

**D17B0151**  
**Historic St. Mary's City Commission**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$2,026	\$1,925	\$2,141	\$215	11.2%
Contingent & Back of Bill Reductions	0	0	-109	-109	
<b>Adjusted General Fund</b>	<b>\$2,026</b>	<b>\$1,925</b>	<b>\$2,032</b>	<b>\$107</b>	<b>5.5%</b>
Special Fund	738	683	712	30	4.3%
<b>Adjusted Special Fund</b>	<b>\$738</b>	<b>\$683</b>	<b>\$712</b>	<b>\$30</b>	<b>4.3%</b>
Federal Fund	21	0	0	0	
<b>Adjusted Federal Fund</b>	<b>\$21</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Adjusted Grand Total</b>	<b>\$2,785</b>	<b>\$2,608</b>	<b>\$2,744</b>	<b>\$136</b>	<b>5.2%</b>

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- General funds increase \$215,341, or 11.2%, in the fiscal 2011 allowance. However, when accounting for across-the-board reductions in the Governor's budget plan, growth slows to \$106,594, or 5.5%.
- Overall, the budget increases \$136,142, or 5.2%, over the fiscal 2010 working appropriation

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

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## Personnel Data

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>
Regular Positions	38.00	37.00	37.00	0.00
Contractual FTEs	<u>10.05</u>	<u>9.02</u>	<u>10.55</u>	<u>1.53</u>
<b>Total Personnel</b>	<b>48.05</b>	<b>46.02</b>	<b>47.55</b>	<b>1.53</b>

### *Vacancy Data: Regular Positions*

Turnover and Necessary Vacancies, Excluding New Positions	1.09	2.95%
Positions and Percentage Vacant as of 12/31/09	8.00	21.62%

- The budget includes the addition of 1.53 full-time equivalent contractual positions for a full-time maintenance worker and a seasonal employee.
- Budgeted turnover is 2.95%, although Historic St. Mary’s City Commission (HSMCC) has a vacancy rate of 21.62%.

## Analysis in Brief

### Major Trends

**Number of Visitors Down:** The number of visitors to Historic St. Mary’s City has declined in recent years, especially from scholastic trips. As the cost of gasoline has increased, it has become too expensive for some schools to pay for trips to the site. This also impacts special fund revenues from ticket sales and the gift shop. **HSMCC should comment on the decreasing number of visitors to St. Mary’s City and on strategies to increase them.**

### Issues

**Special Fund Revenue:** A significant portion (23%) of the HSMCC budget is special fund revenue. With such a large share of the operating budget coming from ticket sales and other business operations, the commission is very sensitive to current economic conditions. **HSMCC should comment on special fund revenue projections over the next several years and the expected impact on its budget.**

*D17B0151 – Historic St. Mary’s City Commission*

**Recommended Actions**

	<u>Funds</u>	<u>Positions</u>
1. Delete vacant positions.	\$ 172,981	4.0
<b>Total Reductions</b>	<b>\$ 172,981</b>	<b>4.0</b>

*D17B0151 – Historic St. Mary’s City Commission*

**D17B0151**  
**Historic St. Mary's City Commission**

***Operating Budget Analysis***

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**Program Description**

Historic St. Mary's City is an outdoor history and archaeology museum that preserves, researches, and interprets the site of Maryland's first capital. In 1997, the Historic St. Mary's City Commission (HSMCC) became an independent unit of State government, removing it from the Department of Housing and Community Development. HSMCC is also part of the multi-year capital improvement plan with St. Mary's College of Maryland, known as the Maryland Heritage Project.

The mission of HSMCC is to appropriately develop and use this historic and scenic site for the education, enjoyment, and general benefit of the public. It is the goal of the commission that the archaeological sites and collections, scenic views, and rural character of the historic city be safeguarded by preservation and research practices consistent with its status as a National Historic Landmark District.

**Performance Analysis: Managing for Results**

HSMCC sets three overarching goals that cover the interrelated aspects of the commission's mission: research and preservation, education, and management.

