

# D60A10 State Archives

## *Operating Budget Data*

(\$ in Thousands)

	<u>FY 13 Actual</u>	<u>FY 14 Working</u>	<u>FY 15 Allowance</u>	<u>FY 14-15 Change</u>	<u>% Change Prior Year</u>
General Fund	\$2,206	\$2,072	\$2,151	\$79	3.8%
Contingent & Back of Bill Reductions	0	-44	-22	22	
<b>Adjusted General Fund</b>	<b>\$2,206</b>	<b>\$2,028</b>	<b>\$2,129</b>	<b>\$101</b>	<b>5.0%</b>
Special Fund	5,981	6,556	6,582	26	0.4%
Contingent & Back of Bill Reductions	0	0	-37	-37	
<b>Adjusted Special Fund</b>	<b>\$5,981</b>	<b>\$6,556</b>	<b>\$6,545</b>	<b>-\$11</b>	<b>-0.2%</b>
Federal Fund	250	166	0	-166	-100.0%
<b>Adjusted Federal Fund</b>	<b>\$250</b>	<b>\$166</b>	<b>\$0</b>	<b>-\$166</b>	<b>-100.0%</b>
<b>Adjusted Grand Total</b>	<b>\$8,437</b>	<b>\$8,750</b>	<b>\$8,674</b>	<b>-\$76</b>	<b>-0.9%</b>

- The fiscal 2015 allowance decreases by \$76,000, or 0.9%, under the current year working appropriation. Most of the decrease occurs in federal funds and represents expiration of the U.S. Department of Education's Underground Railroad Educational and Cultural Program Community Development Block Grant.

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

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*Analysis of the FY 2015 Maryland Executive Budget, 2014*

***Personnel Data***

	<b><u>FY 13</u></b> <b><u>Actual</u></b>	<b><u>FY 14</u></b> <b><u>Working</u></b>	<b><u>FY 15</u></b> <b><u>Allowance</u></b>	<b><u>FY 14-15</u></b> <b><u>Change</u></b>
Regular Positions	47.50	51.50	57.50	6.00
Contractual FTEs	<u>59.10</u>	<u>50.90</u>	<u>22.00</u>	<u>-28.90</u>
<b>Total Personnel</b>	<b>106.60</b>	<b>102.40</b>	<b>79.50</b>	<b>-22.90</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	1.03	2.00%
Positions and Percentage Vacant as of 12/31/13	1.00	1.94%

- The fiscal 2015 allowance reflects an increase of 6.0 regular positions, all contractual conversions.
- Contractual full-time equivalents (FTE) decrease by 28.9 in the fiscal 2015 allowance. A decrease of 9.1 FTEs are related to the 6.0 contractual conversions; a decrease of 4.0 FTEs are the result of expiration of the U.S. Department of Education grant; a decrease of 1.2 FTEs are the result of interns that will not be needed in fiscal 2015; a decrease of 3.0 FTEs are related to terminations; and 11.6 FTEs are being abolished due to long-term vacancies resulting from budget reductions and fund availability. The Maryland State Archives (MSA) is in the process of realigning departments and will limit assignments to absorb the reduction of FTEs. While the staff reductions will have an impact on MSA, the agency believes that there will be no reduction in service to the public or agencies that rely on its services.
- The turnover rate of 2% requires that MSA maintain 1.03 vacant positions to achieve the necessary savings. As of December 31, 2013, MSA had 1.0 vacant position.

## *Analysis in Brief*

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### Major Trends

**Online Traffic Increases:** The amount of data transferred online has increased each year since at least fiscal 2009. MSA expects continued growth of virtual visits in future years.

**Electronic Records and Website Files Increase:** MSA dedicates a significant amount of time to scanning archival records in order to make as many records as possible available electronically. The amount of electronic records and website files stored has increased in recent years and growth is expected to continue.

### Issues

**Conservation of the Peabody Art Collection:** The 2013 *Joint Chairmen's Report* (JCR) required MSA to request funding in fiscal 2015 to conduct a conditions assessment of the Peabody Art Collection and submit to the legislature a cost estimate to restore the collection as well as a preliminary plan on targeted items. MSA submitted the report in December 2013 but did not request funding for a conditions assessment. **The Department of Legislative Services (DLS) recommends restricting the general fund appropriation for art conservation by \$35,000 and allocating these funds to conducting a conditions assessment of the Peabody Art Collection.**

**Archival Storage at Full Capacity:** The State's archival storage has reached full capacity utilizing the available archival facility and warehouse space. Agencies are forced to retain permanent records that otherwise would have been transferred to MSA, causing storage problems for other agencies. More than half of the State's permanent archival records are stored in leased facilities that are detrimental to maintaining archival material; these facilities lack environmental controls, basic security, and fire prevention systems. **MSA should discuss the viable short- and long-term solutions currently being considered to continue permanent record transfer and maintain currently archived materials. DLS also recommends budget bill language prohibiting the use of the Maryland Economic Development Corporation for financing an expansion of archival storage.**

**Electronic Storage and Proposed Changes to Records Management:** The 2013 JCR directed MSA, in conjunction with the Department of General Services, to submit a report to propose changes to records management with the intent to reduce the physical space needed to store records. MSA submitted the report in November 2013. MSA makes several recommendations in this report concerning increasing the amount of records created and maintained electronically, streamlining the records management process, and ensuring the permanency of government publications.

