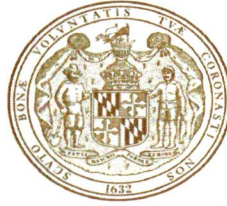


MARYLAND STATE ARCHIVES

Hon. Larry Hogan
Governor
Hon. Boyd K. Rutherford
Lt. Governor
Timothy D. Baker
State Archivist
Matthew P. Lalumia
Chairman, Maryland Commission on Artistic Property



Hall of Records Commission:
Hon. Mary Ellen Barbera, Chair
Chief Judge, Court of Appeals
C. Gail Bassette
Robert L. Caret, Ph.D.
Ronald Daniels
Hon. Peter V. R. Franchot
Hon. Nancy K. Kopp
Mark B. Letzer
Hon. Thomas V. Mike Miller, Jr.
Christopher B. Nelson
Del. Samuel I. Rosenberg
David Wilson, Ed.D.

September 1, 2015

The Honorable Edward J. Kasemeyer
Chair, Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West
11 Bladen Street
Annapolis, Maryland 21401

The Honorable Maggie McIntosh
Chair, House Appropriations Committee
House Office Building, Room 121
6 Bladen Street
Annapolis, Maryland 21401

Re: 2015 Joint Chairmen's Report, pg. 5, Report on Use of Land Record Improvement Fund

Dear Chairmen Kasemeyer and McIntosh:

The Maryland State Archives is submitting its Report on Use of Land Record Improvement Fund as required on page 5 of the 2015 Joint Chairmen's Report. We originally submitted this report as a draft to the Judiciary in August. We believe this document incorporates the most accurate, up-to-date, and complete information available.

Archives supplied the Judiciary with its actual FY 2015 expenditures as soon as closeout was completed on July 28. We received the Judiciary's draft report on August 11 for signature. The Judiciary's initial draft did not incorporate the FY 2015 information and included some inaccuracies. On August 12, the Archives submitted the attached report to the Judiciary which put the \$5 million in context and updated the figures to reflect actual FY 2015 expenditures.

On August 26, the Judiciary informed us that they would not sign off on the report as edited by the Archives. The Judiciary indicated that it would submit a separate report and suggested that we do the same.

I and my Chief Financial Officer are more than happy to meet with budget analysts to discuss these figures in greater detail. Please feel free to contact me at 410-260-6402 or tim.baker@maryland.gov.

Sincerely,



Timothy D. Baker
State Archivist and
Commissioner of Land Patents



C00A

Maryland State Archives

Joint Chairmen's Report
Information Request

Report on Use of Land Records Improvement Fund

Page 5 of the 2015 *Joint Chairmen's Report* contains the following reporting requirement:

Use of Land Records Improvement Fund: The committees direct that the Judiciary report on the Maryland State Archives' expenditures of the money granted to them from the Land Records Improvement Fund (LRIF) and the agreement between the two organizations. The report shall be provided by September 1, 2015, and then every two years thereafter.

Information Request	Authors	Due Date
Maryland State Archives' use of LRIF	Judiciary Maryland State Archives	September 1, 2015

Use of Land Records Improvement Fund

The 2015 Joint Chairmen's Report directed the Maryland Judiciary (the Judiciary) and the Maryland State Archives (the Archives) to report on the Archives expenditures of money paid to the Archives from the Land Records Improvement Fund (the Fund), as well as the agreement between the Archives and the Judiciary.

Background

In 2003, the Archives and the Judiciary began an on-going partnership to preserve and make accessible online the records of private property ownership and sale throughout the State reaching back to the 17th century and the founding of Maryland. The 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 the courthouses throughout Maryland. The service is paid for and maintained upfront by those who buy and sell land through a fee placed in a dedicated fund, generally referred to as the Land Records Improvement Fund. A small portion of these fees are paid to the Archives for the care and maintenance of the records at the 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 Archives." In addition, the Archives may incorporate an overhead and investment charge designed to partially offset the reference and research costs of the Archives. (Code State Government Article, Section 9-1007(c))

The Agreement

Since 2003, the MOU between the Judiciary and the Archives has been renewed five times. Starting in 2008 the MOU between the Judiciary and the Archives established the agreement on a fee-for-services basis. In July 2015 the Judiciary and the Archives entered into a fee-for-service Memorandum of Understanding (MOU) for the current fiscal year. The amount of the fee (\$5 million) outlined in the MOU is to be paid on a quarterly basis, and the Judiciary reserves the right to withhold payment to the Archives for lack of compliance with the terms of the MOU. The current MOU is a one year agreement.

