

D17B0151
Historic St. Mary’s City Commission

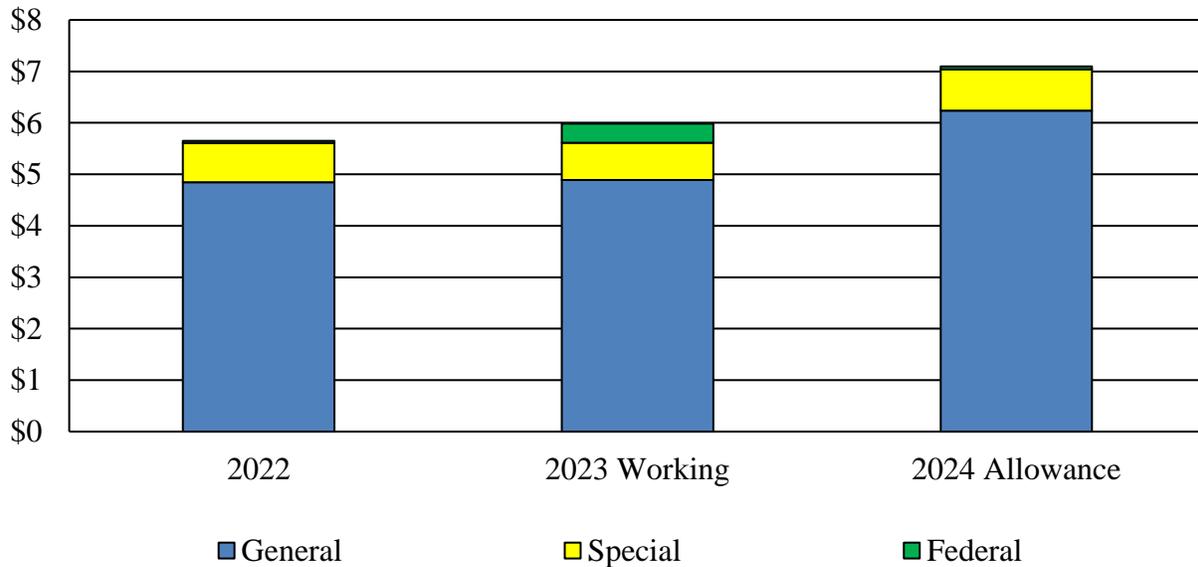
Program Description

Historic St. Mary’s City is an outdoor history and archaeology museum that preserves, researches, and interprets the site of Maryland’s first capital. The Historic St. Mary’s City Commission (HSMCC) is an independent unit of State government. HSMCC is also part of the Maryland Heritage Project, a multi-year capital improvement project with St. Mary’s College of Maryland.

The mission of HSMCC is to preserve and protect the archaeological and historical record of Maryland’s first capital and to appropriately develop historic and scenic sites for the education, enjoyment, and general benefit of the public. The goal of the commission is 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.

Operating Budget Summary

Fiscal 2024 Budget Increases \$1.1 Million, or 18.7%, to \$7.1 Million
(\$ in Millions)



Note: Numbers may not sum due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

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Fiscal 2023

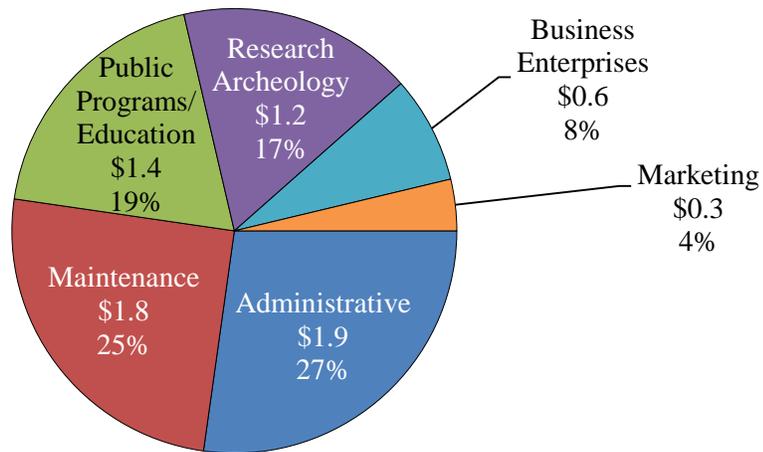
Proposed Deficiency

The fiscal 2024 budget includes one proposed deficiency for HSMCC for fiscal 2023, totaling \$33,816 for salary enhancements for education and maintenance contractual full-time equivalents (FTE).

