

**D60A10
State Archives**

Operating Budget Data

(\$ in Thousands)

	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 17-18</u>	<u>% Change</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$2,462	\$2,400	\$5,468	\$3,069	127.9%
Adjustments	0	0	-16	-16	
Adjusted General Fund	\$2,462	\$2,400	\$5,453	\$3,053	127.2%
Special Fund	9,543	7,032	3,611	-3,420	-48.6%
Adjustments	0	0	-5	-5	
Adjusted Special Fund	\$9,543	\$7,032	\$3,606	-\$3,425	-48.7%
Federal Fund	87	46	0	-46	-100.0%
Adjustments	0	0	0	0	
Adjusted Federal Fund	\$87	\$46	\$0	-\$46	-100.0%
Adjusted Grand Total	\$12,091	\$9,478	\$9,059	-\$418	-4.4%

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The adjusted fiscal 2018 allowance decreases by \$418,000, or 4.4%, from the adjusted fiscal 2017 appropriation. General funds increase \$3.1 million, or 127.2%, to reflect the decrease in special funds received from the Maryland Land Records Improvement Fund as per a Memorandum of Understanding (MOU) with the Maryland Judiciary. There is also a \$16,000 decrease for the across-the-board contingent reduction for a supplemental pension payment. Special funds decrease \$3.4 million because of the MOU with the Judiciary with a \$5,000 decrease for the across-the-board contingent reduction for a supplemental pension payment.
- Federal funds decrease by \$46,000, or 100%, because the National Historical Publications and Records Commission federal grant for the Finding Freedom: Documenting the Legacy of Slavery and African American History project ended in December 2016.

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

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Personnel Data

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>
Regular Positions	56.50	62.50	62.50	0.00
Contractual FTEs	<u>24.20</u>	<u>15.80</u>	<u>6.80</u>	<u>-9.00</u>
Total Personnel	80.70	78.30	69.30	-9.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.25	2.00%
Positions and Percentage Vacant as of 12/31/16	2.00	3.20%

- The number of regular positions has remained consistent with 62.5 regular positions in fiscal 2018.
- There is a decrease of 9.0 contractual full-time equivalents in fiscal 2018. A decline in vacant regular positions reduced the need for contractual staff.
- The current turnover is 2% with 1.25 necessary vacancies. As of December 31, 2016, there were 2.0 vacant positions.

Analysis in Brief

Major Trends

Art Collection: The State Archives is responsible for the acquisition and preservation of the State-owned art collection. The extent of the State-owned art collection has remained stable in recent years.

Records Management: The State Archives is responsible for collecting, storing, and preserving any records of permanent value from State, county, and local government. The quantity of records has increased steadily, with an increased number of records transitioning from physical documents to an electronic format.

Programs Offered at the State Archives: The State Archives offers a wide range of programs for the public both at the main State Archives building and offsite for cultural groups and schools. The number of programs has declined from fiscal 2015 to 2016, which parallels the decrease in the State Archives budget.

Issues

Mold Remediation: On January 4, 2017, the State Archives received approval from the Board of Public Works for emergency funding through the Facilities Renewal Fund to remediate mold at 350 Rowe Boulevard, Annapolis, Maryland, which is the central location for the State Archives. **The Department of Legislative Services recommends that the State Archives discuss the current status of the mold remediation process.**

Recommended Actions

1. Concur with Governor's allowance.

Updates

Maryland Land Records: In previous years, there were annual MOUs between the State Archives and the Judiciary with the State Archives receiving \$5 million as a fee for service in exchange for the electronic filing and physical storage of the Maryland land records. The update will outline the new five-year MOU agreement, which gradually steps down the annual funding and outlines the expectations of both the State Archives and the Judiciary.

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Operating Budget Analysis

Program Description

As the State's legally and constitutionally mandated historical agency, the State Archives 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 records of births, deaths, and marriages), businesses, and private individuals.

Maryland is unique in that the State Archives is responsible for permanent records from all three branches of government and all levels of government, including municipal and local governments. As a result, the State Archives 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 the State Archives is mandated to preserve for posterity. The records transferred to the State Archives have been found to have permanent historical, educational, and administrative value through the records scheduling and retention process. 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. The State Archives does not accept the transfer of 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.

The State Archives 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. The State Archives also publishes the *Maryland Manual Online* as funding permits. Other publications and the index to various collections are available on the Internet and in digital format. The *Maryland Manual Online*, including photographs, is available online and updated daily.