**Research and Preservation**

St. Mary's City is an active research site and HSMCC is responsible for excavating, collecting artifacts from, and preserving the archeological sites and the rural character of the historic area. Selected data showing HSMCC's progress in this area is shown in **Exhibit 1**. The commission has a goal to investigate at least 500 cubic feet of soil each year. HSMCC has exceeded this goal since fiscal 2007 and expects to do so through fiscal 2011. Another goal is to collect, catalogue, and computerize over 20,000 artifacts a year, and the commission has successfully achieved this benchmark as well. Finally, HSMCC is consistently outperforming the goal of producing at least 600 pages of scholarly written products a year.

**Exhibit 1**  
**Research and Preservation**  
**Fiscal 2007-2011 Est.**

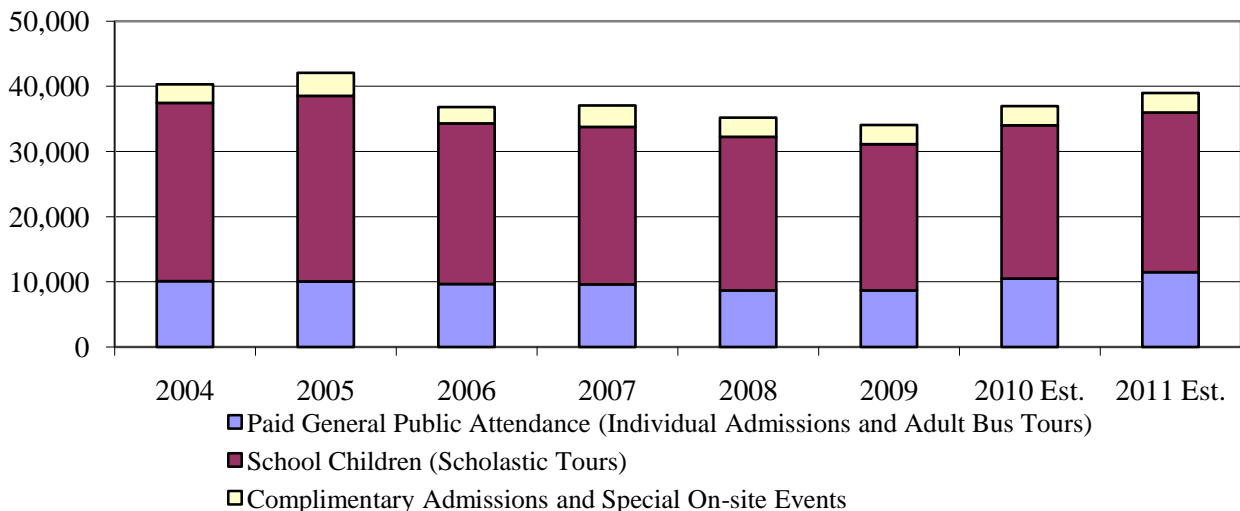
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 Est.</u>	<u>2011 Est.</u>
Volume of Soil Investigated (in cubic feet)	625	700	675	600	600
Number of Artifacts Added to Database	25,243	29,600	28,909	25,000	25,000
Number of Pages of New Research and Analysis	628	735	805	700	700

Source: Governor’s Budget Books, Fiscal 2008-2010

**Education**

Another overarching mission of HSMCC is education. One of the best ways to measure this is through public attendance at the commission’s historical sites. As shown in **Exhibit 2**, attendance had been decreasing since fiscal 2005, mainly in the area of scholastic trips. As the cost of gasoline has increased, it has become too expensive for some schools to pay for field trips to St. Mary’s City. General public attendance was largely flat in fiscal 2009 compared to fiscal 2008. **HSMCC should comment on the decreasing number of visitors to St. Mary’s City and on strategies to increase them.**