Fiscal 2024 Overview of Agency Spending

The total fiscal 2024 allowance for HSMCC totals \$7.1 million. Spending for HSMCC is organized into six primary functions. As shown in **Exhibit 1**, the largest share of the fiscal 2024 allowance supports administration at \$1.9 million, or 27%. An additional \$1.8 million (25%) is for maintenance, and \$1.4 million (19%) will be used for public programs and education. Much of the work of the commission is to educate visitors of the history of Maryland, including sailing the replica of the Dove, which brought the first settlers to the State, and highlighting communications between the English settlers and native tribes, among other programs. The fiscal 2024 allowance for the research archaeology unit is \$1.2 million (17%). HSMCC’s research archaeology unit is currently focused on unearthing “the Fort,” where artifacts and documentation suggest English settlers and the native tribes of the area lived harmoniously.

Exhibit 1
Overview of Agency Spending
Fiscal 2024 Allowance
(\$ in Millions)



Note: The fiscal 2024 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management.

Source: Governor’s Fiscal 2024 Budget Books

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2024 allowance increases by \$1.1 million (18.7%) compared to the fiscal 2023 working appropriation after accounting for HSMCC’s share of a statewide deficiency appropriation for the 4.5% cost-of-living adjustment provided in November 2022. The largest areas of change in the fiscal 2024 allowance are driven by three areas. In fiscal 2023, HSMCC received a grant from the National Endowment for the Humanities that assists in the funding of archaeology research and other projects relating to the Maryland Heritage Interpretive Center (MHIC). Of this grant, HSMCC reported that \$286,500 would be used for the production of three Storyteller kiosks for exhibits within MHIC. In fiscal 2024, that project is being funded with general funds at a net increase of \$567,000.

Exhibit 2
Proposed Budget
Historic St Mary’s City Commission
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
Fiscal 2022 Actual	\$4,845	\$762	\$44	\$5,650
Fiscal 2023 Working Appropriation	4,886	725	369	5,981
Fiscal 2024 Allowance	<u>6,234</u>	<u>808</u>	<u>55</u>	<u>7,097</u>
Fiscal 2023-2024 Amount Change	\$1,347	\$83	-\$314	\$1,116
Fiscal 2023-2024 Percent Change	27.6%	11.5%	-85.1%	18.7%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Employee and retiree health insurance.....	\$70
Annualization of November 2022 4.5% cost-of-living adjustment	40
Other fringe benefit adjustments	-8
Employees’ retirement system	-12
Workers’ compensation premium assessment	-27
End of one-time federal National Endowment for the Humanities grants supporting salary and wages.....	-28
Salary and wage adjustments	-46
Other Changes	
Maryland Heritage Interpretive Site contractual services costs for educational media	567
Contractual salaries to support 3.5 new full-time equivalent positions and raising other contractual workers to living wages.....	283

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Where It Goes:	<u>Change</u>
Purchase costs for four new trucks to replace aging fleet	158
One-time cost for new Boom Lift for maintenance/grounds	100
Increased marketing for the Maryland Heritage Interpretive Site, the Fort, and other educational programs	21
Increased utility costs due to Maryland Heritage Interpretive Site construction	19
End of one-time federal National Endowment for the Humanities grants	-68
Other adjustments.....	48
Total	\$1,116

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

The remaining substantial increases include approximately \$283,000 for contractual employee salaries to support 3.5 new contractual FTEs and higher salaries for all contractual employees at HSMCC and \$157,600 for a new fleet of vehicles.

Personnel Data

	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 23-24</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	31.00	32.00	32.00	0.00
Contractual FTEs	<u>24.99</u>	<u>34.42</u>	<u>37.92</u>	<u>3.50</u>
Total Personnel	55.99	66.42	69.92	3.50

Vacancy Data: Regular

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/22	n/a	n/a
Vacancies Above Turnover	n/a	