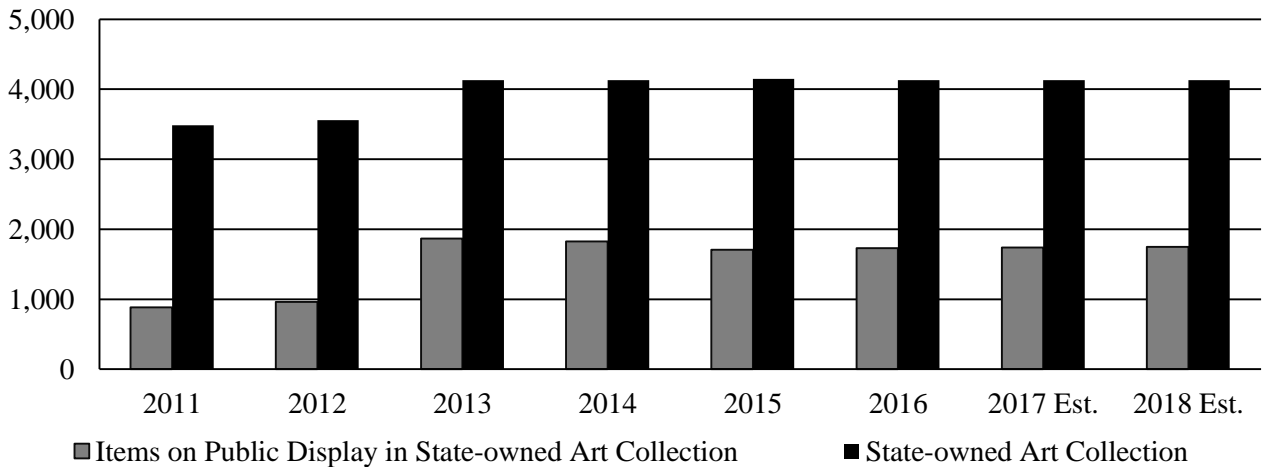
The Maryland Commission on Artistic Property is the official steward of all valuable paintings and other decorative arts that comprise the State-owned art collection. Since the first acquisition in 1774, the collection has evolved into a historically and artistically important collection of paintings,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

Performance Analysis: Managing for Results

1. Art Collection

The Commission on Artistic Property was formed in 1969, and it was incorporated into the State Archives in 1984. The mission of the commission is to serve the public as the official custodian of the State-owned art collection. The collection is comprised of those works that document the history of Maryland through subject, maker, or place of origin. The official collection has over 4,000 items, and the collection, as seen in **Exhibit 1**, has either remained steady or increased over recent years. Between fiscal 2015 and 2016, there was a slight decline in the number of pieces from 4,150 to 4,130 items in the art collection, but this is not because there are fewer actual pieces, rather it is representative of the effort to streamline the way items are counted.

Exhibit 1
State-owned Art Collection and Number of Pieces on Public Display
Fiscal 2011-2018 Est.



Source: Maryland State Archives

2. Records Management

Every State, county, and local government body has a role to play in the storage, maintenance, and transfer of public records, particularly those deemed as having permanent value. The maintenance of public records is essential to preserving the integrity and transparency of the State, both for any citizen seeking information about recent events and for historical record of government activities. All government entities must complete a record appraisal to determine the value of records as well as how

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long and in what format (physical or electronic) it should be kept in. Records that are often permanent include:

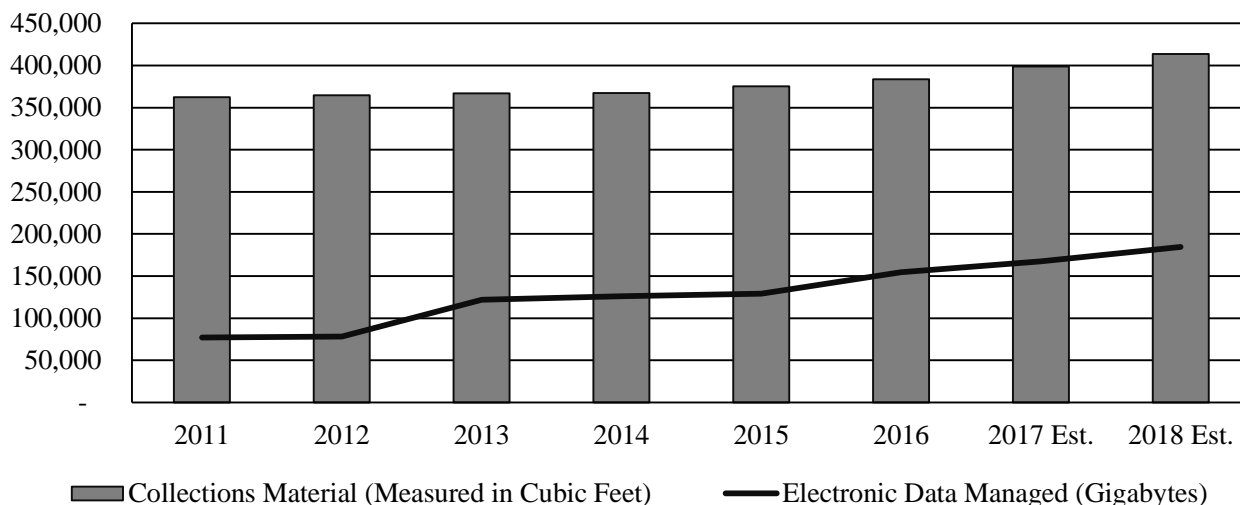
- agency procedures and policies;
- agendas and meeting minutes (record copies);
- annual reports (record copies);
- original acquisitions, deeds, conveyances, notices of sale, and easements;
- records related to exposure to materials with long-term health effects, such as lead and asbestos;
- bonds, books of final entry, general ledgers, and independent/external audits;
- site plans, building permits, and building drawings;
- charter records;
- legal opinions of government law offices and original signed legislation; and
- licenses (record copies).

As outlined in § 10-608 through 10-611, State Government Article of the Annotated Code of Maryland and *Code of Maryland Regulations* 14.18.02, the State Archives serves to:

- provide assistance upon request to State, county, and local agencies with respect to the determination of what records may or may not be deemed permanent;
- review and approve records retention schedules;
- maintain approved records retention and disposition schedules;
- review, approve, and maintain disposal certificates for the Maryland Judiciary;
- assist agencies in the development of file specifications and procedures for transfer and retention of permanent electronic records;
- provide storage space for permanent State, county, and local agency records; and
- assist with the transfer of permanent records to the State Archives.

Exhibit 2 shows the number of physical and electronic data records collected and stored by the State Archives annually. In fiscal 2011, the amount of electronic data managed was 77,142 gigabytes and that number has since doubled as agencies transition to maintaining more documents in an electronic format.

Exhibit 2
Physical Materials and Electronic Data Managed
Fiscal 2011-2018 Est.

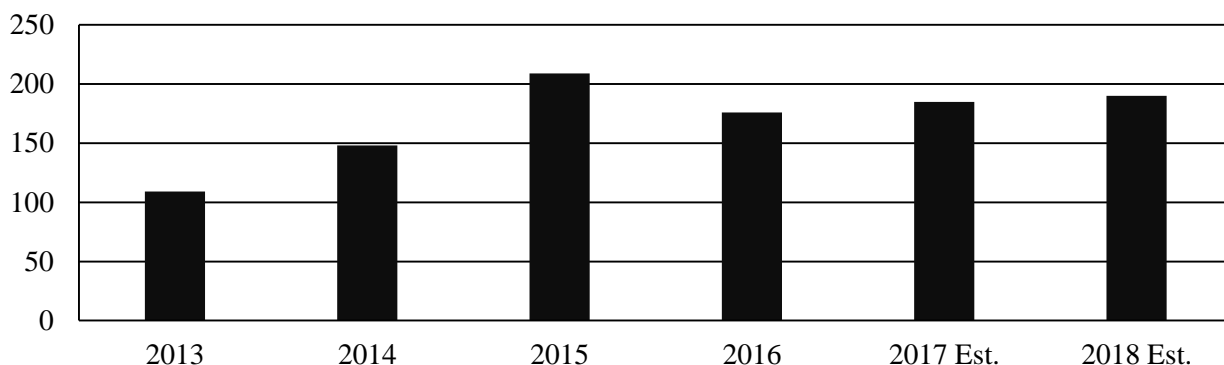


Source: Maryland State Archives

3. Programs Offered at the State Archives

The State Archives hosts several events each year to help citizens more effectively use the State Archives as a resource. Events include workshops on how to search for historical information and how that information could be of value in the everyday lives of Maryland citizens. State Archives staff also participate in presentations and lectures for a variety of cultural groups and schools. One of the largest and most successful events is the Annual Family History Festival. This festival includes a “tour” through the life of a permanent record and workshops on a variety of topics including how to use the mdlandrec.net website and how to preserve your own family photos. The State Archives also holds quarterly “Brick Wall” Sessions, intended to help researchers break through their research brick wall to find the historical information that they are looking for. **Exhibit 3** shows the number of programs offered annually by the State Archives. The number of programs offered has declined from 209 in fiscal 2015 to 176 in fiscal 2016. This decline is in part due to the budgetary restrictions. The State Archives did not have the staff to plan, promote, and execute the same number of events, so it has worked to maximize the events offered.