**Exhibit 2**  
**Visitors by Category**  
**Fiscal 2004-2011 Est.**

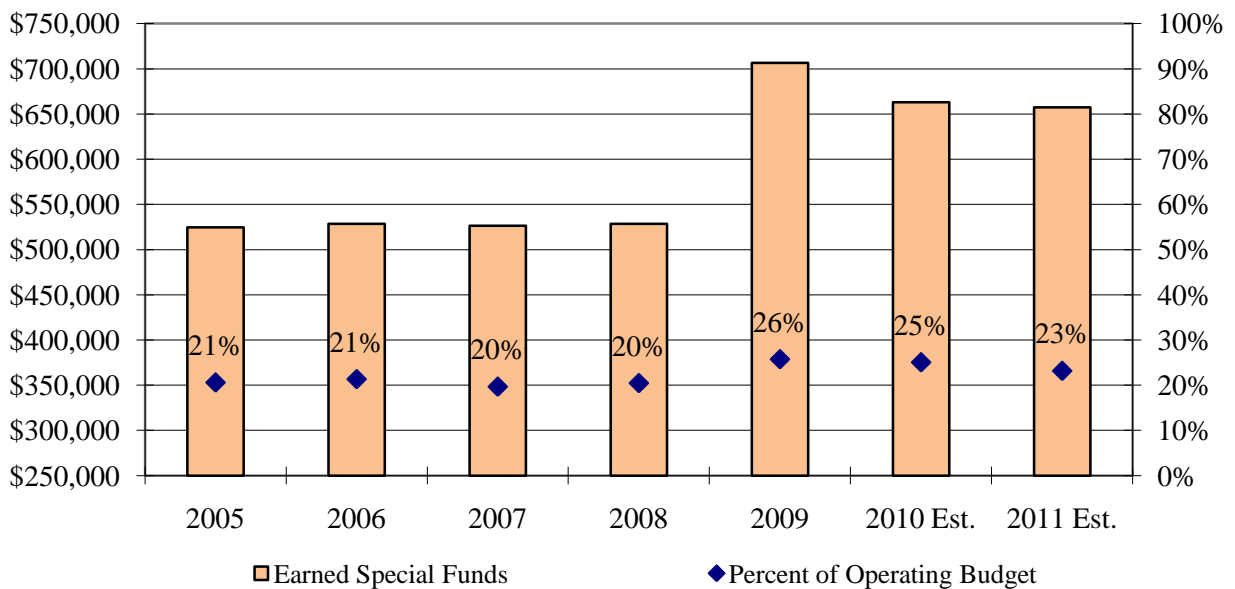


Source: Governor’s Budget Books, Fiscal 2006-2010; Historic St. Mary’s City Commission

## Management

The number of people visiting the city directly impacts HSMCC’s revenues through special fund revenue. Special fund revenue includes admissions ticket purchases and museum gift shop sales, as well as the rent collected on HSMCC-owned properties and other commercial uses of the historic sites (weddings, movie location, etc.). Also included in special fund revenue are grants and gifts the commission receives. As HSMCC tries to become less reliant on general funds for support, fluctuations in these revenues become very important. **Exhibit 3** shows total special fund revenue and the percentage it represents of the total HSMCC budget. Since fiscal 2005, special fund revenue has been about 20% of the commission’s total budget except in fiscal 2009. Special funds were particularly high that year due to the celebrations related to St. Mary’s City’s 375th anniversary.

**Exhibit 3**  
**Earned Special Funds**  
**Fiscal 2005-2011 Est.**



Source: Governor’s Budget Books, Fiscal 2007-2011

## Fiscal 2010 Actions

### Impact of Cost Containment

HSMCC’s budget has been reduced by \$42,799 in fiscal 2010. Savings of \$20,000 in general funds and \$2,799 in special funds were accompanied by increasing turnover. An additional \$20,000

in general funds was saved by downgrading a vacant position and reassigning some responsibilities to other staff.

## **Proposed Budget**

As shown in **Exhibit 4**, the HSMCC budget increases by \$136,142 after accounting for across-the-board actions. Although salary savings total \$89,036 and 1.53 new full-time equivalent contractual employees increase the budget by \$64,247, the major change was in workers’ compensation settlements. An employee injury caused the HSMCC workers’ compensation assessment to increase by \$157,645 in fiscal 2011.

## **Impact of Cost Containment**

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2011; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers’ settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers’ Insurance Fund cost savings.

A fiscal 2011 employee furlough is estimated to save \$82,046 while an adjustment to the Injured Workers’ Insurance Fund is expected to total \$16,841. In addition, health insurance savings are estimated at \$9,860.