## **Recommended Actions**

1. Add language to prevent funding of an archival facility involving cash or debt financing by the Maryland Economic Development Corporation.
2. Add language to restrict funds for the purpose of a conditions assessment of the Peabody Art Collection and request an updated cost estimate.
3. Adopt committee narrative requiring the State Archives to develop a plan for reaching electronic record creation, maintenance, and management by 2025.

## **Updates**

***Baltimore City Archival Collection:*** MSA has renewed its agreement with Baltimore City allowing MSA to administer the city's archives. MSA stepped in to protect the city's permanent records after determining that the archival material was in imminent danger due to substandard storage conditions in June 2010. The arrangement continues through the end of fiscal 2018.

## **D60A10**

### **State Archives**

## ***Operating Budget Analysis***

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### **Program Description**

As the State's legally and constitutionally mandated historical agency, the Maryland State Archives (MSA) is the central depository for government and designated private records of permanent value. Holdings date from 1634 and 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.

Maryland is unique in that it is one of the few states – perhaps the only state – where the state archives is responsible for permanent records from municipal and local governments. As a result, MSA is one of the largest state archives in the country.

Only a small percentage of the records created by the government are considered permanent records that MSA is mandated to preserve for posterity. The records transferred to MSA have been found to have permanent historical, educational, and administrative value through the records scheduling and retention processes. Developing records retention and disposition schedules is a collaborative process involving the originating agency, the Department of General Services (DGS), and the State Archivist. Agencies are responsible for drafting retention schedules that are consistent with State laws and regulations; these schedules must be approved by DGS, the State Archivist, and ultimately, the Hall of Records Commission. MSA does not accept the transfer of a records series unless the records have been determined by schedule to be of permanent value. Permanently valuable records are transferred to archival custody once no longer needed for current agency business.

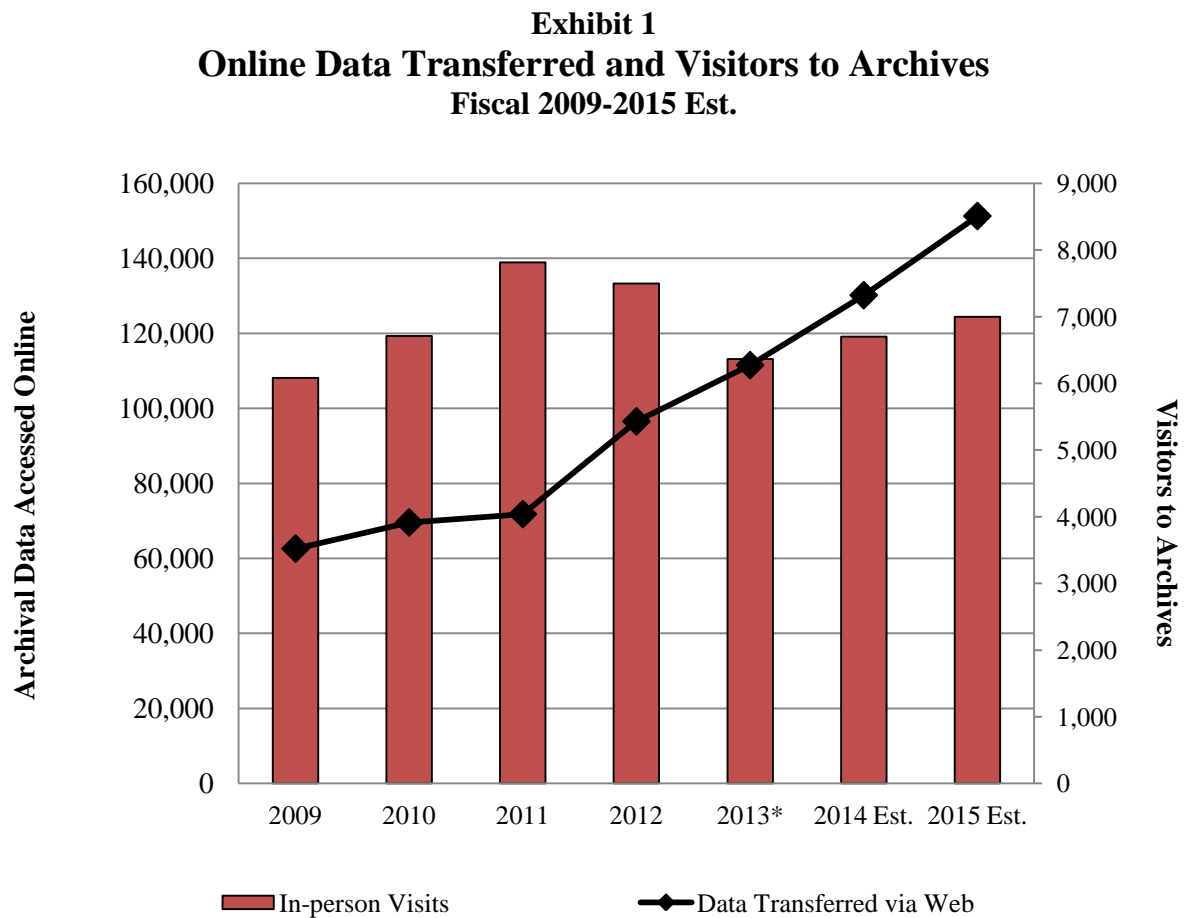
MSA seeks to preserve and make records available in original form and electronically to provide reliable information about Maryland State, county, and municipal government in a continuously compiled, updated, and accessible environment. MSA also maintains an archival microfilm copy of all land records and prepares and publishes the *Maryland Manual* as funding permits. Other publications and the index to various collections are available on the Internet and in digital format. The *Maryland Manual*, including photographs, is available online and updated daily.

