

Excerpt from Budget Testimony concerning the Educational and Entrepreneurial Reserve:

*Finally, I would like to return to a concept that is fundamental to the future viability of the Archives, a concept that is not unlike the Roth IRAs and the various investment funds that comprise yours' and my ability to provide for our futures. With your support, several years ago we created a publicly accountable Archives Endowment Fund. At present the principal of the fund amounts to nearly one million dollars, the interest from which provides matching funds for our internship programs and other value adding programs of the Archives such as the explanations of the records found in the Archives of Maryland on Line and our on line guides to records (available at <http://mdsa.net>). It is an important principle of all that we do at the Archives that there be a return to this endowment on a persistent basis derived from the specially funded public service projects that we undertake. For example, my sole motivation in seeking a grant for the production of the map book was to benefit the conservation of one of the largest gifts ever made to the Archives while allocating any and all profits made from the sale of the book to the Archives Trust fund. It appears that will mean approximately \$60,000 in revenue to the Endowment over the sale of the books as well as a steady stream of income from the sale of copies of the images created for the book. With all such endeavors, a clear percentage of all costs including indirect costs should be deposited as principle in the Archives Endowment. I argue for 5-7% as a necessary requirement for investment in the future. It is a concept that has general acceptance in the private world- known to accountants as a "Depreciation Reserve," and supported by at least one decision of the Supreme Court where the percentage is estimated at 7% of costs. I would prefer to call this charge an "Educational and Entrepreneurial Reserve," but however labeled, it is an idea that is not generally applied to the mandated functions of State Agencies. In the case of the Archives it is a principle that we are adhering to in the entire fee for service projects of the Archives that we devise, in order for us to continue to be entrepreneurial and creative in how we cope with the future of the Archives.*