

D60A10 State Archives

Operating Budget Data

(\$ in Thousands)

	FY 04 <u>Actual</u>	FY 05 <u>Working</u>	FY 06 <u>Allowance</u>	FY 05-06 <u>Change</u>	% Change <u>Prior Year</u>
General Fund	\$2,413	\$2,465	\$2,494	\$28	1.1%
Special Fund	8,254	7,969	7,819	-149	-1.9%
Federal Fund	<u>219</u>	<u>186</u>	<u>89</u>	<u>-97</u>	<u>-52.4%</u>
Total Funds	\$10,886	\$10,620	\$10,402	-\$219	-2.1%
Contingent & Back of Bill Reductions			-22	-22	
Adjusted Total	\$10,886	\$10,620	\$10,380	-\$240	-2.3%

- The allowance includes \$75,000 to print the *Maryland Manual*.

Personnel Data

	FY 04 <u>Actual</u>	FY 05 <u>Working</u>	FY 06 <u>Allowance</u>	FY 05-06 <u>Change</u>
Regular Positions	44.50	44.50	44.50	0.00
Contractual FTEs	<u>48.80</u>	<u>42.97</u>	<u>41.20</u>	<u>-1.77</u>
Total Personnel	93.30	87.47	85.70	-1.77

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.89	2.00%
Positions Vacant as of 12/31/04	1.00	2.25%

- There is a net reduction of 1.77 contractual FTEs and \$136,706 in the contractual payroll.

Note: Numbers may not sum to total due to rounding.

For further information contact: James L. Stoops

Phone: (410) 946-5530

Analysis in Brief

Major Trends

More Archived Material in Electronic Format: Archived electronic records have increased substantially from 1,082 gigabytes in fiscal 2003 to 26,905 gigabytes in fiscal 2005 and are expected to increase to 42,178 in fiscal 2006.

Issues

Accountability for Land Record Projects: State Archives does not adequately budget or account for funds received from the Judiciary for two land record projects.

Recommended Actions

	<u>Funds</u>
1. Add budget bill language to require adequate budgeting and accounting for two land record projects supported by the Judiciary Land Record Improvement Fund.	
2. Delete funds for the <i>Maryland Manual</i> .	\$ 75,000
Total Reductions	\$ 75,000

D60A10 State Archives

Operating Budget Analysis

Program Description

As the legally and constitutionally mandated historical agency for Maryland, State Archives is the central depository for government and certain designated private records of permanent value. Holdings date from 1634 to the present. These include colonial and State executive, legislative, and judicial records; county probate, land, and court records; publications and reports of the State, county, and municipal governments; business records; and special collections of maps, newspapers, photographs, records of religious bodies (particularly as they relate to the recording of births, deaths, and marriages), businesses, and private individuals. State Archives seeks to preserve and make available the permanent records of the past in original form and electronically, while providing reliable information about Maryland State, county, and municipal government in a continuously compiled and updated, web-enabled, and accessible environment.

State Archives preserves, describes, and makes accessible the government general public records deemed to have a permanent historical, educational, and administrative value. State Archives maintains an archival microfilm copy of all land and court records and prepares and normally publishes the *Maryland Manual* every two years. Other publications and the index to various collections are available on the Internet and on CD ROM. The *Maryland Manual*, including photographs, is available on the Internet.

In February 1995 State Archives established an Internet site (<http://www.mdarchives.state.md.us>). In January 1997 the agency also took responsibility for the Maryland Electronic Capital (MEC) web site (<http://www.mec/state.md.us>). State Archives is the web master for the MEC web page, the home page of Maryland State government, and provides the home page links to Maryland State government web sites.