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 sculptures with national and international significance. The commission oversees the acquisition, location, proper care, custody, restoration, display, and preservation of these paintings and decorative arts.

## Performance Analysis: Managing for Results

### 1. Online Traffic Increases

One of MSA's main goals is to make records easily accessible to the public or, at a minimum, index information so that a researcher knows what is in MSA's possession. Many records are available through the MSA website. As depicted in **Exhibit 1**, the amount of data transferred online has increased each year since at least fiscal 2009.



\* Change in collection of in-person visitor data.

Source: Governor's Budget Books, Fiscal 2010-2013

Although the amount of online access to archival material has increased significantly over the last decade, MSA continues to provide considerable service “the old fashioned way” through the public search room, by correspondence, and through a file retrieval service for government agencies. Permanent records held by MSA can be accessed in person at the Annapolis facility, which is open Tuesday through Friday and most Saturdays. In fiscal 2013, MSA reorganized its constituent services desk at the Annapolis facility and changed its collection methodology to get the most accurate count of in-person visitors, inquiries, and requests for records. Although a trend cannot be identified across recent years due to the change, the number of in-person visitors has remained at least above 6,000 each year since at least fiscal 2009, indicating that demand for traditional reference services remains strong.

## **2. Electronic Records and Website Files Increase**

MSA staff dedicates a significant amount of time to scanning archival records in order to make as many as possible available electronically. Converting a record to digital format is time consuming and requires a great deal of care and expertise. However, scanned records facilitate greater access to the public, as more people will be able to view the content of a document online rather than only through an in-person visit. Moreover, MSA may also scan material because it is too fragile to be handled by the public, thereby allowing access to a record that would not otherwise be available. Many documents under MSA management may never be scanned in their entirety because there is not enough interest to justify making an electronic copy.

**Exhibit 2** displays the amount of electronic data managed by MSA and the number of website files stored online. MSA’s electronic storage capacity increased from 190,800 gigabytes in fiscal 2012 to 320,400 gigabytes in fiscal 2013 as a result of the agency’s migration to a new storage system. Every storage system has a slightly different way of managing the data to ensure its integrity and persistence through time and in the event of hardware failure. MSA’s new system does a better job of managing the data but requires a great deal more overhead. Accordingly, the old system showed that the agency managed 78,194 gigabytes of electronic data in fiscal 2012, while the new system shows that the agency managed 116,438 gigabytes of the same data in fiscal 2012. Therefore, the agency did not have a large increase of electronic records from fiscal 2011 to 2012, but rather the new data management requires more electronic storage space to maintain the same amount of electronic data.

MSA has prioritized the transfer of records to electronic format. However, the agency advises that it is much easier to manage permanent records in physical form as opposed to an electronic format. Electronic file formats change frequently, and keeping up with new technology takes money and time to convert files. There is concern whether certain files will be convertible to new technology; if not, records in a certain format may be lost. In addition, if hard drives fail, it may be impossible to restore record information. Thus, generally, the reason why MSA makes an electronic copy of a document is to allow increased access to the information contained within it. For numerous reasons, the digitization of records by MSA is not undertaken as a way of conserving space.

**Exhibit 2**  
**Storage of Electronic Records**  
**Fiscal 2010-2015 Est.**

	<u><b>2010</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014 Est.</b></u>	<u><b>2015 Est.</b></u>
Electronic Record Storage Capacity (GB)	190,800	190,800	190,800	320,400	320,400	320,400
Electronic Data Managed (GB)	77,018	77,142	116,438*	121,856	122,908	123,960
Website Files Online – Images, <i>etc.</i> (in Millions)	216.3	224.1	237.5	246.9	269.1	291.4

GB: gigabytes

\* Revised due to implementation of a new data management system.

Source: Governor's Budget Books, Fiscal 2011-2013

## **Fiscal 2014 Actions**

### **Cost Containment**

There are three across-the-board withdrawn appropriations. This includes reductions to employee/retiree health insurance funding for a new Statewide Personnel information technology (IT) system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, the Department of Information Technology (DoIT), and the State Retirement Agency (SRA), respectively.

### **Proposed Budget**

The fiscal 2015 allowance decreases by 76,000, or 0.9%, as shown in **Exhibit 3**. General funds increase by \$101,000, or 5.0%, net of \$22,000 as a result of contingent and back of bill reductions. The remaining increase is primarily due to a \$50,000 allowance for art conservation. Fiscal 2014 was the last year of the U.S. Department of Education's Underground Railroad Education and Cultural Program Community Development Block Grant, the only federal funding MSA received. As a result, federal funding decreases by \$166,000 in the fiscal 2015 allowance.



