

**D60A10
State Archives**

Operating Budget Data

(\$ in Thousands)

	FY 07	FY 08	FY 09	FY 08-09	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$3,404	\$2,738	\$2,851	\$114	4.2%
Special Fund	7,613	7,093	7,209	116	1.6%
Federal Fund	<u>91</u>	<u>152</u>	<u>0</u>	<u>-152</u>	<u>-100.0%</u>
Total Funds	\$11,108	\$9,983	\$10,061	\$78	0.8%

- The Maryland State Archives' (MSA) allowance increases by \$77,905, or 0.8%, above the fiscal 2008 working appropriation. However, when you adjust the allowance to reflect changes in the allocation of health insurance and Other Post Employment Benefits (OPEB), the fiscal 2009 allowance decreases by \$155,501, or 1.6%.
- Personnel expenditures increase by \$417,629 mostly due to employee increments (\$86,526), health insurance (\$72,289), and OPEB expenditures (\$151,718).
- Information technology equipment expenditures decrease by \$315,154.
- Federal funds decrease by \$151,903, or 100%, below the fiscal 2008 working appropriation due to the expiration of a grant from the U.S. Department of Education to conduct research regarding the Underground Railroad in Maryland.

Personnel Data

	FY 07	FY 08	FY 09	FY 08-09
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	46.50	46.50	47.50	1.00
Contractual FTEs	<u>58.20</u>	<u>49.10</u>	<u>53.90</u>	<u>4.80</u>
Total Personnel	104.70	95.60	101.40	5.80

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.62	1.31%
Positions Vacant as of 12/31/07	2.00	4.30%

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

For further information contact: Chantelle M. Green

Phone: (410) 946-5530

- The allowance includes 1 additional Architect of the State Capitol position to oversee major renovations at the State House. The allowance also includes 4.8 additional contractual full-time equivalents (FTE). The net increase in contractual FTEs and funding is primarily associated with *mdlandrec.net* expenditures.
- As of December 31, 2007, the vacancy rate was 4.30%. Since December 31, 2007, one vacancy has been filled, thereby reducing the vacancy rate to 2.15%.
- Turnover expectancy is reduced from 2.10% to 1.31%.

Analysis in Brief

Major Trends

The Ratio of Documents Managed to Storage Capacity Increases: The ratio of documents managed to storage capacity increased to 90% in fiscal 2007 and is expected to exceed 100% by the end of fiscal 2009.

Annapolis and Peabody Collection Conservation: In fiscal 2007, the percent of Annapolis and Peabody fine arts and works of paper items classified as being in good condition, increased to 49% and 34%, respectively.

Recommended Actions

	<u>Funds</u>
1. Reduce general funds for turnover expectancy. This increases the turnover rate to 25% for the new Architect of the State Capitol position.	\$ 14,494
Total Reductions	\$ 14,494

Updates

Audit Findings: MSA reports that it has addressed the majority of the December 2007 audit findings.

Land Records Improvement Fund: The Maryland Judiciary, the 24 elected Court Clerks of Maryland, and the Maryland State Archives have joined in partnership to provide a disaster recovery, on-line accessible archive of all land records in Maryland that encompasses up-to-date indexing and

D60A10 – State Archives

all verified recorded land instruments. Phase II, which is expected to be fully operational by the end of fiscal 2009, will encompass all remaining land records and land recorded material (as determined by the clerks and title searching community) essential for accurate title searching in Maryland. *Mdlandrec.net* is currently installed and in operation in all counties throughout the State.

D60A10 – State Archives

D60A10 State Archives

Operating Budget Analysis

Program Description

As the legally and constitutionally mandated historical agency for Maryland, the Maryland State Archives (MSA) 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. MSA 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.

MSA preserves, describes, and makes accessible the government general public records deemed to have a permanent historical, educational, and administrative value. MSA 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.