Exhibit 3
Number of Public Programs Offered
Fiscal 2013-2018 Est.



Source: Maryland State Archives

Fiscal 2017 Actions

Cost Containment

In November 2016, the Board of Public Works reduced the fiscal 2017 appropriation of the State Archives by \$91,000 based on lower energy costs for the new Woodlawn warehouse.

Proposed Budget

As seen in **Exhibit 4**, the adjusted fiscal 2018 allowance decreased \$418,000, or 4.4%, from the adjusted fiscal 2017 appropriation. This decrease includes a \$3.1 million general fund increase and a \$3.4 million special fund decrease. These large changes in general and special funds are due to a reduction in special funds from the Land Records Improvement Fund (LRIF). These funds are a fee-for-service payment from the Maryland Judiciary to the State Archives for the transfer and maintenance of Maryland land records from local courthouses to the Archives. This fee had been reduced through a five-year annual step down outlined in a Memorandum of Understanding (MOU) signed by both the Maryland Judiciary and the State Archives.

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

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
Fiscal 2016 Actual	\$2,462	\$9,543	\$87	\$12,091
Fiscal 2017 Working Appropriation	2,400	7,032	46	9,478
Fiscal 2018 Allowance	<u>5,453</u>	<u>3,606</u>	<u>0</u>	<u>9,059</u>
Fiscal 2017-2018 Amount Change	\$3,053	-\$3,425	-\$46	-\$418
Fiscal 2017-2018 Percent Change	127.2%	-48.7%	-100.0%	-4.4%
 Where It Goes:				
Personnel Expenses				
Reclassifications (to be used instead for contractual assistance).....				\$180
Turnover adjustments				60
Workers' compensation premium assessment				10
Other fringe benefit adjustments.....				5
Regular earnings				-30
New Woodlawn Warehouse				
Firewall for the new Rolling Road warehouse				110
Insurance (for the new warehouse).....				33
Information Technology				
60 replacement workstations				100
System software updates.....				90
Statewide system allocations (personnel, human resources, and enterprise).....				-48
Towson University Information Technology contract.....				-52
Servers for main State Archives, Baltimore City Archives and recovery backup at UMBC				-423
Other Changes				
Utilities				17
Abolished contractual positions.....				-452
Miscellaneous adjustments				-18
Total				-\$418

UMBC: University of Maryland Baltimore County

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

Personnel

The State Archives budget decreases \$452,000 for contractual positions. Special funds increased \$180,000 for reclassifications, but the Department of Budget and Management (DBM) and the State Archives indicate that they intend for these funds to be used for contractual payroll. This lessens the decrease of contractual funding from \$452,000 to \$272,000.

Across-the-board Reductions

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. This agency's share of these reductions is \$15,813 in general funds and \$5,054 in special funds. This action is tied to a provision in the Budget Reconciliation and Financing Act of 2017.

New Woodlawn Warehouse

In fiscal 2015, the State Archives acquired and began renovations on a new warehouse in Woodlawn, Maryland, through the Maryland Economic Development Corporation. This purchase served to merge the three warehouses previously rented by the State Archives to house its records and art collection. The new facility has the capacity to store both the records of permanent value and the historical art collection currently owned and future acquisitions. The State Archives has transferred most of its collections into the building, but the Woodlawn building is still undergoing renovation, particularly for the roof and the heating, ventilation, and air conditioning system. The renovations are expected to be completed by April 2017. Since the State Archives has moved into the new building, there is a \$33,000 special fund increase in insurance costs for the building. There is also an \$110,000 special fund increase for the firewall protections for the building.

Information Technology

The State Archives has an \$100,000 special fund increase for the replacement of 60 workstations with a \$90,000 special fund increase for software updates. There is a \$52,000 special fund decrease in the contract with Towson University for consultation on the mdlandrec.net website that houses all of the historical land records. There is also a total of \$423,000 in special fund decreases for the removal of one-time telecommunications and server support costs for the main State Archives building and the Baltimore City Archives, as well as the recovery backup system housed at the University of Maryland Baltimore County.

