1942, and \$187,634.00 for 1943. It will cost \$114,461.00 additional in 1942, and \$80,869.00 in 1943, to establish an Employees' Contributory System on an actuarial basis.

These outlays are economically sound as the present systems will in a few years cost more than an Employee's Contributory System established on an actuarial basis. Further, I believe that the benefits to State employees from this System are of greater value than general increases in salaries, as suggested. We are not giving general salary raises. For these reasons, I am recommending that an Actuarial System be established, and will submit for your consideration appropriate legislation therefor.

The present system is not on a actuarial basis, and its principal defect is that it provides no contribution on the part of the employee. The entire contribution is made by the State. Therefore, the cost is increasing and will continue to do so. Following is a list of other pension systems in force in the State other than for public school teachers:

	1942	1943
Judiciary .....	\$43,650.00	\$50,725.00
Clerks' and Registers' Retirement Board.....	5,700.00	5,700.00
Department of Maryland State Police.....	11,942.00*	14,459.00*
Board of Correction.....	2,250.00	2,250.00
Maryland Penitentiary.....	14,500.00	14,500.00
Maryland House of Correction.....	3,000.00	3,000.00
State Employees' Retirement System.....	80,000.00	95,000.00
<b>Total</b> .....	<b>\$161,042.00</b>	<b>\$185,634.00</b>
State Employees' Retirement System Administration .....	2,000.00	2,000.00
<b>Total</b> .....	<b>\$163,042.00</b>	<b>\$187,634.00</b>

A study of the cost of a sound actuarial system has been made by Mr. George B. Buck of New York, an actuary, and experienced in the operation of public retirement systems. It is estimated that to establish an adequate retirement system for all full time State employees on a contributory basis will cost \$277,503.00 for each of the fiscal years 1942 and 1943. According to the above statement there is included in this budget \$163,042.00 for 1942 and \$187,634.00 for 1943 and since a permanent employee contributory system, established on an actuarial basis, will cost \$277,503.00 for each of the fiscal

\*Included in the amounts are the sums \$11,942.00 for 1942 and \$14,459.00 for 1943, representing the State's contribution for employees of the Department of Maryland State Police. These contributions payable from General Funds are to be off-set by transfers to General Funds of similar amounts from the receipts of the Commissioner of Motor Vehicles, in the respective years.