



ADMINISTRATIVE OFFICE OF THE COURTS

MARYLAND JUDICIAL CENTER
580 TAYLOR AVENUE
ANNAPOLIS, MARYLAND 21401

Pamela Harris
State Court Administrator
410-260-1295

December 22, 2017

Honorable Edward J. Kasemeyer, Chair
Senate Budget & Taxation Committee
3 West, Miller Senate Building
Annapolis, Maryland 21401

Honorable Robert A. Zirkin, Chair
Chair, Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, Maryland 21401

Honorable Maggie McIntosh, Chair
House Appropriations Committee
Lowe House Office Building, Room 121
Annapolis, Maryland 21401

Honorable Joseph F. Vallario, Jr.
Chair, House Judiciary Committee
Lowe House Office Bldg., Room 121
Annapolis, Maryland 21401

Re: Circuit Court Real Property Records Improvement Fund

Dear Chairpersons:

In accordance with Chapter 556, Acts of 1995, as amended by Chapter 10, Acts of 1996, and Section 2-1246 of the State Government Article, this annual report covering Fiscal Year 2017 is submitted respectfully to account for the condition of the Circuit Court Real Property Records Improvement Fund.

If the committees require further information, please direct all inquiries and questions to my attention at (410) 260-1295 or pamela.harris@mdcourts.gov. In anticipation of your cooperation, I thank you.

Sincerely yours,

Pamela Harris
State Court Administrator

Enc.

cc: Honorable Mary Ellen Barbera, Chief Judge, Court of Appeals
Honorable Kathleen Gallogly Cox, Chair, Conference of Circuit Judges
Honorable John P. Morrissey, Chief Judge, District Court
Honorable James E. DeGrange, Sr., Chair Public Safety, Transportation and Environment
Subcommittee
Honorable Keith E. Haynes, Chair, Public Safety and Administration Subcommittee
Honorable Susan Braniecki, Chair, Conference of Circuit Court Clerks
Faye D. Gaskin, Deputy State Court Administrator
Oversight Committee on the Circuit Court Real Property Records Improvement Fund
Kelley O'Connor, Assistant Administrator, Government Relations
Mark Bittner, Assistant Administrator, Judicial Information Systems
Allen C. Clark III, Director, Budget and Finance
Ben Wilhelm, Office of Budget Analysis
Matthew Bennett, Office of Policy Analysis
Matthew Jackson, Office of Policy Analysis
Jameson Lancaster, Office of Policy Analysis
April Morton, Office of Policy Analysis
Douglas Nestor, Office of Policy Analysis

Maryland Judiciary

Fiscal Year 2017

Circuit Court Real Property Records Improvement Fund



Administrative Office of the Courts

December 2017

Twenty-six years ago, the General Assembly enacted legislation creating the Circuit Court Real Property Records Improvement Fund (Fund) in response to the deteriorating conditions and the state of operations in the land record departments of the Clerk of the Circuit Court offices throughout the State. Through the assessment of a \$5.00 surcharge, the legislation established a non-lapsing fund. The Fund, when created in 1991, had an original sunset provision that was lifted in 1995 and was thereafter extended on three occasions. In 2003, the surcharge was increased from \$5.00 to \$20.00. In 2005, the General Assembly mandated that all General Fund expenditures related to land records operations, support and salaries of over 256 employees would no longer be supported by the General Fund, but rather, would be appropriated from the Fund. At that time, the Judiciary and the LRIFOC argued that the clerks' salaries and operational costs belonged in the General Fund. The Circuit Court clerks and LRIFOC stand solid with that argument today.

Thereafter, in November 2007, during the Special Session, the General Assembly passed the Budget Reconciliation and Financing Act (HB 1/SB 1, Ch. 2). This Act repealed the sunset provision, made the \$20.00 surcharge permanent, and expanded the scope of the Fund to include all the Judiciary's major information technology development projects for Fiscal Years 2009 and 2010.

In the 2010 Budget Reconciliation and Financing Act, the General Assembly removed the sunset provision for the support of the Judiciary's major information technology projects and made permanent that expenditures for all major information technology projects of the Maryland Judiciary would be paid through the Fund. In addition, all interest on the Fund's balance was diverted to the General Fund.

In 2011, through the Budget Reconciliation and Financing Act, the General Assembly increased the Fund's surcharge to \$40 effective July 1, 2011, in an attempt to address a structural deficit and to sustain the Fund through Fiscal Year 2015 while anticipating a real estate market recovery. In 2015, the General Assembly extended the sunset provision through Fiscal Year 2020.