Issues

1. Mold Remediation

The State Archives is housed at 350 Rowe Boulevard, Annapolis, Maryland, which is a State-owned building maintained by DGS. DGS is responsible for routine maintenance checks and to ensure that building equipment runs properly. During the January 4, 2017 Board of Public Works meeting, the State Archives was approved for emergency funding to provide mold remediation in the amount of \$443,014. Because the State Archives staff is not well versed in maintenance issues, the staff were not aware of a problem until the mold appeared in their offices and in their books. Aside from the health risks that mold presents, for an agency that stores artifacts of permanent value, mold could irreparably damage those artifacts. During the initial investigation completed by DGS it was not immediately clear what caused the mold. All operational maintenance and routine checks were completed in accordance with DGS standards. As a result, DGS recommended that a private contractor conduct a more comprehensive investigation to determine the cause of, and necessary actions to prevent and remediate, the mold.

Subsequently, the contractor was hired to perform mold remediation for the State Archives facility. As a result of the mold, the customers of the State Archives have been relegated to the lobby for support, several staff members have been dislocated from their offices, and the State Archives was forced to close completely from January 9 through 24, 2017. While the mold will be removed, uncertainty remains about the cause of the mold and the steps necessary to ensure that this is not a reoccurring issue. The contractor is expected to report to DGS the findings of their investigation so that the necessary steps can be taken. **The Department of Legislative Services recommends that the State Archives discuss the current status of the mold remediation process.**

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Maryland Land Records

In 2003, the State Archives and the Judiciary began an ongoing partnership to preserve and make the records of private property ownership and sale throughout the State, reaching back to the seventeenth century and the founding of Maryland accessible online. The State Archives developed a web-based service and electronic archives of land records that are added to daily through the course of real estate recordings at Maryland courthouses. The service is paid for and maintained upfront by those who buy and sell land through a fee placed in the LRIF. A portion of these fees are paid to the State Archives for the care and maintenance of the records at the State Archives and made available online. By statute, “the State Archivist may establish reasonable fees for the care and preservation of records and other services provided by the [State] Archives.” In addition, the State Archives may incorporate an overhead and investment charge designed to partially offset the reference and research costs of the State Archives.

In recent years, there has been conflict between the State Archives and Judiciary in how to interpret the actual cost of collecting and maintaining land records for the State. It is understood that for the permanent archiving and maintaining of land records, it is appropriate to allocate revenue from the LRIF to the State Archives. However, the amount of funding necessary to comply with its MOU requirements came into question. The conflict comes in determining the actual cost of the mandate.

The 2015 *Joint Chairmen’s Report* required a report from the Judiciary in which it was determined that the actual cost of land records collection and upkeep for the State by the State Archives should be less than \$2 million annually, a significant decrease in funding from the current \$5 million in special funds. The Judiciary further asserted that there was a need for the additional \$3 million to be reallocated to the Judiciary’s in-house electronic land optical image project. The State Archives asserted that this figure was not accurate, as it did not include the appropriate levels of staff, warehousing, telecommunications, and utilities necessary to carry out the process of collections, cataloging, and general land records upkeep.

Throughout the 2016 legislative session, both agencies worked with the legislature and DBM to reach a mutually agreed upon MOU lasting five years. The contents of the MOU include a gradually decreased stipend from the Judiciary to the State Archives in the following amounts:

- \$5,000,000 for fiscal 2017;
- \$2,000,000 for fiscal 2018;
- \$1,000,000 for fiscal 2019;
- \$500,000 for fiscal 2020; and

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- \$500,000 for fiscal 2021.

The fiscal 2018 allowance reflects the terms of the MOU. The MOU also outlined the responsibilities and points of agreement for each party including:

- the co-authoring of a report to the General Assembly on the LRIF due September 1, 2017, September 1, 2019, and September 1, 2021;
- the State Archives will provide indexes and land record images from January 1956 to December 2005 for Baltimore City and 21 other State counties;
- the Judiciary will provide the State Archives case-related index data available electronically or in print for court cases transferred to the State Archives;
- the technical staff at the State Archives and Judiciary will meet to resolve data transfer issues as they arise, and
- all of the data transfers should be completed by June 30, 2017.