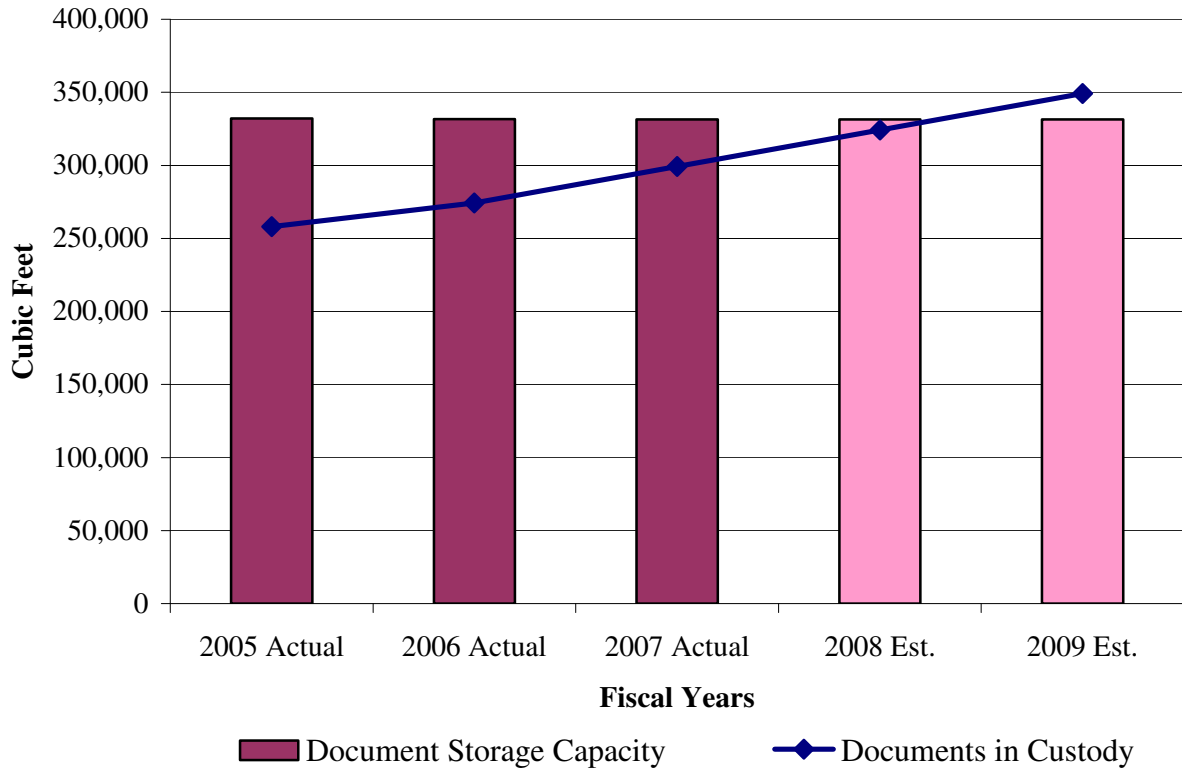
In February 1995, MSA established an Internet site (<http://www.mdarchives.state.md.us>). In January 1997, the agency also took responsibility for the Maryland Electronic Capital (MEC) web site (<http://www.mec.state.md.us>). MSA is the Webmaster for the MEC web page, the home page of Maryland State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

The Maryland Commission on Artistic Property is the official steward of all valuable paintings and other decorative arts that comprise the State-owned art collection. Since the first acquisition in 1774, the collection has evolved into a historically and artistically important collection of paintings, decorative arts, and sculpture with national and international significance. The commission provides for the acquisition, location, proper care, custody, restoration, display, and preservation of these paintings and decorative arts.