The Commission on Artistic Property, created in 1969, is charged with keeping an accurate inventory of valuable paintings and other valuable artistic property in State custody, except for those in the Government House (the Governor's official residency). The commission may accept gifts and loans of paintings and other artistic property. The commission, with approval of the Governor, may accept money from any source, public and private, and administers the funds according to the conditions and terms of the gifts. In June 1996 the commission assumed custody of the Peabody Art Collection. In 1993 legislation established the State Archive Endowment Fund to receive gifts for the study of biography and geography and to promote original records for use in schools.

Performance Analysis: Managing for Results

State Archives is charged with preserving the public record of the government of the State. The goal of State Archives is to make this accessible to the public electronically on the Internet. **Exhibit 1** indicates electronic files of the public record have grown exponentially from 463 gigabytes in fiscal 2002 to 26,904.9 gigabytes projected in fiscal 2005 and is expected to grow to 42,178 gigabytes by the close of 2006 – leaving a projected surplus capacity of 14,622 gigabytes.

State Archives has hosted the Maryland home page Gateway to Maryland State Government since it was first established in February 1995. State Archives is now the repository for all land records recorded by the Clerks of the Circuit Court Land Offices. In late 2003 State Archives, in a project supported by the Judiciary, began electronic archiving of Maryland Land Records (MDLAND REC or *www.mdlandrec.net*) that are older than 10 years. This effort has accelerated dramatically with the backfiled conversion of the remaining land records of the 10 counties and Baltimore City that had not converted to electronic land record images (ELROI) prior to July 1, 2004. The land records also include subdivision plats. State Archives is the repository of all subdivision plats. All subdivision plats are now archived in *Plats.net*.

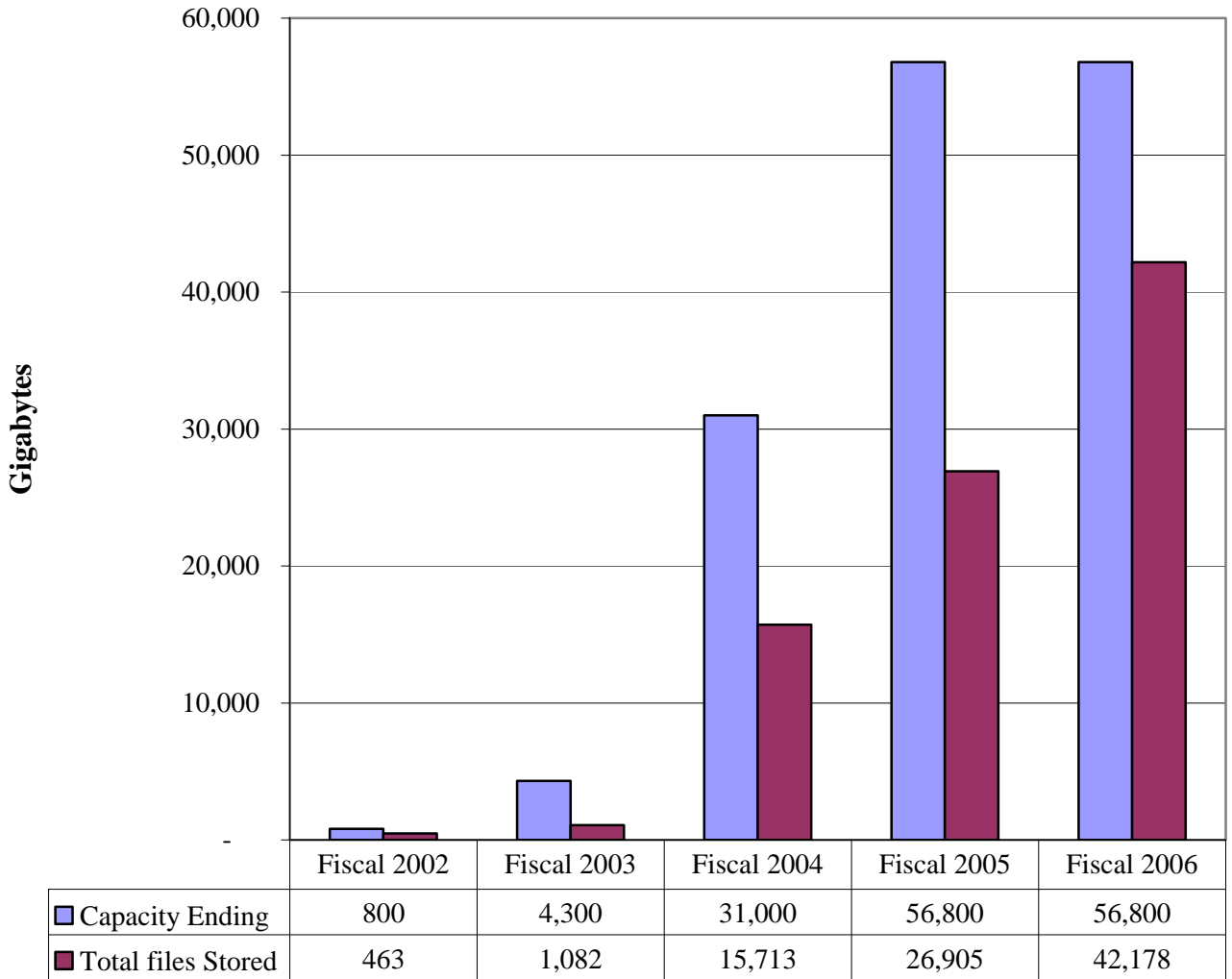
It is expected by the close of fiscal 2005 that only the land records of Baltimore City will remain to be converted to electronic records. The conversion of Baltimore City will be completed in fiscal 2006. The web site, *mdlandrec.net*, has been so successful that all records will be converted to the State Archives data base, not just the records over 10 years old. The Circuit Court Clerk Land Records Offices will be responsible for scanning and verifying all new land record transactions into the electronic format. Once the records are verified and indexed and a land record “book” is completed, the entire records contained in the “book” will be electronically transferred to the Maryland State Archives *mdlandrec.net*. Except for Baltimore City, the ELROI project will be in a maintenance mode in fiscal 2006.