The Land Records Improvement Fund Oversight Committee (LRIFOC) was created in 1995 to serve as an advisory body to the State Court Administrator. The five member committee consists of representatives from the Maryland Land Title Association, the Maryland State Bar Association, the Maryland State Archives, the Conference of Circuit Court Clerks and the Administrative Office of the Courts.

Two years ago, the LRIFOC and the State Court Administrator agreed to move forward with the Maryland *e-Recording* initiative for the recordation of the land records by linking local and state agencies and providing a secure web portal to move documents through county finance offices, clerk's offices, the Maryland State Archives, and to assist the State Department of Assessments and Taxation with updates. *E-Recording*, is now implemented in 10 counties: Baltimore, Harford, Washington, Carroll, Talbot, Howard, Cecil, Anne Arundel, Prince George's and Queen Anne's. Planning is underway to implement the system in the remaining counties. The overall

purpose of the *e-Recording* initiative was to reduce processing times; increase productivity in clerks' offices, title companies and financial institutions; ensure security; and improve tracking and data accuracy in safekeeping official public information in accordance with local, state and federal laws. This system eliminates a significant level of paper processing, travel, in-person filings at numerous county and state offices, and automates previous time-consuming work. The Judiciary was recently honored by the Mid-Atlantic Association for Court Management (MAACM), which awarded the John Neufeld Court Achievement Award for the Maryland e-Recording initiative. This award recognizes a court system in the Mid-Atlantic region that develops or implements a significant or unique initiative that improves customer service, promotes teamwork toward fulfilling the mission of the organization, and uses current technology. The Judiciary exceeded this criteria by improving collaboration with government partners, Circuit Court Clerks, attorneys, and other stakeholders to effectively e-record documents.

The 2015 Joint Chairmen's Report directed the Judiciary and the Archives to report on the Archives' expenditures of money granted to them from the Fund, and the agreement between the Archives and the Judiciary. The submission of the report, coupled with a comprehensive review of all Judiciary grants and memorandums of understanding resulted in a collaborative effort between the Judiciary, the Archives, and legislative leadership to identify a reasonable timeline over which funding for maintenance of *mdlandrec.net*, the land records public retrieval system administered by the Archives, could be adjusted. As a result, funding through the MOU between the Archives and the Judiciary remained at the historical level of \$5 million for fiscal years 2016 and 2017 and decreased to \$2 million for Fiscal Year 2018. Funding for future years will decrease to \$1 million in Fiscal Year 2019 and to \$500,000 per year beginning in Fiscal Year 2020. Under the existing MOU, the Archives transmitted land records images to the Judiciary for the last sixty years to serve as a back-up in the Clerk of Court offices across the State. The Judiciary transmitted electronic case-related index data contained within its databases to the Archives to assist in locating case files for the public.

During the 2015 session, the General Assembly enacted legislation authorizing the State Court Administrator to assess a surcharge on cases filed in the appellate courts and civil cases filed in the circuit courts. The legislation also authorized the Chief Judge of the District Court to assess a surcharge on civil cases filed in that court. The surcharges are deposited into the Fund and are used to cover costs related to e-filing hosting services for the statewide case management system, including system modifications to enhance electronic filing capabilities, and other expenses specific to the jurisdictional rollout of the electronic filing capabilities statewide. During Fiscal Year 2017, the surcharges generated approximately \$5.6 million for the aforementioned purpose. It is projected that the surcharges will generate a comparable amount of revenue in each of the next five years.

Current Fund Conditions

The Fund’s collections, please see Chart 1 below, indicate that collections from Fiscal Year 2005 through Fiscal Year 2017 fluctuated greatly from only \$15,820,528 in Fiscal Year 2011 to a high of \$38,370,016 in Fiscal Year 2013. Fund collections for Fiscal Year 2017 were \$37.8 million, which represents a 5.9 percent increase over Fiscal Year 2016.

