

of the public school building program, the State Department of Education having estimated the cost of such expansion at a minimum of \$325,000,000 for the next ensuing ten years; and

WHEREAS, the customary and necessary way to finance such large scale capital improvements is through the issuance of bonds; and

WHEREAS, the current market for State, county and municipal bonds requires the payment of exorbitantly high interest rates in order to obtain the capital needed; and

WHEREAS, such interest rates constitute a tremendous burden upon the taxpayers of this State, and in some cases are so high as to make impossible the sale of securities by the political subdivisions; and

WHEREAS, it is essential to the public welfare of the State of Maryland that the school building program be carried out as expeditiously as possible, while at the same time keeping to the necessary minimum the amount of taxation needed to support such program; and

WHEREAS, the combined investments of the Employees' Retirement System, the Teachers' Retirement System and the State Police Retirement System exceed \$100,000,000, and the amount of this figure will grow annually for some time to come; and

WHEREAS, in the last fiscal year the investments of these funds yielded an interest rate of 2.85% but the actuarial valuation of the funds is based upon a 4% factor, requiring the State of Maryland to supplement from already overburdened General Funds its normal contribution to the Retirement Funds for the purpose of maintaining the actuarial position of the Funds; and

WHEREAS, for the 1956 fiscal year an amount of \$1,515,800 was calculated by the actuary of the State Teachers' Retirement Fund and the State Employees' Retirement Fund to be the extent of the deficiency of interest earnings referred to above; and

WHEREAS, it is necessary to improve the earnings of the Retirement Funds in order to relieve the burden upon the general taxpayers of the State, who must pay the interest deficiency as well as the State's normal contributions to the Retirement Funds; now, therefore, be it

Resolved by the General Assembly of Maryland, That it is the recommendation of this body that the Trustees of the Retirement Funds give first preference in acquiring new investments to the acquisition of direct obligations of any county of the State of Maryland or of Baltimore City issued for public school building purposes; provided, however, that the net debt of such governmental unit, exclusive of self-liquidating debt, shall not exceed 10% of the assessable basis of said county or municipality; and provided, further, that at the time of purchase the effective yield on such obligations shall be as great or greater than that on obligations of the U. S. Government; and be it further

Resolved, That the continuing attention of the Trustees of the Retirement Funds be directed to the feasibility of converting the current large holdings of the Funds in low yield obligations of the U. S. Treasury to currently existing or future issues of the counties of the State of Maryland and Baltimore City under conditions similar to those enumerated in the preceding paragraph, for the dual purpose