While State Archives is rapidly moving into the electronic age, it continues to have custody of other State records, the Annapolis and Peabody fine art collections as noted in **Exhibit 2**. The goal is to conserve 100% of the State-owned art in the Annapolis collection by fiscal 2009 and the Peabody collection by 2010. Currently, limited funds are available for conservation of the Peabody collection, and none for the Annapolis collection, so it is unlikely the goal will be achieved.

Governor's Proposed Budget

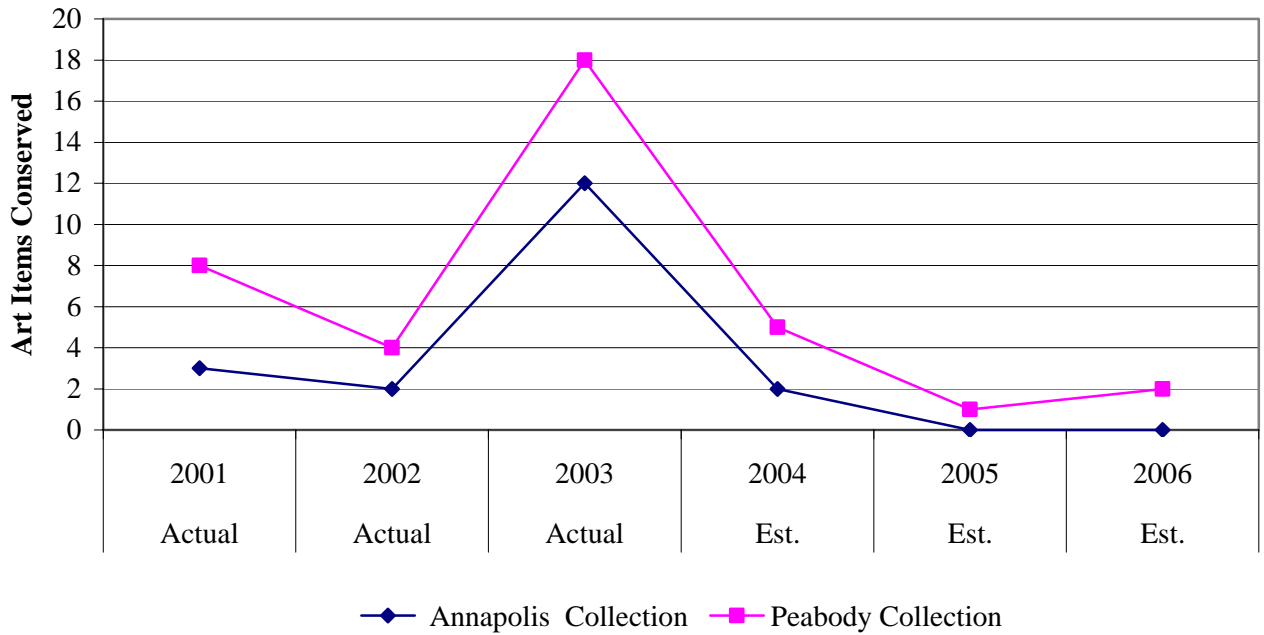
Fiscal 2006, as indicated in **Exhibit 3**, is another austere year for State Archives. The allowance for fiscal 2006 decreases 2.3%, and \$240,213. General funds increase \$13,723; special funds decrease \$156,468, while federal funds decrease \$97,468.

**Exhibit 1
State Archives – Electronic Data
Fiscal 2002 – 2005
(Gigabytes)**



Source: Maryland State Archives

Exhibit 2
Program Measurement Data
State Archives
Fiscal 2001 – 2006



Source: State Archives

Exhibit 3
Governor's Proposed Budget
State Archives
(\$ in Thousands)

How Much It Grows:	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
	Fund	Fund	Fund	
2005 Working Appropriation	\$2,465	\$7,969	\$186	\$10,620
2006 Governor's Allowance	2,494	7,819	89	10,402
Contingent & Back of Bill Reductions	<u>-15</u>	<u>-7</u>	<u>0</u>	<u>-22</u>
Adjusted Allowance	\$2,479	\$7,812	\$89	\$10,380
Amount Change	\$14	-\$156	-\$97	-\$240
Percent Change	0.6%	-2.0%	-52.4%	-2.3%

Where It Goes:

Personnel Expenses

Increments and other compensation	\$93
Retirement system contribution.....	25
Employee and retiree health insurance	20
Turnover adjustments	8
Workers' compensation premium assessment	-9

Other Changes

<i>mdlandrec.net</i> project outside contractual services	411
Programming systems analysis and data processing training	363
Printing of the <i>Maryland Manual</i>	75
No additional electronic file storage in 2006.....	-954
Contractual payroll – reduction of 1.77 FTEs	-137
No building renovations in 2006	-100
No additional lease payments for computer hardware in 2006.....	-48
Other changes	13

Total **-\$240**

Note: Numbers may not sum to total due to rounding.

There is a 1.77 full-time equivalent reduction in the contractual payroll. As noted in Exhibit 1, State Archives added 27,000 gigabytes of electronic record storage in fiscal 2005 and expects an ending excess capacity of 14,622 gigabytes in fiscal 2006. No additional electronic storage is planned in fiscal 2006, and this is reflected in the budget.

Impact of Contingent Reductions

The fiscal 2006 allowance reflects the elimination of \$21,528 (subobject 0172), the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

Impact of Strategic Budget Reductions

State Archives did not respond to the request for the impact of the strategic budget reductions. However, it is apparent that budget reductions reduced the contractual payroll and the ability of State Archives to meet the goals for conservation of the Annapolis and Peabody fine art collections.