CHART 1 – CIRCUIT COURT REAL PROPERTY RECORDS IMPROVEMENT FUND COLLECTIONS

Fiscal Year	Surcharge	Copy Fees	Interest	e-File Fee	Total
FY2005	31,007,605	2,469,471	1,046,727	-	\$34,523,803
FY2006	32,291,633	1,961,261	3,088,274	-	\$37,341,169
FY2007	28,049,949	1,132,130	3,804,311	-	\$32,986,390
FY2008	20,944,174	796,303	3,747,098	-	\$25,487,575
FY2009	16,430,433	703,286	2,624,747	-	\$19,758,467
FY2010*	16,033,336	488,862	-	-	\$16,522,199
FY2011	15,350,066	470,461	-	-	\$15,820,528
FY2012**	31,392,458	443,025	-	-	\$31,835,483
FY2013	37,979,669	390,347	-	-	\$38,370,016
FY2014	30,112,239	385,353	-	-	\$30,497,592
FY2015	28,467,020	438,502	-	-	\$28,905,521
FY2016***	29,846,531	492,241	-	5,428,196	\$35,766,968
FY2017	31,774,518	484,192	-	5,621,856	\$37,880,566

* Per 2010 BRFA, interest was reverted to the General Fund

** Surcharge was increased from \$20 to \$40

*** e-filing Service Fee collection began

As delineated in Chart 2 below, if the surcharge does not sunset as scheduled in 2021, revenues are anticipated to generate \$36.1 million per year from Fiscal Year 2018 to Fiscal Year 2022, and the Fund, while running an ongoing structural deficit, retains a balance in Fiscal Year 2022.

Due to the lack of reliable trend data to establish a predictable direction, the Judiciary has maintained a conservative position with respect to projected revenue estimates by using a three year average of collections from Fiscal Years 2015 through 2017 to forecast future surcharge/fee revenue through Fiscal Year 2022, again, with the current surcharge extended. The e-Filing service fee estimates are based upon the actual revenue collected in Fiscal Year 2017.

CHART 2 – FUND COLLECTIONS AND ANTICIPATED DISBURSEMENTS WITH SURCHARGE

	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated	FY 2020 Estimated	FY 2021* Estimated	FY 2022 Estimated
Revenues:						
Surcharge/ Copy Fees	32,258,710	30,501,000	30,501,000	30,501,000	30,501,000	30,501,000
e-Filing Service Fees	5,621,856	5,622,000	5,622,000	5,622,000	5,622,000	5,622,000
Total	37,880,566	36,123,000	36,123,000	36,123,000	36,123,000	36,123,000
Operations:						
ELROI Operations/Maintenance**	2,457,559	3,401,238	3,072,500	2,947,517	2,447,517	2,197,517
e-Filing Operations/Maintenance	614,500	2,307,135	4,427,337	5,622,000	5,622,000	5,622,000
Archives - mdlandrec	5,000,000	2,000,000	1,000,000	500,000	500,000	500,000
Circuit Court Offices**	16,260,246	16,672,246	16,672,250	16,672,250	16,672,250	16,672,250
Major IT Projects**	10,710,857	15,857,178	14,649,836	13,588,561	15,549,649	13,850,000
Total	35,043,162	40,237,797	39,821,923	39,330,328	40,791,416	38,841,767
Projected Structural Surplus/(Shortfall)	2,837,404	(4,114,797)	(3,698,923)	(3,207,328)	(4,668,416)	(2,718,767)
Less prior year encumbrances Spent	(5,313,139)					
Less open prior year encumbrances		642,584				
Total Fund Balance (Accrual Basis)	36,162,112	32,047,315	28,348,392	25,141,064	20,472,648	17,753,881

* Assumes surcharge does not sunset as scheduled.

**Includes FY2017 encumbrances.

As shown in Chart 3 below, if the sunset is not lifted, the structural deficit is anticipated to continue through fiscal year 2022 with the fund ceasing sustainability midway through Fiscal Year 2021.