**Exhibit 3**  
**Proposed Budget**  
**State Archives**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Total</u></b>
2014 Working Appropriation	\$2,028	\$6,556	\$166	\$8,750
2015 Allowance	<u>2,129</u>	<u>6,545</u>	<u>0</u>	<u>8,674</u>
Amount Change	\$101	-\$11	-\$166	-\$76
Percent Change	5.0%	-0.2%	-100.0%	-0.9%

**Where It Goes:****Personnel Expenses**

New positions.....	\$477
Annualization of the general salary increase and increments .....	145
Employee and retiree health insurance.....	-115
Retiree contribution rate change .....	26
Turnover adjustments.....	-2
Other fringe benefit adjustments .....	-36

**Other Changes**

Special payments payroll .....	-1,168
Replacement of data processing equipment for mdlandrec.net project.....	448
Contractual turnover.....	214
Underground Railroad research, archival preservation, and presentation activities .....	-167
Art conservation .....	50
Software licenses and information technology maintenance contracts .....	38
Other.....	14

<b>Total</b>	<b>-\$76</b>
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Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

## **Personnel Expenses**

Personnel expenses increase by \$495,000 compared to the fiscal 2014 working appropriation. This is, in large part, due to 6.0 contractual conversions. These new positions account for \$477,000 of the increase. Part of the \$1 million reduction in funding for contractual employees is also due to the contractual conversions, as well as the 22.9 additional abolished contractual full-time equivalents (FTE). For the last two decades, MSA has had an unusually high ratio of contractual FTEs to total employment. With the conversions proposed in fiscal 2015, MSA will have 57.5 regular employees and 22.0 contractual FTEs, or a 28% contractual share of total staff. This is an improvement from a contractual share of 55% in fiscal 2013.

## **Cost Containment**

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of the DBM – Personnel and SRA.

## ***Issues***

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### **1. Conservation of the Peabody Art Collection**

In 1996, the State granted a \$15 million endowment to save the Peabody Conservatory and took on the Peabody Art Collection. Restoration of the collection, which consists of 1,374 objects, has been delayed due to a lack of staff, funding, and appropriate facilities. The last conditions assessment of the artwork was conducted in 2001. In fiscal 2001 and 2002, \$30,000 was appropriated to conduct an appraisal of the Peabody Art Collection; MSA claims this amount of funding would be required to conduct a conditions assessment of the collection with an estimated 15% additional cost to meet current rates. Funds have not been available to hire professional appraisal services.

At the time of the 2001 assessment, the projected cost to conserve and restore the collection over the next 10 years was \$2.25 million. The assessment revealed that:

- 50% of the paintings and frames in the Peabody Collection were in poor or critical condition;
- approximately 46% of the sculptures, including nearly all of the plaster casts in the collection, were in poor condition; and
- restoring the entire collection would require a total of 28,080 hours.

Based on the 2001 hourly rate of \$80, the estimated cost to conserve the collection was \$2.2 million.

Since ownership of the collection was assumed in 1996, a total of 41 objects have received some level of conservation, including 7 works of art that have been conserved from poor condition by borrowing institutions. Based on the 2001 assessment and recent conservation projects, there are at least 251 objects in the Peabody Collection that are in poor condition. A total of 246 objects from the collection are currently on public display.

Although an assessment has not recently been completed, the figures from the 2001 estimate can be updated to provide a rough minimum cost of conserving and restoring the collection today. The hourly rate for art conservation in 2014 is between \$100 and \$110. Using the same number of hours estimated in the 2001 assessment, the cost of restoring the collection today would be approximately \$3.1 million. This figure does not include any increase in the amount of work needed due to the deteriorating condition of objects since 2001. For example, the 1988 assessment estimated that restoration for the collection's paintings alone would require 1,885 hours of work. The 2001 assessment estimated restoration for only the paintings would require 3,646 hours of work, nearly double the time estimated 13 years prior. The \$3.1 million estimate also does not include costs for art handling, crating, transit, storage, and insurance. Therefore, \$3.1 million should only be considered as the estimated minimum cost of restoring and conserving the collection. The actual cost, which can only be ascertained with an updated conditions assessment, may be well above \$3.1 million.

The collection, received in exchange for a \$15 million endowment to the Peabody Institute in 1996, was valued at \$19 million in 2001. In accordance with a decision made two years ago by the Commission on Artistic Property, MSA no longer maintains any valuation of the objects in collection. This is consistent with other museums and similar institutions. At this point, the cost of the \$15 million endowment, in addition to the current cost of restoration and conservation, may meet or exceed the value of the collection.

The 2013 *Joint Chairmen's Report* (JCR) required MSA to request funding in fiscal 2015 to conduct a conditions assessment of the Peabody Art Collection and submit to the legislature a cost estimate to restore the collection as well as a preliminary plan on targeted items. MSA submitted the report in December 2013 including a brochure indicating works of curatorial priority that will be used to solicit funds for conservation from private donors; however, the agency indicated that funding would not be requested in fiscal 2015 to conduct a conditions assessment. Instead, the agency reported that it would rather request funds for targeted conservation based on curatorial priority than pursue funds for another assessment.