Performance Analysis: Managing for Results

One of MSA's primary objectives is to monitor and assess requirements for the permanent storage of documents that are legally mandated to be transferred or backed up by MSA such as vital statistics (*e.g.*, birth and death records). **Exhibit 1** illustrates MSA's annual storage capacity as compared to the amount of documents being managed by the agency. The ratio of documents managed to storage capacity increased slightly to 90% in fiscal 2007 and is expected to exceed 100% by the end of fiscal 2009. **MSA should comment on how the agency plans to address its document storage constraints.**

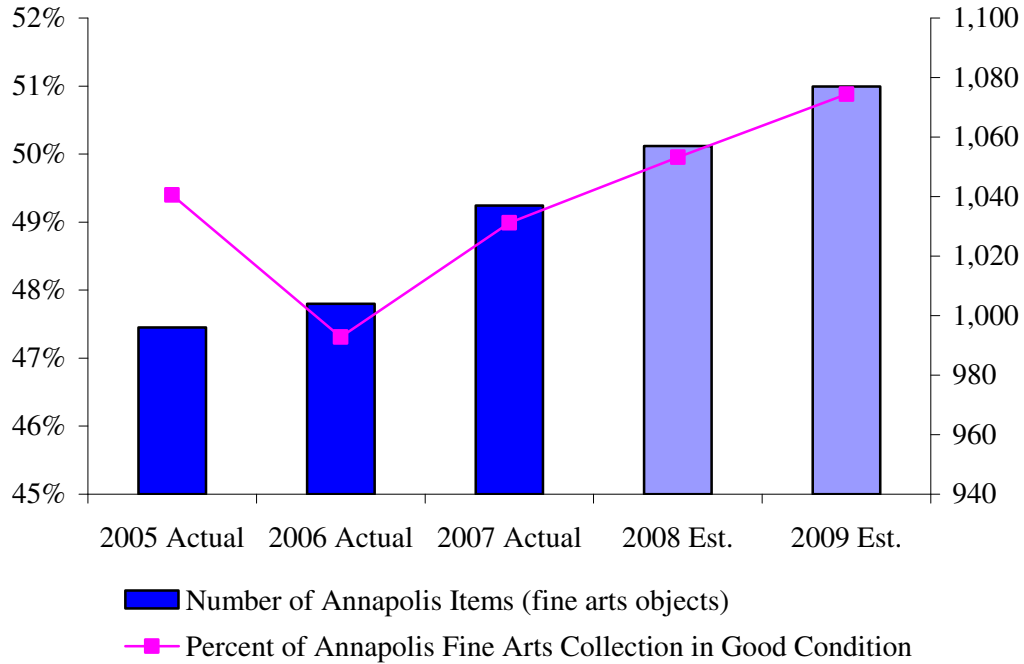
**Exhibit 1
Permanent Storage of Documents
Fiscal 2005-2009**



Source: Maryland State Archives

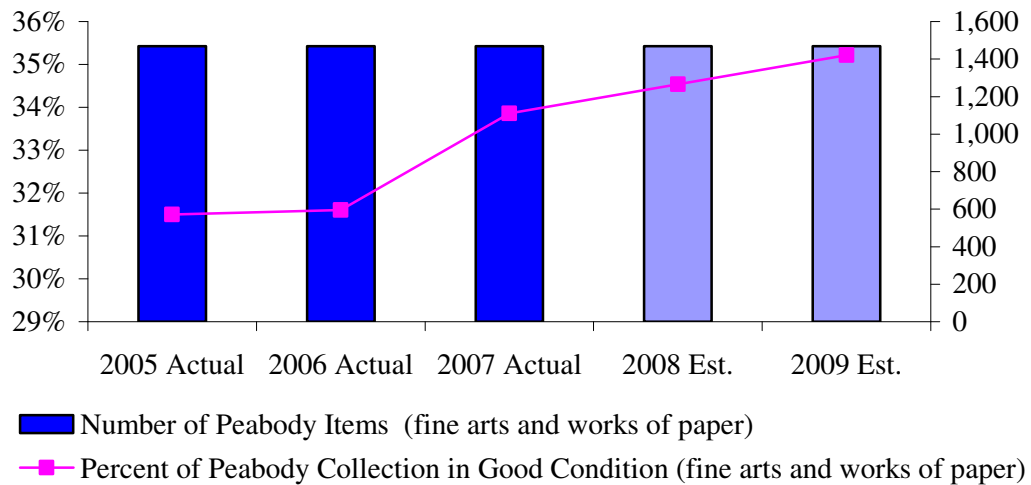
While MSA is rapidly moving into the electronic age, it continues to have custody of other State records such as the Annapolis and Peabody fine arts collections. **Exhibits 2 and 3** illustrate the number of items in both the Annapolis and Peabody collections as compared to the percentage of items classified as being in good condition. MSA classifies an item in one of three conditions: poor, fair, or good. Items classified as being in poor or fair condition are conserved and then reclassified. Theoretically, a work of art that has undergone treatment would at least be classified as in good condition, depending on the extent of its treatment and its prior condition. MSA’s goal is to conserve 100% of the State-owned art classified as being in poor or fair condition by fiscal 2010. In fiscal 2007, the percent of Annapolis fine arts and works of paper items classified as being in good condition increased slightly to 49%. Similarly, the percent of Peabody fine arts and works of paper items classified as being in good condition increased slightly to approximately 34%. MSA reports that while it is difficult to provide a summary statement regarding the overall status of the Annapolis and Peabody collections, additional funding received from the Senate of Maryland budget has enabled MSA to conserve several pieces of artwork located in the Senate Chamber. **MSA should comment to the committees on the status of the Annapolis and Peabody collections and the time and resources required to properly conserve all items in the State’s collections.**