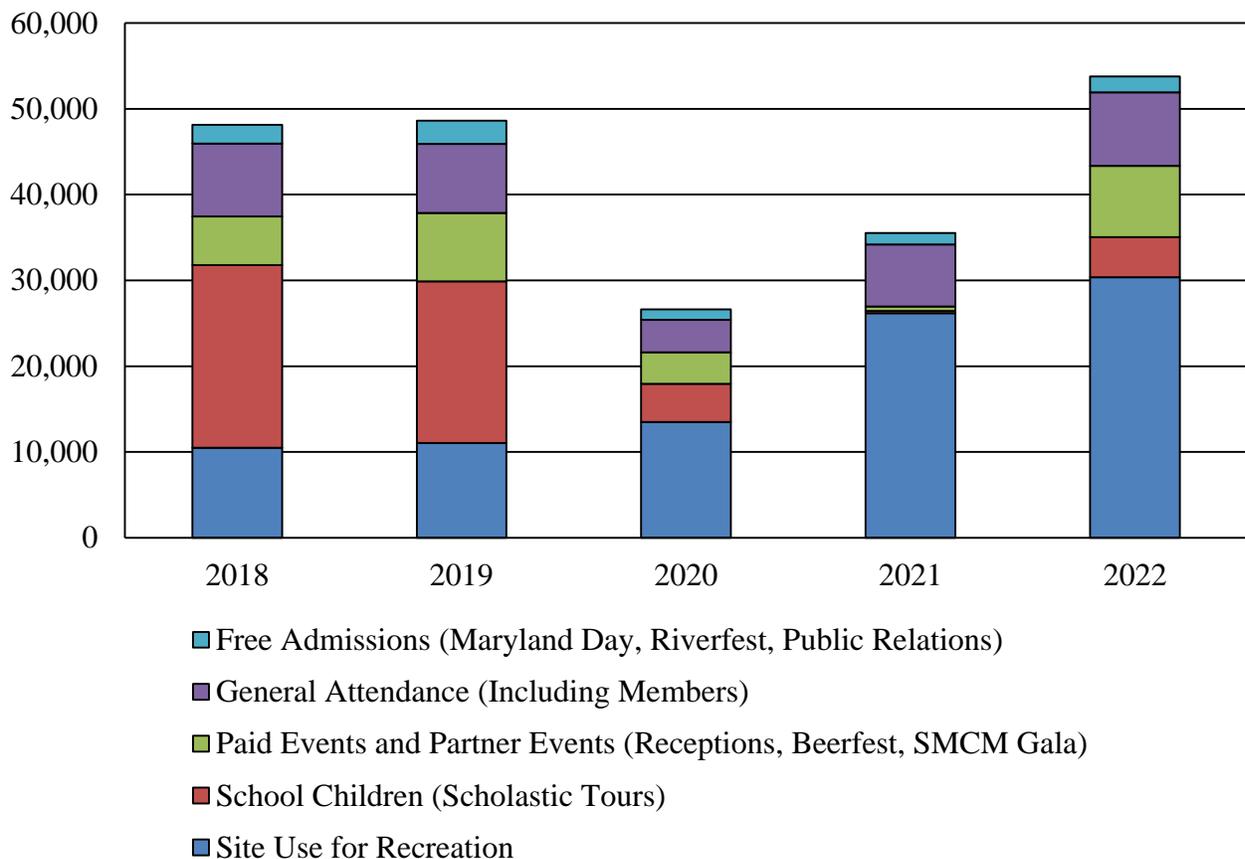
- The fiscal 2024 allowance adds 3.5 contractual FTEs in HSMCC. This increase reflects 2.5 FTE positions to support visitor services and 1 FTE position for rediscovery collection management data entry.

Key Observations

1. Visitors Exceed Prepandemic Levels

HSMCC aims to educate the public by increasing the number of visitors to its site. **Exhibit 3** shows attendance levels from paid general attendance, scholastic tours, recreational use, paid member attendance, and free admission days. Total attendance to the site increased by 102%, to 53,776 visitors, in fiscal 2022 from the low seen in fiscal 2020 of 26,640 visitors.