**Exhibit 4**  
**Proposed Budget**  
**Historic St. Mary’s City Commission**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Total</u></b>
2010 Working Appropriation	\$1,925	\$683	\$2,608
2011 Allowance	<u>2,141</u>	<u>712</u>	<u>2,853</u>
Amount Change	\$215	\$30	\$245
Percent Change	11.2%	4.3%	9.4%
 Contingent Reductions	 -\$109	 \$0	 -\$109
Adjusted Change	\$107	\$30	\$136
Adjusted Percent Change	5.5%	4.3%	5.2%

**Where It Goes:**

**Personnel Expenses**

Workers’ compensation settlements .....	\$158
Employee and retiree health insurance .....	82
Turnover adjustments .....	25
Employee retirement.....	7
Other fringe benefit adjustments .....	2
Social Security payments.....	-13
Salary savings .....	-89

**Other Changes**

Contractual employee salaries .....	64
Reduced fuel and utilities spending.....	-3
Reduced communications spending .....	-4
Tighter control of store inventory.....	-10
Other changes .....	-1

**Across-the-board reductions**

Fiscal 2011 employee furlough .....	-82
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<b>Total</b>	<b>\$136</b>
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Note: Numbers may not sum to total due to rounding.

## ***Issues***

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### **1. Special Fund Revenue**

HSMCC’s role as a State agency is different than those that deliver services or oversee State operations. As a tourist destination and historical site, a large part of revenue is generated from ticket sales and site rentals. This special fund revenue helps support HSMCC’s work and makes up a large portion of the agency’s budget. In the fiscal 2011 allowance, special funds make up 23% of the budget, or \$712,255. With such a large share of revenue coming from nongovernmental sources, HSMCC is very sensitive to the current economic conditions. Combined with general fund reductions from the Board of Public Works (BPW), the commission has undertaken numerous cost cutting measures.

For example, positions were abolished to cut costs – a research assistant position and a Director of Facilities and Maintenance position. When HSMCC does hire, they are contractual employees so that money is saved on benefits payments. Over the winter, the commission shuts the Farthings Ordinary building to save on electricity and heating costs. The agency has also sought out sponsors for public events so that funds can be spent on operations. For example, the city’s 375th anniversary celebration had sponsorships from Constellation Energy, Maryland Bank and Trust, and other corporations and foundations.

Despite the poor economy, there are some favorable indicators for HSMCC. Due to publicity surrounding the 375th anniversary of the city’s founding, awareness of the site has increased. Additionally, revenue from site rentals is up over prior years. The grounds are often used for weddings, for instance.

Going forward, HSMCC will rely on a \$150,000 fund balance the commission has maintained for many years to continue operating at the current level of services. The agency is planning to exhaust the fund balance in fiscal 2011. HSMCC also filled a Chief Operating Officer (COO) position in January 2010, which was held vacant for over a year to generate savings for general fund reductions. Once the COO position is up to speed, staff resources will be freed up to concentrate on fundraising for both capital and operating budgets. Until then, the agency will be closely watching the budget. **HSMCC should comment on special fund revenue projections over the next several years and the expected impact on its budget.**

***Recommended Actions***

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	<b><u>Amount Reduction</u></b>		<b><u>Position Reduction</u></b>
1. Delete 4 vacant positions from the Historic St. Mary’s City Commission budget. There are a total of 8 positions currently vacant in the commission’s budget and a vacancy rate of 21.62%.	\$ 172,981	GF	4.0
<b>Total General Fund Reductions</b>	<b>\$ 172,981</b>		<b>4.0</b>

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Historic St. Mary's City Commission (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2009</b>					
Legislative Appropriation	\$2,196	\$608	\$0	\$0	\$2,804
Deficiency Appropriation	0	27	0	0	27
Budget Amendments	34	195	60	0	288
Cost Containment	-204	-7	0	0	-211
Reversions and Cancellations	0	-85	-39	0	-124
<b>Actual Expenditures</b>	<b>\$2,026</b>	<b>\$738</b>	<b>\$21</b>	<b>\$0</b>	<b>\$2,785</b>
<b>Fiscal 2010</b>					
Legislative Appropriation	\$1,965	\$686	\$0	\$0	\$2,651
Cost Containment	-40	-3	0	0	-43
Budget Amendments	0	0	0	0	0
<b>Working Appropriation</b>	<b>\$1,925</b>	<b>\$683</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,608</b>

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

## **Fiscal 2009**

The general fund appropriation of HSMCC was \$2,195,962. A cost-of-living adjustment (COLA) increased this amount by \$33,779. Three rounds of budget reductions by BPW reduced general fund spending by a total of \$204,050, however. The first reduction saved \$37,406 and was accompanied by increasing turnover and reduced health insurance spending. The second was a reduction in operating hours and days, saving \$135,743. Finally, the State’s fiscal 2009 furlough generated \$30,901 in savings.