CHART 3 – FUND COLLECTIONS AND ANTICIPATED DISBURSEMENTS WITHOUT SURCHARGE

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021*	FY 2022
	Actual	Estimated	Estimated	Estimated	Estimated	Estimated
Revenues:						
Surcharge/ Copy Fees	32,258,710	30,501,000	30,501,000	30,501,000	15,250,500	15,250,500
e-Filing Service Fees	5,621,856	5,622,000	5,622,000	5,622,000	5,622,000	5,622,000
Total	37,880,566	36,123,000	36,123,000	36,123,000	20,872,500	20,872,500
Operations:						
ELROI						
Operations/Maintenance**	2,457,559	3,401,238	3,072,500	2,947,517	2,447,517	2,197,517
e-Filing						
Operations/Maintenance	614,500	2,307,135	4,427,337	5,622,000	5,622,000	5,622,000
Archives - mdlandrec	5,000,000	2,000,000	1,000,000	500,000	500,000	500,000
Circuit Court Offices**	16,260,246	16,672,246	16,672,250	16,672,250	16,672,250	16,672,250
Major IT Projects**	10,710,857	15,857,178	14,649,836	13,588,561	15,549,649	13,850,000
Total	35,043,162	40,237,797	39,821,923	39,330,328	40,791,416	38,841,767
Projected Structural Surplus/(Shortfall)	2,837,404	(4,114,797)	(3,698,923)	(3,207,328)	(19,918,916)	(17,969,267)
Less prior year encumbrances Spent	(5,313,139)					
Less open prior year encumbrances		642,584				
Total Fund Balance (Accrual Basis)	36,162,112	32,047,315	28,348,392	25,141,064	5,222,148	(12,747,119)

* Assumes surcharge sunsets and fee is reduced from \$40 to \$20.

**Includes FY2017 encumbrances.

ACTIVE PROJECTS

Chart 4 below, reflects projected expenditures for all Major IT projects currently funded through the Fund. Over the next five years, expenditures are estimated to be \$72.5 million. A description of each project is provided below.

CHART 4 – MAJOR IT EXPENDITURES FY 2018 – FY 2022

Major IT Projects	FY 2018 Estimated	FY 2019 Estimated	FY 2020 Estimated	FY 2021 Estimated	FY 2022 Estimated
MDEC	7,787,975	7,191,073	8,483,139	8,316,505	-
Courthouse eReadiness	2,730,771	2,811,841	4,128,517	2,233,144	-
Enterprise Virtualization	1,284,234	1,237,950	-	-	-
Cyber Security	1,697,341	1,281,000	-	-	-
IT Service Management	2,168,544	817,272	-	-	-
AIS-Attorney Information System	188,313	617,100	534,225	-	-
Case Search Rewrite	-	693,600	442,680	-	-
Mobile Courthouse	-	-	-	5,000,000	1,250,000
Digital Evidence	-	-	-	-	2,600,000
Data Warehousing/Analytics	-	-	-	-	5,000,000
Enterprise Content/Records Management	-	-	-	-	5,000,000
Total	15,857,178	14,649,836	13,588,561	15,549,649	13,850,000
				Grand Total	73,495,224

Maryland Electronic Courts (MDEC)

The MDEC initiative focuses on the operational and management processes, functional requirements, and replacement of the Judiciary's legacy case management systems to a unified court management solution. MDEC has introduced new functionality, including electronic filing, courthouse scanning, and a litigant Portal for data access, and new business processes that include a process for examining the sufficiency of case documents filed electronically, a data entry module for use in courtrooms during proceedings, and a case information retrieval dashboard for use by the judges. The system allows documents to be filed 24/7 using the internet and fees to be paid online. The new system facilitates improved access to selected data for the public, law-enforcement agencies, and improved interoperability for case transfers.

Courthouse eReadiness

This initiative focuses on courthouse improvements across all Maryland jurisdictions, including implementing redundant network circuits in preparation for the replacement of the Judiciary's legacy case management systems with a unified, electronic court management solution. Specifically, this project includes network cabling, wireless capabilities, audio-visual solutions, and telecommunication switch upgrades in the local courthouses. The project will facilitate outside cabling activities when building access is required by long haul telecommunication partners in support of redundant network circuits. In addition, audio-visual equipment is being installed to create an interactive courtroom environment.

Enterprise Virtualization

Enterprise Virtualization is a technology underpinning the Judiciary's IT infrastructure, affording the ability to deploy virtual instances of servers, storage devices and network resources, allowing for better manageability, flexibility and scalability. The Judiciary has implemented a converged, integrated infrastructure that will provide a unified management capability for continuing the flexible deployment of hardware (virtual) components and resources. This consolidated environment has enabled the Judiciary to focus on a single, dynamic infrastructure platform that will afford more efficient performance through workload and resource optimization. JIS is in the process of introducing a Virtual Desktop Infrastructure (VDI), the next step in the Enterprise Virtualization process. The VDI technology involves running virtual machines, each with their own desktop OS instance, on a server and accessing the desktop OS from remote client devices (PCs, laptops, tablets, smartphones) over the wide-area network or the Internet.

