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Marylanders Concerned about State's Ability to Fund State Employee Pensions

Bipartisan Majority Says Cut \$500 Million in Fees to Pension System's Investment Managers

ROCKVILLE, MD (March 22, 2021) — With Maryland's state pension fund nearly \$20 billion in the red, a new statewide survey from the Maryland Public Policy Institute reveals that a large majority of voters are concerned about the state's ability to fund pension benefits for public employees. The survey of more than 500 registered Maryland voters gauged public sentiment on the health of the state pension system and found that two-thirds of Marylanders are worried that the state will have to raise taxes to ensure adequate funding. Read the full survey at mdpolicy.org.

More than 400,000 former and current state employees depend on the Maryland State Retirement and Pension System, yet the system suffers from a \$20.1 billion shortfall - or approximately \$15,000 per Maryland resident.

Marylanders largely agree on one way to improve the fund's finances: cut annual payments to the fund's investment managers. Fully 63 percent of Marylanders agree that reducing the estimated \$500 million in annual fees paid to the fund's investment management firms is the best way to close the shortfall.

"A promise made to state employees should be a promise kept," said Christopher B. Summers, president and chief executive officer of the Institute. "Stabilizing the pension fund's investment performance is pocketbook priority for state retirees and taxpayers who could ultimately be required to cover the fund's losses. These survey results show Marylanders expect better investment returns and lower expenses from the state's pension fund."

The survey also found that nearly half of voters (48%) support shifting future state employees to 401(k) style retirement accounts to give those employees more investment choices and to reduce risk to taxpayers. Thirty-seven percent oppose shifting future state employees.

The Institute has published extensive findings on Maryland's chronically unfunded pension systems and the need to shift to low-cost, passive, indexed investments. Learn more at mdpolicy.org.

The survey was conducted by Burton Research and Strategies from January 4 to 8, 2021 via statewide telephone survey among 502 registered voters, including 150 interviews with cell phone respondents. The survey has a margin of error of +4.37%.

ABOUT THE MARYLAND PUBLIC POLICY INSTITUTE

Founded in 2001, the Maryland Public Policy Institute is a nonpartisan public policy research and education organization that focuses on state policy issues. The Institute's mission is to formulate and promote public policies at all levels of government based on principles of free enterprise, limited government, and civil society. Learn more at mdpolicy.org.