Use of the Land Record Improvement Fund

In response to the information request, representatives from the Judiciary and the Archives met to discuss how best to determine Archives expenditures attributable to mdlandrec, the land records retrieval system supported by the Fund. This was necessary because the Archives expenditures are spread throughout multiple programs within the Archives. Archives staff conducted an analysis and created a breakdown of mdlandrec expenditures for Fiscal Year 2015 based on the following broad categories: personnel costs, operating costs, equipment costs, and fixed charges. The total actual FY 2015 Archives expenditures in support of mdlandrec maintenance and operation and other services detailed in the MOU totaled \$5,233,921. Of this total \$233,921 of personnel costs related to mdlandrec were charged against other Special Funds income sources. Detailed below are the expenditures attributable to the \$5 million received by the Archives under the MOU.

Report on FY 2015 usage of the MOU funding from the Land Records Improvement Fund broken down by program within the Archives

Personnel Costs:

1100	Administration and Personnel	128,898.20
1200	Digital Acquisition and Processing Services	470,911.61
1300	Appraisal and Description	112,909.12
1400	Outreach Administration	0
1500	Government Information Services	0
1600	Information System Management (IT)	922,090.00
1700	Reference and Constituent Services (Help Desk)	268,593.48
1800	Special Collections	0
1900	Research	0
3100	Space Management	0
2100	Commission on Artistic Property	0
	Total Personnel Costs:	1,903,402.41

Operating Cost:

1100	Administration and Personnel	202,384.02
1200	Digital Acquisition and Processing Services	531,384.92
1300	Appraisal and Description	21,432.59
1400	Outreach Administration	0
1500	Government Information Services	0
1600	Information System Management (IT)	36,572.73
1700	Reference and Constituent Services (Help Desk)	20,781.45
1800	Special Collections	0
1900	Research	0
3100	Space Management	474,236.77
2100	Commission on Artistic Property	0
	Total Operating Costs:	1,286,792.48

Equipment Cost:

1100	Administration and Personnel	34,818.44
1200	Digital Acquisition and Processing Services	773,556.09
1300	Appraisal and Description	0
1400	Outreach Administration	0
1500	Government Information Services	0
1600	Information System Management (IT)	0
1700	Reference and Constituent Services (Help Desk)	0
1800	Special Collections	0
1900	Research	0

Use of Land Records Improvement Fund
 Joint Chairman's Report 2015, page 5
 September 1, 2015

3100	Space Management	0
2100	Commission on Artistic Property	0
	Total Equipment Costs:	808,374.53
Fixed Charges:		
1100	Administration and Personnel	28,416.88
1200	Digital Acquisition and Processing Services	272,961.89
1300	Appraisal and Description	0
1400	Outreach Administration	0
1500	Government Information Services	0
1600	Information System Management (IT)	1,937.00
1700	Reference and Constituent Services (Help Desk)	0
1800	Special Collections	0
1900	Research	0
3100	Space Management	698,114.81
2100	Commission on Artistic Property	0
	Total Fixed Charges:	1,001,430.58
	Grand Total	5,000,000.00

The Judiciary has concerns that some expenditures attributed to mdlandrec should be paid for by another funding source. For example, rent on adjunct archival storage facilities traditionally has been covered by mdlandrec funds. This use of the Fund has been part of the MOU since the beginning and was understood and agreed to by all parties. Transfer of thousands of volumes of land records from courthouses to the Archives was a fundamental part of the initial project and the Archives did not have the facilities to store these materials. The Judiciary has come to believe that the Fund should no longer be used for payment of rent.

The Judiciary has requested that the Archives modify its tracking procedures to enable the collection of mdlandrec cost information in all expenditure categories to a single cost center. This should allow the Archives to capture all costs specifically related to mdlandrec. The Archives will consult the Department of Budget and Management in determining on how best to set up the tracking system for maximum reliability.