The fiscal 2009 special fund appropriation was \$608,254. However, BPW actions reduced this amount by \$6,799. The first reduction was \$690, and the second was \$6,109 representing the State’s furlough. HSMCC received three special fund increases which fully offset BPW’s general and special fund reductions. The commission twice transferred money from the fund balance totaling \$193,000. A COLA added \$1,597 to the special fund appropriation, as well.

Although no federal funds were originally appropriated, HSMCC received a federal grant and was appropriated \$60,000 through budget amendment.

At the end of the fiscal year, a total of \$85,160 in special funds was left unspent. The commission reports that this balance was due to a delay in the hiring of a COO and a general reduction and general cost savings across the commission budget.

There was also an unencumbered balance of federal funds of \$38,774. This is due to the mid-year award of a federal reimbursement grant for the preservation of artifacts. The commission reports that these funds were spent to cover obligations related to cataloging artifacts.

## **Fiscal 2010**

The legislative appropriation in fiscal 2010 totaled \$2,650,762, made up of \$1,965,256 in general funds and \$685,506 in special funds. A BPW cost containment action reduced the appropriation by \$20,000 in general funds and \$2,799 in special funds. HSMCC held a position vacant to generate this savings. A second BPW action reduced the budget by an additional \$20,000 in general funds. To accommodate this reduction, HSMCC downgraded a vacant regular position and reassigned some duties to other staff.

## ***Audit Findings***

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Audit Period for Last Audit:	July 1, 2006 – August 2, 2009
Issue Date:	September 18, 2009
Number of Findings:	N/A
Number of Repeat Findings:	N/A
% of Repeat Findings:	N/A
Rating: (if applicable)	N/A

1. The Office of Legislative Audits (OLA) conducted an audit on HSMCC, issued September 2009. The audit did not disclose any findings warranting mention in OLA’s report.

**Object/Fund Difference Report  
Historic St. Mary's City Commission**

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	38.00	37.00	37.00	0	0%
02 Contractual	10.05	9.02	10.55	1.53	17.0%
<b>Total Positions</b>	<b>48.05</b>	<b>46.02</b>	<b>47.55</b>	<b>1.53</b>	<b>3.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 2,035,655	\$ 1,980,183	\$ 2,179,191	\$ 199,008	10.0%
02 Technical and Spec. Fees	202,733	161,278	225,525	64,247	39.8%
03 Communication	8,714	17,000	13,000	-4,000	-23.5%
04 Travel	3,256	3,100	5,234	2,134	68.8%
06 Fuel and Utilities	118,274	122,153	119,123	-3,030	-2.5%
07 Motor Vehicles	43,676	37,865	40,228	2,363	6.2%
08 Contractual Services	251,459	139,150	139,277	127	0.1%
09 Supplies and Materials	102,326	129,781	113,031	-16,750	-12.9%
10 Equipment – Replacement	954	0	0	0	0.0%
11 Equipment – Additional	-78	0	0	0	0.0%
13 Fixed Charges	17,840	17,453	18,243	790	4.5%
<b>Total Objects</b>	<b>\$ 2,784,809</b>	<b>\$ 2,607,963</b>	<b>\$ 2,852,852</b>	<b>\$ 244,889</b>	<b>9.4%</b>
<b>Funds</b>					
01 General Fund	\$ 2,025,691	\$ 1,925,256	\$ 2,140,597	\$ 215,341	11.2%
03 Special Fund	737,892	682,707	712,255	29,548	4.3%
05 Federal Fund	21,226	0	0	0	0.0%
<b>Total Funds</b>	<b>\$ 2,784,809</b>	<b>\$ 2,607,963</b>	<b>\$ 2,852,852</b>	<b>\$ 244,889</b>	<b>9.4%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.