Exhibit 3
Historic St. Mary’s City Visitors
Fiscal 2018-2022



SMCM: St. Mary’s College of Maryland

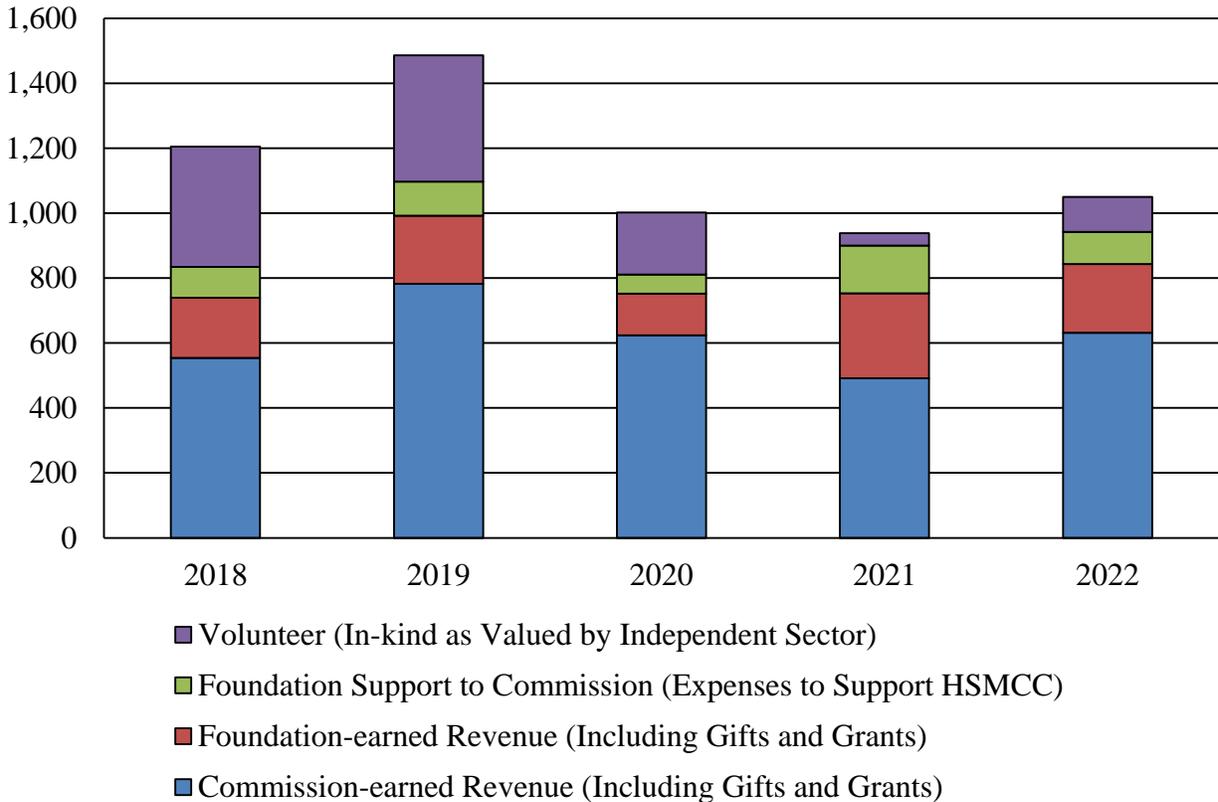
Source: Historic St. Mary’s City Commission; Department of Budget and Management

Throughout the COVID-19 pandemic, HSMCC experienced a decline in attendance, with the notable exception of those who were utilizing the site for recreation. The number of individuals using HSMCC for recreation was already increasing before the pandemic but has grown exponentially in the years since. HSMCC has indicated that its goal is to encourage the continued use of the site for recreational purposes, despite the end of pandemic restrictions that drove the initial increase. As shown in Exhibit 3, recreational use reached a peak in fiscal 2022, exceeding 30,000, or an increase of nearly 190% compared to fiscal 2018. The higher usage for this purpose in fiscal 2022 indicates that HSMCC has been successful in this goal to date.

2. Earned Special Funds Continue to Increase

The decline in attendance during the COVID-19 pandemic resulted in a decline in commission-earned revenue in fiscal 2020 and 2021, which represents a significant portion of HSMCC’s budget. However, in fiscal 2022, the earned special revenue began to surpass the totals in each of fiscal 2020 and 2021, at approximately \$1.1 million. This is 5% higher than the total of earned revenue seen in fiscal 2020 and nearly 12% higher than that experienced in fiscal 2021. **Exhibit 4** shows commission-earned special funds, including volunteer valued work and foundation support, from fiscal 2018 through 2022. Most notably, volunteer revenue, which is considered in-kind as valued by the Independent Sector organization, increased by more than 180% in fiscal 2022 to \$108,395 from \$38,145 in fiscal 2021 but remains 72% lower than in fiscal 2019 before the pandemic began.