Land Record Improvement Fund

Special funds support \$7,812,218 of the State Archives budget. All but \$812,218 of the special fund support is provided by the Land Record Improvement Fund archive projects. **Exhibit 4** provides a summary of the work of State Archives in support of the electronic land record archives *mdlandrec.net* and the subdivision Plats On-line *Plats.net* initiatives.

Exhibit 4
State Archives Land Record Improvement Fund Support
Fiscal 2004 – 2006

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Mdlandrec.net			
Index Access	\$400,000	\$400,000	\$400,000
New Image Acquisition	2,139,901	2,139,901	2,139,901
Archival Backup	3,108,571	3,108,571	3,108,571
Maintenance	328,864	328,864	328,864
Subtotal	\$5,977,336	\$5,977,336	\$5,977,336
Plato			
Implementation	\$624,601	\$624,601	\$624,601
Maintenance	500,000	400,000	300,000
Subtotal	\$1,124,601	\$1,024,601	\$924,601
Total Judiciary Support	\$7,101,937	\$7,001,937	\$6,901,937

Source: Judiciary; Administrative Office of the Courts

Issues

1. Accountability for Land Record Projects

State Archives does not adequately budget or account for funds received from the Judiciary for two land record projects.

State Archives receives approximately \$7.0 million from the Judiciary Land Record Improvement Fund surcharge to support the ELROI *mdlandrec.net* and Plats On-line (PLATO) *plats.net* initiatives. Expenses for the land record projects are spread across several subprograms, and the special funds are commingled with other special fund income in the consolidated publications account making it difficult to track revenue and expenses of the land record projects. The most recent audit of State Archives (see **Appendix 3**), in Finding 3, has also noted that State Archives did not adequately account for funds received from the two land record projects.

The two land record projects now account for in excess of 67% of State Archives operations. **It is recommended that State Archives establish separate subprograms to account for the budget and expenditures of the ELROI and PLATO land record projects.**

Recommended Actions

1. Add the following language:

.provided that \$1,000,000 of this appropriation may not be expended until State Archives establishes two subprograms to budget and account for expenditures of the electronic land records optical images (ELROI) mdlandrec.net and the sub-division Plats On-line (PLATO) plats.net initiatives.

Explanation: Expenses for the land record projects are spread across several subprograms, and the special funds are commingled with other special fund income in the consolidated publications account making it difficult to track revenue and expenses of the land record projects.

	<u>Amount Reduction</u>	
2. Delete funds for the <i>Maryland Manual</i> . State Archives should continue to maintain the electronic <i>Maryland Manual</i> and not print the manual.	\$ 75,000	GF
Total General Fund Reductions	\$ 75,000	

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland State Archives (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$2,611	\$2,008	\$0	\$0	\$4,619
Deficiency Appropriation	0	6,280	250	0	6,530
Budget Amendments	-2	0	0	0	-2
Cost Containment	-196	0	0	0	-196
Reversions and Cancellations	0	-34	-32	0	-66
Actual Expenditures	\$2,413	\$8,254	\$219	\$0	\$10,886
Fiscal 2005					
Legislative Appropriation	\$2,437	\$7,969	\$0	\$0	\$10,406
Budget Amendments	28	0	186	0	214
Working Appropriation	\$2,465	\$7,969	\$186	\$0	\$10,620

Note: Numbers may not sum to total due to rounding.

Fiscal 2004

Cost containment reductions reduced the general fund budget by \$195,821 and shifted four general funded positions to special funds in addition to reducing funds for warehouse shelving.

State Archives received \$6,083,862 from the Judiciary from the Land Record Improvement Fund surcharge to support the EIROI *mdlandrec.net* and PLATO *Plats.net* initiatives. In addition, \$195,821 in special funds from the consolidated publications reserves were used to replace the general fund cost containment reduction.

State Archives received a federal grant of \$250,360 from the U.S. Department of Education for research on the underground railroad as a part of a three-year grant award.