**Exhibit 2
Annapolis Fine Arts Collection
Fiscal 2005-2009**



Source: Maryland State Archives

**Exhibit 3
Peabody Fine Arts Collection
Fiscal 2005-2009**



Source: Maryland State Archives

Fiscal 2008 Actions

Impact of Cost Containment

MSA was required to reduce general fund expenses by \$100,000 for cost containment in fiscal 2008. This represents a 3.6% reduction in MSA's fiscal 2008 general fund legislative appropriation. To achieve this target, MSA shifted an administrative position previously funded by general funds to special funds (\$95,546). The remaining \$4,454 will be achieved by increasing the turnover rate for an existing employee vacancy.

Governor's Proposed Budget

As illustrated in **Exhibit 4**, MSA's fiscal 2009 allowance increases by \$77,905, or 0.8%, above the fiscal 2008 working appropriation. This increase is primarily driven by a \$417,629 increase in personnel expenditures due to the addition of an Architect of the State Capitol position (\$71,160), employee increments (\$86,526), health insurance (\$72,289), and Other Post Employment Benefits (\$151,718). Notable decreases include a reduction in information technology equipment (\$315,154) and *mdlandrec.net* and Plats On-line expenditures (\$362,855).

Contractual Salary Changes

MSA's fiscal 2009 allowance reflects a 4.8 increase in contractual full-time equivalents (FTEs) and a net increase of \$204,523 in contractual salaries. The net increase in contractual positions and funding is primarily associated with *mdlandrec.net* expenditures. Contractual salaries increase due to the following:

- \$345,284 for new contractual FTE positions;
- \$75,717 in additional funding for contractual employee reclassifications and salary increases;
- \$190,154 decrease in contractual salaries due to employee terminations, conversions, and position reductions;
- \$30,000 decrease in contractual salaries for the Department of Public Safety and Correctional Services criminal background checks. Beginning in fiscal 2009, contractual salaries for background checks are included within object 01 (salaries and wages expenditures); and
- a net increase of \$3,676 for contractual employee turnover and benefits.

Exhibit 4
Governor’s Proposed Budget
State Archives
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Total</u>
2008 Working Appropriation	\$2,738	\$7,093	\$152	\$9,983
2009 Governor’s Allowance	<u>2,851</u>	<u>7,209</u>	<u>0</u>	<u>10,061</u>
Amount Change	\$114	\$116	-\$152	\$78
Percent Change	4.2%	1.6%	-100.0%	0.8%

Where It Goes:**Personnel Expenses**

New Architect of the State Capitol position	\$71
Increments, merit increases, and other pay adjustments.....	87
Health insurance – ongoing costs	72
Health insurance – Other Post Employment Benefits	152
Turnover adjustments	23
Employees’ Retirement System.....	8
Unemployment and workers’ compensation	-7
Other	11