Without a conditions assessment, it is impossible to determine the magnitude of funding that is needed to restore the whole collection. The State has already invested \$15 million in assuming ownership of the collection and should be aware of the total cost of maintenance. Depending on the cost of restoration, the State may want to consider selling pieces rather than having them sit in disrepair for an undetermined amount of time. Without the requested conditions assessment, an informed decision about the future of the collection will be difficult to make.

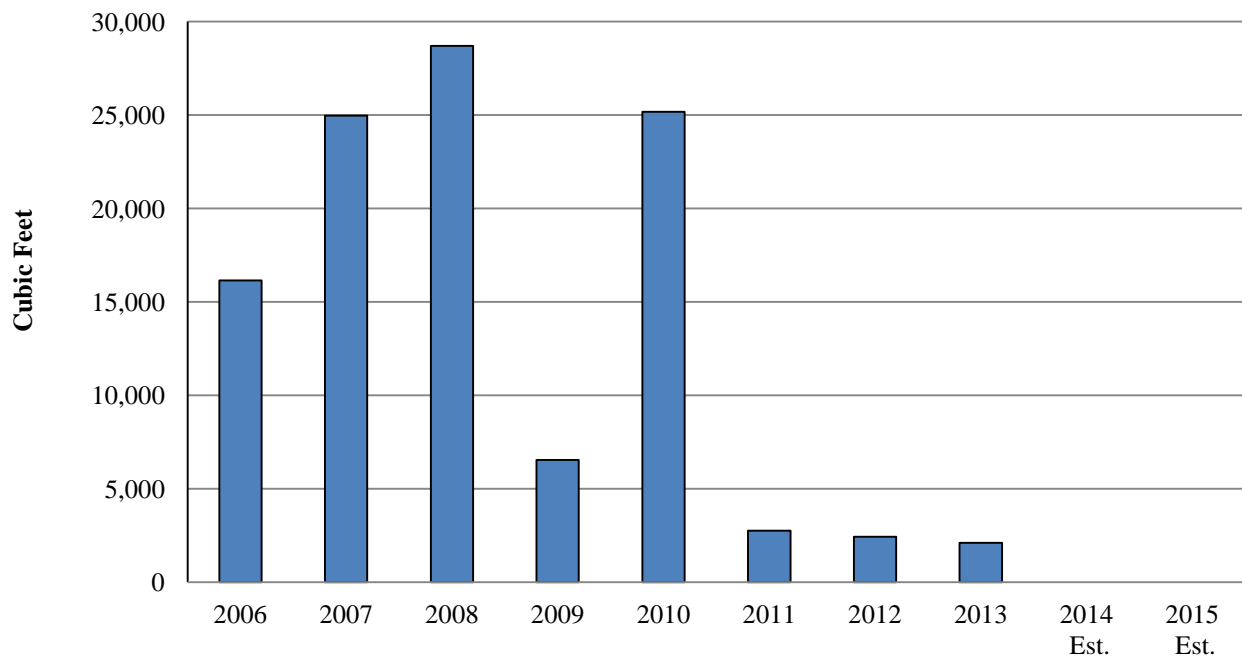
**The Department of Legislative Services (DLS) recommends adding language to restrict \$35,000 in the general fund appropriation, for the purpose of conducting a conditions assessment of the Peabody Art Collection and to request an updated cost estimate to restore the collection, be submitted to the budget committees.**

## **2. Archival Storage at Full Capacity**

MSA currently has 168,680 cubic feet of archival storage and 198,236 cubic feet of warehouse storage space, amounting to a total of 366,916 cubic feet of available space to store archival material. In fiscal 2013, MSA's storage reached 100% capacity, meaning that MSA no longer accepts permanent record transfers.

Due to the foreseen space shortage, MSA began limiting the amount of records it accepted in fiscal 2009. **Exhibit 4** shows the amount of new records MSA accepted, and estimates accepting, each year between fiscal 2006 and 2015. The high, or nonlimited, amount of records MSA accepted in fiscal 2010 is the result of MSA's memorandum of understanding (MOU) with Baltimore City, which allows MSA to use storage space at the Baltimore City Archives in exchange for scanning and web hosting services. MSA quickly exhausted the additional space and accepted very few records in the subsequent years. The 2,000 cubic feet of records that MSA accepted in fiscal 2013 consisted of high priority documents, such as legislative files from the General Assembly, the Governor's Office, and the Secretary of State.

**Exhibit 4**  
**New Records Accepted**  
**Fiscal 2006-2015 Est.**



Source: Governor's Budget Books, Fiscal 2006-2013

MSA's limited record acceptance has caused storage issues for several State agencies that typically transfer records to MSA. For example, the Register of Wills is also out of storage space and was cited in fiscal 2013 for fire code violations. The circuit courts of Maryland and the Social Services Administration within the Department of Human Resources have also been very concerned about storage issues. Between 40 and 50 State and local agencies are currently in the queue to have records transferred. MSA's current known record backlog totals 15,000 cubic feet of records. However, many records go unreported since agencies know MSA will not be able to accept their records. Based on previous record transfers, MSA estimates current record transfers should average 13,000 cubic feet per year. Based on this average and the actual amount of records that MSA was able to accept in fiscal 2009 through 2013, the actual backlog is probably closer to 40,000 cubic feet of records.