**Appendix 1
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 2016					
Legislative Appropriation	\$2,480	\$7,177	\$96	\$0	\$9,754
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	35	3,066	4	0	3,106
Reversions and Cancellations	-54	-701	-14	0	-768
Actual Expenditures	\$2,462	\$9,543	\$87	\$0	\$12,091
Fiscal 2017					
Legislative Appropriation	\$2,454	\$6,990	\$46	\$0	\$9,489
Cost Containment	-91	0	0	0	-91
Budget Amendments	37	42	0	0	79
Working Appropriation	\$2,400	\$7,032	\$46	\$0	\$9,478

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

The fiscal 2016 legislative appropriation for the State Archives increased by \$3,105,877 through budget amendments. General funds increased by \$35,458, with \$34,000 to restore a 2% pay reduction increase and \$1,458 for telecommunications. There was \$54,009 reverted to the General Fund as a result of the shared services expenses for fiscal 2016.

The special fund appropriation increased by \$3,066,102, with \$3,014,102 from endowment funds for the Woodlawn building renovations and \$52,000 to restore a 2% pay reduction. There was \$700,573 canceled in special funds because special fund revenues were lower than expected.

The federal fund appropriation increased by \$4,317 from the National Historical Publication and Records Commission (NHPRC) for best practices and emergency preparedness through the State and National Archival Partnership program grant. There was \$13,546 in canceled federal funds because the hours worked by contractual employees in relation to the NHPRC grant were lower than expected.

Fiscal 2017

To date, the fiscal 2017 legislative appropriation increased by budget amendment in the amount of \$79,428 for statewide salary adjustments with \$37,353 in general funds and \$42,075 in special funds. Cost containment decreased general funds by \$91,000.

**Appendix 2
Object/Fund Difference Report
State Archives**

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	56.50	62.50	62.50	0.00	0%
02 Contractual	24.20	15.80	6.80	-9.00	-57.0%
Total Positions	80.70	78.30	69.30	-9.00	-11.5%
Objects					
01 Salaries and Wages	\$ 5,090,403	\$ 5,744,860	\$ 5,989,673	\$ 244,813	4.3%
02 Technical and Spec. Fees	659,152	707,029	254,908	-452,121	-63.9%
03 Communication	139,883	331,070	217,893	-113,177	-34.2%
04 Travel	13,447	22,050	15,150	-6,900	-31.3%
06 Fuel and Utilities	63,435	118,416	136,309	17,893	15.1%
07 Motor Vehicles	6,575	10,620	10,620	0	0%
08 Contractual Services	4,883,784	1,003,724	982,242	-21,482	-2.1%
09 Supplies and Materials	79,836	91,380	78,457	-12,923	-14.1%
10 Equipment – Replacement	245,713	596,000	392,000	-204,000	-34.2%
11 Equipment – Additional	10,755	0	110,000	110,000	N/A
13 Fixed Charges	898,440	852,369	892,684	40,315	4.7%
Total Objects	\$ 12,091,423	\$ 9,477,518	\$ 9,079,936	-\$ 397,582	-4.2%
Funds					
01 General Fund	\$ 2,461,853	\$ 2,399,885	\$ 5,468,495	\$ 3,068,610	127.9%
03 Special Fund	9,542,962	7,031,856	3,611,441	-3,420,415	-48.6%
05 Federal Fund	86,608	45,777	0	-45,777	-100.0%
Total Funds	\$ 12,091,423	\$ 9,477,518	\$ 9,079,936	-\$ 397,582	-4.2%

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

**Appendix 3
Fiscal Summary
State Archives**

<u>Program/Unit</u>	<u>FY 16 Actual</u>	<u>FY 17 Wrk Approp</u>	<u>FY 18 Allowance</u>	<u>Change</u>	<u>FY 17 - FY 18 % Change</u>
01 Archives	\$ 11,690,827	\$ 9,003,802	\$ 8,551,997	-\$ 451,805	-5.0%
02 Artistic Property	400,596	473,716	527,939	54,223	11.4%
Total Expenditures	\$ 12,091,423	\$ 9,477,518	\$ 9,079,936	-\$ 397,582	-4.2%
General Fund	\$ 2,461,853	\$ 2,399,885	\$ 5,468,495	\$ 3,068,610	127.9%
Special Fund	9,542,962	7,031,856	3,611,441	-3,420,415	-48.6%
Federal Fund	86,608	45,777	0	-45,777	-100.0%
Total Appropriations	\$ 12,091,423	\$ 9,477,518	\$ 9,079,936	-\$ 397,582	-4.2%

Note: Does not include targeted reversions, deficiencies, and contingent reductions.