Fiscal 2005

A general fund budget amendment reallocated the \$752 cost-of-living increase per employee, which had been appropriated in the Department of Budget and Management. This totaled \$28,341 for State Archives. The \$186,070 federal grant is the third year of the total \$543,000 grant to support research on the underground railroad.

Audit Findings

Audit Period for Last Audit:	December 1, 2000 – February 2004
Issue Date:	October 2004
Number of Findings:	8
Number of Repeat Findings:	3
% of Repeat Findings:	37.5 %
Rating: (if applicable)	

- Finding 1:** State Archives did not adequately account for funds received from the Judiciary for two projects.
- Finding 2:** The archivist participated in several transactions related to the publication of a book which may have violated State ethics laws.
- Finding 3:** Certain contracts were not procured in accordance with State law.
- Finding 4:** **Proper internal controls were not established over the processing of purchasing and disbursement transactions.**
- Finding 5:** The computer network was not adequately protected from external threats.
- Finding 6:** Internet communication services supplied to State agencies were not adequately secured.
- Finding 7:** **Computer operations were not adequately secured.**
- Finding 8:** **State Archives did not establish adequate controls over certain cash receipts.**

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
State Archives**

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	44.50	44.50	44.50	0	0%
02 Contractual	48.80	42.97	41.20	-1.77	-4.1%
Total Positions	93.30	87.47	85.70	-1.77	-2.0%
Objects					
01 Salaries and Wages	\$ 2,824,499	\$ 2,845,163	\$ 3,003,682	\$ 158,519	5.6%
02 Technical & Spec Fees	1,156,501	1,423,564	1,286,858	-136,706	-9.6%
03 Communication	155,515	234,789	228,417	-6,372	-2.7%
04 Travel	7,661	6,247	1,416	-4,831	-77.3%
06 Fuel & Utilities	8,334	7,833	4,284	-3,549	-45.3%
07 Motor Vehicles	1,977	2,290	1,320	-970	-42.4%
08 Contractual Services	2,541,104	2,939,685	3,788,241	848,556	28.9%
09 Supplies & Materials	231,091	151,682	180,220	28,538	18.8%
10 Equip - Replacement	246,526	53,741	5,517	-48,224	-89.7%
11 Equip - Additional	3,274,273	2,205,121	1,250,766	-954,355	-43.3%
13 Fixed Charges	352,283	650,115	650,824	709	0.1%
14 Land & Structures	86,106	100,000	0	-100,000	-100.0%
Total Objects	\$ 10,885,870	\$ 10,620,230	\$ 10,401,545	-\$ 218,685	-2.1%
Funds					
01 General Fund	\$ 2,413,166	\$ 2,465,474	\$ 2,493,705	\$ 28,231	1.1%
03 Special Fund	8,254,114	7,968,686	7,819,238	-149,448	-1.9%
05 Federal Fund	218,590	186,070	88,602	-97,468	-52.4%
Total Funds	\$ 10,885,870	\$ 10,620,230	\$ 10,401,545	-\$ 218,685	-2.1%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary
State Archives**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 Archives	\$ 10,773,116	\$ 10,414,075	\$ 10,204,022	-\$ 210,053	-2.0%
02 Artistic Property	112,754	206,155	197,523	-8,632	-4.2%
Total Expenditures	\$ 10,885,870	\$ 10,620,230	\$ 10,401,545	-\$ 218,685	-2.1%
General Fund	\$ 2,413,166	\$ 2,465,474	\$ 2,493,705	\$ 28,231	1.1%
Special Fund	8,254,114	7,968,686	7,819,238	-149,448	-1.9%
Federal Fund	218,590	186,070	88,602	-97,468	-52.4%
Total Appropriations	\$ 10,885,870	\$ 10,620,230	\$ 10,401,545	-\$ 218,685	-2.1%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.