In addition to lacking space, more than half of the available space storing permanent records of the State is unsuitable for record storage; records are housed in facilities without environmental

controls, basic security, and fire prevention systems. MSA's adequate storage space consists of the storage capacity at the primary facility on Rowe Boulevard in Annapolis. The substandard capacity consists of four off-site warehouses and additional storage space received from the Baltimore City Archives in exchange for preservation services. Adequate storage at the Annapolis facility has been filled to capacity since 2000.

### **Options for the Joint Use of the Remote Library Storage Facility at the Severn Building**

The 2013 capital budget bill allocated \$6.1 million to the University of Maryland, College Park (UMCP) for a remote library storage facility at the Severn Building, with language restricting the expenditure of funds until UMCP submitted a report to the budget committees and DBM exploring options for joint use of the facility with MSA. The analysis considered several alternatives including:

- temporary and permanent use of the remote library storage facility within the Severn Building;
- temporary use of dedicated renovated space in the Severn Building;
- construction of additional space at the Severn Building;
- joint storage facility with the Washington Research Library Consortium; and
- other temporary or permanent options to meet the storage needs of MSA.

The analysis concluded that although renovation and construction of additional space at the Severn Building for either temporary or permanent use by MSA is feasible, it is neither ideal nor cost-effective and would limit the effective use of the building by UMCP. UMCP purchased the Severn Building in 2010 to enable the university to relocate existing service facilities and facilitate future development of the East Campus District. Some service facilities have already been relocated and others are planned to be relocated. Use of the space by MSA would either delay planned use of the space by UMCP or require additional expenditures by the university to accommodate its relocation plans at other unidentified sites on campus or rental facilities in close proximity to the campus. Moreover, the estimated \$31.5 million cost of renovating the Severn Building for temporary use by MSA provides only a short-term solution to what is a long-term need and should be avoided in favor of a State investment that will adequately serve MSA's long-term needs.

Instead, the report indicates that MSA believes purchase and renovation of an existing 170,000 square foot warehouse space to be the most feasible and cost-effective option to meet space needs. The total estimated cost of the project is \$25.3 million. With the installation of a proper heating, ventilation, and air conditioning system, MSA believes that the desired stable archival environment can be achieved. By utilizing a mix of compact shelving and leveraging existing

investments in existing records center shelving, MSA estimates that this facility could accommodate records currently housed at all warehouse facilities and anticipated future records transfers through fiscal 2027. This is consistent with the findings of the 2011 JCR on alternative archival storage, submitted September 2012.

The report suggests using the Maryland Economic Development Corporation (MEDCO) to finance the acquisition, design, and renovation of the warehouse facility. Discussion between MEDCO and MSA are underway, and DBM is supportive of the alternative financing mechanism. Under this financing method, MEDCO would issue lease revenue bonds backed by future State general fund appropriations to service the debt on the bonds. DLS advises against this funding method because MEDCO bond financing is more costly over a longer period of time than the State's general obligation bonds.

**MSA should discuss the viable short- and long-term solutions currently being considered to continue permanent record transfer and maintain currently archived materials. DLS also recommends adding budget bill language prohibiting the use of MEDCO for financing an expansion of storage space for MSA.**

### **3. Electronic Storage and Proposed Changes to Records Management**

MSA is the central depository for government records and publications of permanent value. Of all the materials generated by government, only a small portion (5 to 10%) is designated for permanent retention. MSA and DGS work together to establish appropriate retention policies and guidance for nonpermanent records, and DGS provides secure storage for nonpermanent records through the State Records Center. Nonpermanent records are an integral part of State activities such as civil and criminal litigation, Maryland State Police internal investigations, and contractual disputes. Timely disposal of nonpermanent records ensures that the cost of maintaining nonpermanent records does not exceed their value to the State.

The 2013 JCR directed MSA, in conjunction with DGS, to submit a report to propose changes to records management with the intent to reduce the physical space needed to store records. MSA submitted the report in November 2013. MSA makes several recommendations in the report concerning increasing the amount of records created and maintained electronically, streamlining the records management process, and ensuring the permanency of government publications.

#### **Records Management**

According to MSA, the current records scheduling process is inefficient and has not been updated to accommodate the increased number of government agencies, quantity of records created, and challenges of new records technologies. State law and regulation mandates that every agency have a program for the effective management of records, as well as a biannually reviewed records retention and disposition schedule. Currently, there is no effective mechanism to determine or ensure compliance and there are no consequences for agencies failing to do so. Therefore, MSA recommends that the Office of Legislative Audits request a copy of an agency's retention schedule

during the fiscal compliance audit and note in the audit report if an up-to-date schedule is not available. Additionally, records scheduling and disposition should be automated to simplify the development of records schedules and enhance compliance with the statutory requirement to describe and appraise State government records (State Government Article 10-634). MSA believes that agencies should be encouraged to contract with records management consultants to bring them into compliance with existing records management laws.