Exhibit 4
Earned Special Funds
Fiscal 2018-2022
(\$ in Thousands)



HSMCC: Historic St. Mary’s City Commission

Source: Historic St. Mary’s City Commission; Department of Budget and Management

3. Performance Audit on Efficiency and Effectiveness of Financial Management Systems Not Yet Submitted

The 2022 *Joint Chairmen’s Report* (JCR) requested that HSMCC submit a report detailing the results of a performance audit reviewing the financial management practices at HSMCC. The report was to be submitted by December 1, 2022. As of the writing of this analysis, the report has not been submitted. **The Department of Legislative Services (DLS) recommends that the budget committees add language restricting funds pending submission of the audit report.**

Operating Budget Recommended Actions

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

, provided that \$500,000 of this appropriation made for the purpose of the Historic St. Mary’s City Commission (HSMCC) may not be expended until the agency submits a report to the budget committees and the St. Mary’s County Delegation on the results of a performance audit. The report shall include all findings from a performance audit consistent with professional auditing standards of the administrative and financial offices of HSMCC to evaluate the efficiency and effectiveness of the financial management practices, including procurement by HSMCC. The audit shall meet the following requirements:

- (1) the audit shall be conducted by an independent entity that has expertise in nonprofit corporate government selected after a competitive bidding process for a certified public accounting firm;
- (2) on the award of the contract, and prior to the commencement of the audit, the certified public accounting firm shall consult with the Joint Audit and Evaluation Committee and the Office of Legislative Audits in the development of the scope and objectives of the performance audit; and
- (3) a certified public accounting firm that provides services to HSMCC is not eligible to bid on the performance audit.

The report shall be submitted July 1, 2023, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: This language is repeated from the fiscal 2023 Budget Bill as the report has not been submitted as of February 1, 2023. The committees continue to be concerned about the financial management practices at HSMCC. This audit would provide the committees and the St. Mary’s County Delegation with information on the financial management practices of HSMCC. This language restricts funds pending submission of an audit conducted by an independent third party on the financial management practices of HSMCC.

Information Request	Author	Due Date
Performance audit on efficiency and effectiveness of financial management systems at HSMCC	HSMCC	August 1, 2023

Appendix 1
2022 Joint Chairmen’s Report Responses from Agency

The 2022 JCR requested that HSMCC prepare one report. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Performance Audit on Efficiency and Effectiveness of Financial Management Systems:***
As of the writing of this analysis, this audit report has not been submitted.

**Appendix 2
Object/Fund Difference Report
Historic St Mary's City Commission**

<u>Object/Fund</u>	<u>FY 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	31.00	32.00	32.00	0.00	0%
02 Contractual	24.99	34.42	37.92	3.50	10.2%
Total Positions	55.99	66.42	69.92	3.50	5.3%
Objects					
01 Salaries and Wages	\$ 2,805,158	\$ 3,293,649	\$ 3,362,499	\$ 68,850	2.1%
02 Technical and Special Fees	1,140,551	1,605,147	1,979,246	374,099	23.3%
03 Communication	19,561	16,630	16,630	0	0%
04 Travel	8,116	25,000	25,000	0	0%
06 Fuel and Utilities	110,012	121,943	140,581	18,638	15.3%
07 Motor Vehicles	238,454	23,320	180,368	157,048	673.4%
08 Contractual Services	787,610	509,961	1,063,985	554,024	108.6%
09 Supplies and Materials	313,986	189,000	185,704	-3,296	-1.7%
10 Equipment – Replacement	128,523	7,419	7,465	46	0.6%
11 Equipment – Additional	73,649	10,000	110,000	100,000	1000.0%
13 Fixed Charges	24,669	22,049	25,887	3,838	17.4%
Total Objects	\$ 5,650,289	\$ 5,824,118	\$ 7,097,365	\$ 1,273,247	21.9%
Funds					
01 General Fund	\$ 4,844,812	\$ 4,744,184	\$ 6,233,909	\$ 1,489,725	31.4%
03 Special Fund	761,882	712,814	808,289	95,475	13.4%
05 Federal Fund	43,595	367,120	55,167	-311,953	-85.0%
Total Funds	\$ 5,650,289	\$ 5,824,118	\$ 7,097,365	\$ 1,273,247	21.9%

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include salary adjustments that are budgeted within the Department of Budget and Management.