Cyber Security

This project is intended to enhance the security posture of the Judiciary through the development and implementation of a comprehensive Cyber Security Strategic Plan and Roadmap. The strategic plan will include the development of a roadmap and framework that will guide JIS in the development and implementation of secure technology solutions and business practices. JIS intends to research, procure and implement key components and technologies of the security plan. Key technologies that are being considered include data loss prevention (DLP) capabilities, and expanding the use of tools offered in the Next Generation Firewall systems.

Information Technology Service Management (ITSM)

The introduction of enterprise technology solutions, including the MDEC, PeopleSoft Financials & Human Capital Management (HCM) and SharePoint present a very different mode of operation, where the predominant characteristic of the emerging environment is the need for standard processes and procedures. In order to effect a planned and structured approach to improving its enterprise processes and structures, JIS has decided to use the Information Technology Infrastructure Library (ITIL) Framework to implement the Information Technology Service Management (ITSM) business model. This move to the ITIL Framework has included

the acquisition of cloud-based software for implementing the new business processes that support Service Desk and Asset Management. This technology will aid JIS in supporting the Judiciary IT operations and statewide applications through an existing IT Service Desk in Annapolis. This Service Desk handles over 45,000 calls per year from more than 12,000 customers associated with organizations throughout Maryland.

Attorney Information System (AIS)

The Attorney Information System (AIS) brings together in one comprehensive web-based system, information from the Judiciary's Court Related Agencies (CRAs) to include: The State Board of Law Examiners (SBLE), Court of Appeals (COA), Attorney Grievance Commission and Office of Bar Counsel (AGC), Client Protection Fund of the Bar of Maryland (CPF), Executive Director of Commissioners (EDOC), and Commission on Judicial Disabilities (CJD). The system is designed to facilitate the work of those agencies, and make it easier for attorneys to comply with the multiple regulations that govern the practice of law in Maryland. Agile and iterative system development methodologies are being used.

Case Search Version 2.0

Case Search provides electronic access to case information for all Maryland Circuit and District Court case records and is governed by the Maryland Public Access Rules. Case Search was introduced in 2006 to satisfy information requests commonly received in the Court Clerks' offices. Secure Case Search was introduced later, and provides secure login access to detailed case information, such as case related comments, and is available only to authorized parties (generally justice partners). Currently, the Case Search system does not provide access to case documents, does not charge a fee for access, and does not provide a facility for satisfying bulk data requests. Case Search Version 2 is an initiative to redesign the Case Search for the ability to restrict and allow access at a more granular level and provide for greater system flexibility. The system redesign will address the broader issue of remote access to electronic case records, including who has access, the types of information being accessed, and for how long electronic records should remain online and available for access.

FUTURE PROJECTS – (ANTICIPATED TO BEGIN IN FY21 & FY22)

Mobile Courthouse

With the completion of the MDEC project and associated initiatives to implement an electronic court processing environment, newer and more powerful mobile computing technologies will be introduced to provide personalized remote interactions with the Maryland Judiciary. These technologies may include the introduction of specific, customized mobile ‘apps’ for a participant to obtain notification of events in a case remotely, access information from related justice agencies and partners specific to an individual’s case or needs, introduce automated risk assessment tools to expedite the processing of minor infractions, and other technologies to increase remote interaction and expedite adjudication.

Digital Evidence

Digital evidence includes information on computers, audio files, video recordings, and digital images. Technologies including law enforcement body-worn cameras and smartphones are capturing an increasing volume of evidence. The courts will be evaluating the need to receive, evaluate, and integrate digital evidence into the normal flow of court proceedings. In addition, guidelines, policies and rules governing the submission of digital evidence and the use of electronic devices in courtrooms will be considered.

Data Warehousing / Analytics

Data warehousing capabilities provide the ability to capture and consolidate data from multiple source databases to allow users to access, analyze, and report on specialized data sets to support business decisions. A warehouse would also provide a facility for satisfying Public Information Act (PIA) bulk data requests, eliminating the need for individualized data complications.

Enterprise Content / Records Management

Document management systems address how documents are obtained, while records management focuses on near and long term storage of documents. The implementation of electronic records management system capabilities will assist in the management of paper based processes for improving court operations and to facilitate compliance with court rules and statutes. This project will examine and assess the current records management systems and processes in place across all judiciary locations, establish a statewide records management strategy and policies, and implement key recommendations, including records management software.