Regulations also require each agency to have a records officer, which often goes unfulfilled or is filled by an employee of insufficient authority and training. MSA recommends that agencies be required to appoint an accountable records management officer with specified skills and authority. MSA also recommends that a records management training program, including new employee introductory training, should be developed and offered to State and local government employees. DGS and MSA recently revised and updated some available records management guidance to reflect current practices.

## **Electronic Records Management**

Provided that the records are effectively managed, there are many benefits to having records in an exclusively electronic format. Most notably, records in an electronic-only format are more easily and more widely accessible and take up less physical storage space. For this reason, MSA recommends that Maryland follow the example of the federal government and mandate that State government agencies create, maintain, and manage records electronically by 2025. MSA further suggests that the record scheduling process in Maryland should be automated through a statewide initiative of DoIT, in cooperation with the Records Management Division of DGS and MSA. Additionally, all IT projects should include an information life-cycle management component as part of the functional requirement analysis.

Existing code and regulation that mandates records be created and/or maintained in a specific, non-electronic format, poses significant challenges to increasing electronic records. For example, Maryland Rule 16-505 directs the District Court that paper records can only be destroyed if they have been photographed, photocopied, or microphotographed and a master security negative is retained. MSA recommends that laws or court rules specifying a particular form or format for records (*e.g.*, paper, microfilm, *etc.*) should be modified to remove references to particular record formats. In addition, where necessary, MSA recommends that legislation be adopted to clarify that the electronic record is the official record.

## **Government Publications**

In the past two decades, State agencies have transitioned away from print format to the point that 80% of State publications received by the State Publications Depository and Distribution Program are also available online. Because agencies have posted many digital publications on their public websites, digital publications effectively cease to exist when they are removed from agency websites unless copies are saved. MSA recommends developing systems to ensure the permanency of electronic government records, including building redundancy into the State's holdings of electronic government publications. Additionally, MSA recommends ensuring the longevity of a



program for identifying, acquiring, and providing permanent public access to electronic government publications by incorporating it into the proposed program for managing electronic records.

Currently, there is no effective or efficient method of identifying, acquiring, preserving, and providing permanent public access to government publications. Along with the State's deficiencies in electronic publishing practices is the growing trend of public access to this material via the Internet. MSA recommends developing a standard for posting electronic publications on agency websites to make publications more easily accessed.

**DLS recommends adopting committee narrative requiring MSA, in consultation with the Judiciary and DGS, to develop a plan to reach electronic creation, maintenance, and management of State records by 2025. This plan should include recommendations for law and rule, retention policy, and records management procedural changes.**

## ***Recommended Actions***

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1. Add the following language:

Provided that no funds in this budget may be expended for any phase of development, planning, or financing for any form of a storage facility for the State Archives, involving cash or debt financing by the Maryland Economic Development Corporation.

**Explanation:** This action prevents the State Archives from using any funds in the budget to develop, plan, or finance an archival facility involving cash or debt financing by the Maryland Economic Development Corporation.

2. Add the following language to the general fund appropriation:

, provided that \$35,000 of this appropriation made for the purpose of art conservation may not be expended for that purpose but instead may only be used to conduct a conditions assessment of the Peabody Art Collection. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund. Further provided, that the Maryland State Archives shall then submit to the budget committees an updated cost estimate to restore the collection by December 31, 2014. The budget committees shall have 45 days to review and comment from the date of receipt of the report.

**Explanation:** Add language to restrict \$35,000 in the general fund appropriation for the purpose of conducting a conditions assessment of the Peabody Art Collection and request an updated cost estimate to the budget committees.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on Assessment of the Peabody Art Collection	Maryland State Archives	December 31, 2014

3. Adopt the following narrative:

**Plan for Electronic Record Creation, Maintenance, and Management by 2025:** It is the intent of the budget committees that Maryland State agencies pursue greater electronic record creation, maintenance, and management. Maryland State Archives (MSA), in conjunction with the Judiciary and the Department of General Services (DGS), shall develop and submit to the committees by November 30, 2014, a plan to reach electronic creation, maintenance, and management of State records by 2025. This plan shall include recommendations – including possible legislation – for law and rule, retention policy, and records management procedural changes.

*D60A10 – State Archives*

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Plan for reaching electronic record creation, maintenance, and management by 2025	MSA Judiciary DGS	November 30, 2014

## ***Updates***

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### **1. Baltimore City Archival Collection**

In June 2010, MSA forged an agreement with Baltimore City that gave MSA the authority to administer the city's archives for three years. MSA stepped in to protect the city's permanent records after becoming aware of the conditions under which the records were held. A rented building in Druid Hill Park that housed the city's archival material was dilapidated and protected the historical records minimally as the facility had a leaky roof, was damp and moldy, and was inhabited by wild animals. Under MSA's oversight, the city's archival property was moved to a much improved storage facility in East Baltimore.

The State entered into two MOUs with the city regarding MSA oversight of the Baltimore records. One MOU specifies that the city must pay MSA \$90,000 annually to manage and oversee the city's records. The second MOU allows MSA to use some of the city's storage space in exchange for scanning and web hosting services. The arrangement was recently extended through 2018, providing some temporary relief for the agency's storage issues while short- and long-term solutions are being formulated. At this time, there are no plans to release the Baltimore City Archives back into the care of the city.