Other Changes

Net contractual full-time equivalent increase.....	204
Computer hard drives	57
Supplies	57
Increased utility expenses.....	9
Warehouse rent.....	7
<i>Mdlandrec.net</i> and Plats On-line expenditures.....	-363
Information technology peripheral equipment	-315
Other	5

Total **\$78**

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

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce general funds for turnover expectancy. This increases the turnover rate to 25% for the new architect of the State Capitol position.	\$ 14,494	GF
Total General Fund Reductions	\$ 14,494	

Updates

1. Audit Findings

MSA's December 2007 audit disclosed several findings: (1) MSA's billings to the Judiciary for *mdlandrec.net* and Plats On-line were not in compliance with the terms of the governing memorandum of understanding (MOU); (2) the indirect cost rate assessed on Judiciary billings was not recalculated annually, resulting in excessive indirect cost recoveries; (3) MSA failed to execute a formal agreement with an affiliated foundation; (4) backups of critical servers and disaster recovery were inadequate; and (5) MSA failed to maintain adequate accountability and control over its equipment inventory. **Exhibit 5** provides a tabular representation of OLA's audit findings and MSA's response to those findings.

Exhibit 5

MSA's December 2007 Audit Findings and Responses

<u>OLA Finding</u>	<u>MSA Response</u>
MSA's billings to the Judiciary for <i>mdlandrec.net</i> and Plats On-line were not in compliance with the terms of the governing memorandum of understanding (MOU). Additionally, the indirect cost rate assessed on Judiciary billings was not recalculated annually, resulting in excessive indirect cost recoveries.	MSA reports that its billings to the Judiciary were in complete compliance with the MOU and that the indirect cost rates were calculated according to standard accounting principles. In accordance with an opinion of the Attorney General's office and a decision of the Joint Audit Committee, MSA is permitted to charge for the basic costs and related overhead expenditures of <i>mdlandrec.net</i> , which is a publication of the Archives of Maryland Online series. MSA reports that beginning in fiscal 2008, the indirect cost rate will be recalculated annually. The mutually agreed upon indirect cost rate between MSA and the Judiciary for fiscal 2008 is 38.64% of total salary costs as well as an additional 7% of total costs for the Archives Endowment Account.
MSA failed to execute a formal agreement with an affiliated foundation.	MSA reports that this finding was addressed before the audit's publication.
Backups of critical servers and disaster recovery were inadequate.	MSA reports that a remote site has been established for the backup of critical servers.

OLA Finding

MSA failed to maintain adequate accountability and control over its equipment inventory.

MSA Response

MSA reports that while it has established controls over information technology equipment and fine arts inventory, it has not conducted a physical inventory of office equipment since fiscal 2001. MSA is currently in the process of developing a plan to conduct a physical inventory of its office equipment.

Source: Maryland State Archives

2. Land Records Improvement Fund

The Maryland Judiciary, the 24 elected Court Clerks of Maryland, and the Maryland State Archives have joined in partnership to provide a disaster recovery, on-line accessible archive of all land records in Maryland that encompasses up-to-date indexing and all verified recorded land instruments. This project is funded through the land records improvement fund. When Phase I was completed in fall 2006, all available indexing was on-line with at least 60 years of retrievable land record instruments for each jurisdiction; a total of 160 million images. Phase II, which is expected to be fully operational by the end of fiscal 2009, will encompass all remaining land records and land recorded material (as determined by the clerks and title searching community) essential for accurate title searching in Maryland. *Mdlandrec.net* is currently installed and in operation in all counties throughout the State.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$3,396	\$7,703	\$150	\$0	\$11,249
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	8	14	0	0	22
Reversions and Cancellations	0	-103	-59	0	-162
Actual Expenditures	\$3,404	\$7,614	\$91	\$0	\$11,109
Fiscal 2008					
Legislative Appropriation	\$2,795	\$7,074	\$152	\$0	\$10,021
Cost Containment	-100	0	0	0	-100
Budget Amendments	43	19	0	0	62
Working Appropriation	\$2,738	\$7,093	\$152	\$0	\$9,983