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

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

State Archives  
(\$ 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 2013</b>					
Legislative Appropriation	\$2,281	\$6,681	\$262	\$0	\$9,224
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	28	0	0	28
Reversions and Cancellations	-75	-728	-11	0	-815
<b>Actual Expenditures</b>	<b>\$2,206</b>	<b>\$5,981</b>	<b>\$250</b>	<b>\$0</b>	<b>\$8,437</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$2,033	\$6,516	\$149	\$0	\$8,698
Budget Amendments	39	39	17	0	96
<b>Working Appropriation</b>	<b>\$2,072</b>	<b>\$6,556</b>	<b>\$166</b>	<b>\$0</b>	<b>\$8,794</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

The budget for MSA closed at approximately \$8.4 million in fiscal 2013, which was about \$787,000 less than the legislative appropriation. MSA's general fund appropriation decreased by \$66,312, due to reverted telecommunications funds. In fiscal 2013, State agencies were assessed a fee for development of a new Statewide Personnel System. That year, the State spent approximately 48% of this major IT project's appropriated budget with the remainder reverted to the general fund. As a result, MSA reverted \$8,677 in general funds.

MSA's special fund expenditures were \$700,556 lower than the legislative appropriation due to one budget amendment adding \$27,898 for cost-of-living adjustments offset by \$728,454 in unrealized revenues; expenditures were reduced to match revenue received. MSA cancelled \$11,321 in federal funds because there were not enough contractual hours logged to use the agency's entire federal Department of Education grant in fiscal 2013.

## **Fiscal 2014**

The fiscal 2014 working appropriation for MSA has increased by \$96,000 over the legislative appropriation, reflecting \$39,000 in general funds, and \$39,000 in special funds for employee increments and the 3% general salary increase, as well as \$17,000 in federal funds appropriating federal grants from the U.S. Department of Education and the National Historical Publication and Records Commission.

## ***Audit Findings***

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Audit Period for Last Audit:	November 17, 2009 – October 22, 2012
Issue Date:	April 2013
Number of Findings:	2
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

**Finding 1:** MSA did not establish adequate internal control over artistic property.

**Finding 2:** MSA was using an outdated and vulnerable operating system on the five servers supporting a critical service for State agencies.

**Object/Fund Difference Report  
State Archives**

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	47.50	51.50	57.50	6.00	11.7%
02 Contractual	59.10	50.90	22.00	-28.90	-56.8%
<b>Total Positions</b>	<b>106.60</b>	<b>102.40</b>	<b>79.50</b>	<b>-22.90</b>	<b>-22.4%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 4,172,437	\$ 4,621,277	\$ 5,137,946	\$ 516,669	11.2%
02 Technical and Spec. Fees	1,661,492	1,914,215	871,808	-1,042,407	-54.5%
03 Communication	262,357	174,833	173,559	-1,274	-0.7%
04 Travel	18,665	14,034	12,050	-1,984	-14.1%
06 Fuel and Utilities	6,939	6,000	6,900	900	15.0%
07 Motor Vehicles	5,521	10,151	9,963	-188	-1.9%
08 Contractual Services	1,218,529	1,036,714	1,116,545	79,831	7.7%
09 Supplies and Materials	129,704	184,100	198,800	14,700	8.0%
10 Equipment – Replacement	261,511	250,000	563,000	313,000	125.2%
11 Equipment – Additional	115,594	0	36,000	36,000	N/A
13 Fixed Charges	584,671	582,789	605,657	22,868	3.9%
<b>Total Objects</b>	<b>\$ 8,437,420</b>	<b>\$ 8,794,113</b>	<b>\$ 8,732,228</b>	<b>-\$ 61,885</b>	<b>-0.7%</b>
<b>Funds</b>					
01 General Fund	\$ 2,206,106	\$ 2,071,910	\$ 2,150,687	\$ 78,777	3.8%
03 Special Fund	5,980,908	6,555,713	6,581,541	25,828	0.4%
05 Federal Fund	250,406	166,490	0	-166,490	-100.0%
<b>Total Funds</b>	<b>\$ 8,437,420</b>	<b>\$ 8,794,113</b>	<b>\$ 8,732,228</b>	<b>-\$ 61,885</b>	<b>-0.7%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.



**Fiscal Summary  
State Archives**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Archives	\$ 8,150,212	\$ 8,463,527	\$ 8,320,059	-\$ 143,468	-1.7%
02 Artistic Property	287,208	330,586	412,169	81,583	24.7%
<b>Total Expenditures</b>	<b>\$ 8,437,420</b>	<b>\$ 8,794,113</b>	<b>\$ 8,732,228</b>	<b>-\$ 61,885</b>	<b>-0.7%</b>
General Fund	\$ 2,206,106	\$ 2,071,910	\$ 2,150,687	\$ 78,777	3.8%
Special Fund	5,980,908	6,555,713	6,581,541	25,828	0.4%
Federal Fund	250,406	166,490	0	-166,490	-100.0%
<b>Total Appropriations</b>	<b>\$ 8,437,420</b>	<b>\$ 8,794,113</b>	<b>\$ 8,732,228</b>	<b>-\$ 61,885</b>	<b>-0.7%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.