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

Fiscal 2007

In fiscal 2007, the total budget for MSA decreased by \$140,922. The general fund appropriation increased by \$7,576 due to the following: (1) a \$32,682 cost-of-living adjustment (COLA) that was centrally budgeted in the Department of Budget and Management (DBM); (2) a \$33,018 reduction in health insurance pursuant to Section 40 of the fiscal 2007 budget bill; (3) a \$8,398 increase in telephone communications expenditures due to a realignment of statewide telecommunications expenses; and (4) a \$486 reallocation to DBM to conduct a salary study pursuant to Section 40 of the fiscal 2007 budget bill. MSA also reverted \$274 in general funds due to unrealized art restoration expenditures.

MSA's special fund appropriation increased by \$13,924 due to a COLA. Also, there was a special fund cancellation of \$103,209 due to unrealized replacement equipment expenditures.

Lastly, MSA had a federal fund cancellation of \$58,938. The cancellation was due to unrealized grant expenditures for the Underground Railroad Educational and Cultural Project. Funding for this project was not renewed as anticipated.

Fiscal 2008

The general fund appropriation decreased by \$57,437 due to a \$100,000 cost containment reduction offset by a \$42,563 increase for the 2% COLA that was centrally budgeted in DBM. The special fund appropriation increased by \$18,604 due to a COLA that was centrally budgeted in DBM.

Audit Findings

Audit Period for Last Audit:	February 2, 2004 – December 18, 2006
Issue Date:	December 2007
Number of Findings:	5
Number of Repeat Findings:	None
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

- Finding 1:** Billings to the Judiciary were not in compliance with the terms of the governing memorandum of understanding for *mdlandrec.net* and Plats On-line.
- Finding 2:** The indirect cost rate assessed by MSA for Judiciary billings was not recalculated annually, resulting in excessive indirect cost recoveries.
- Finding 3:** A formal agreement had not been executed with an affiliated charitable organization.
- Finding 4:** Backups of critical servers and disaster recovery planning were not adequate.
- Finding 5:** Adequate accountability and control had not been established over certain equipment.

**Object/Fund Difference Report
State Archives**

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	46.50	46.50	47.50	1.00	2.2%
02 Contractual	58.20	49.10	53.90	4.80	9.8%
Total Positions	104.70	95.60	101.40	5.80	6.1%
Objects					
01 Salaries and Wages	\$ 3,525,786	\$ 3,426,945	\$ 3,844,574	\$ 417,629	12.2%
02 Technical and Spec Fees	1,606,815	1,778,806	1,983,329	204,523	11.5%
03 Communication	253,122	258,423	310,894	52,471	20.3%
04 Travel	22,142	9,802	17,786	7,984	81.5%
06 Fuel and Utilities	26,922	16,991	26,922	9,931	58.4%
07 Motor Vehicles	2,033	3,658	1,738	-1,920	-52.5%
08 Contractual Services	2,493,045	1,168,008	1,061,574	-106,434	-9.1%
09 Supplies and Materials	1,256,922	171,810	311,625	139,815	81.4%
10 Equipment – Replacement	39,475	2,218,992	1,707,869	-511,123	-23.0%
11 Equipment – Additional	1,169,356	195,000	48,390	-146,610	-75.2%
13 Fixed Charges	711,943	734,257	745,896	11,639	1.6%
Total Objects	\$ 11,107,561	\$ 9,982,692	\$ 10,060,597	\$ 77,905	0.8%
Funds					
01 General Fund	\$ 3,403,520	\$ 2,737,769	\$ 2,851,474	\$ 113,705	4.2%
03 Special Fund	7,613,251	7,093,020	7,209,123	116,103	1.6%
05 Federal Fund	90,790	151,903	0	-151,903	-100.0%
Total Funds	\$ 11,107,561	\$ 9,982,692	\$ 10,060,597	\$ 77,905	0.8%

Note: The fiscal 2008 appropriation does not include deficiencies.