

REPORT ON THE PRIVATE DONATION INCENTIVE PROGRAM

March 2004

MARYLAND HIGHER EDUCATION COMMISSION

839 Bestgate Rd. • Suite 400 • Annapolis, MD 21401-3013

MARYLAND HIGHER EDUCATION COMMISSION

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BACKGROUND

The Private Donation Incentive Program (PDIP) provides State-matching funds to promote private fundraising within Maryland's public colleges and universities and to encourage public institutions of higher education to increase the public's level of gifts and donations to the institution's endowments. First created by the General Assembly in 1990 for a seven-year period, the State provided matching funds for donations made to the endowments of public institutions and their affiliated foundations. By the end of the seven-year program, the endowments of these institutions increased \$47 million; \$34 million of which came from private donations and \$13 million from State matching funds. Prior to the establishment of this program, most community colleges did not have foundations, endowment accounts, or an organized approach to fund raising. Several community colleges credit this program with enabling them to establish endowment accounts and providing them with an opportunity to develop fund raising procedures.

In 1999, the General Assembly reauthorized the program for an additional six-year period for eligible institutions. The grant period began in fiscal 1999 and with the exception of the State's historically black institutions, all donation payments must be made by June 30, 2004. Since its reauthorization, the General Assembly has made several modifications to this program. As part of the implementation of the State's agreement with the U.S. Department of Education, Office for Civil Rights, the 2001 General Assembly extended the eligibility period for Maryland's historically black institutions (to January 2006) and increased the maximum payments to \$1.5 million. During the 2002 Maryland Legislative Session, the General Assembly passed legislation that increased to \$1.25 million the maximum State match for eligible donations made to the University of Maryland, Baltimore County. This increase was a result of a change in Carnegie classification for the University of Maryland, Baltimore County.

ELIGIBLE DONATIONS

The State will match only donations designated as endowment gifts. In addition, donations must be made and used solely for academic purposes consistent with the role and mission of the institution as approved by the Maryland Higher Education Commission. Under this program, fiscal 1998 is the base year against which all future contributions are compared for eligibility for the State match. New donor contributions are eligible in full and for repeat donors, the eligible contribution is that portion of the donation that is the increase over the donation given in the base year.

PDIP provides the following State matching ratio for dollars raised by the community colleges and the State's traditionally white institutions and/or their foundations (State funds: Donation funds):

- 1:1 First \$250,000, or any portion thereof;
- 1:2 Next \$1,000,000, or any portion thereof; and
- 1:3 Next \$1,250,000.

For donations made at Maryland's historically black institutions after July 1, 2001 (i.e., fiscal 2002), the State provides a 2:1 match for the first \$250,000 and a 1:1 match for the next \$1 million. Table 1 below shows the maximum State funds allowed over the course of the program for Maryland's public colleges and universities.

Table 1. Maximum State Matching Funds						
\$250,000	Community Colleges					
\$1,500,000	Bowie State University					
,	Coppin State College					
	University of Maryland Eastern Shore					
	Morgan State University					
\$1,250,000	University of Maryland, College Park					
, ,	University of Maryland, Baltimore					
	University of Maryland Baltimore County					
\$750,000	Remaining Eligible Institutions					

CURRENT STATUS OF THE PROGRAM

Between fiscal 1999 and fiscal 2003, Maryland's public colleges and universities have raised over \$41.5 million from private donors and claimed \$18.1 million in eligible State matching funds. In fiscal 2004, Maryland's four historically black institutions received \$3.1 million in State matching funds for the PDIP. Furthermore, the Governor's fiscal 2005 allowance includes an additional \$1.2 million in State matching funds, which will meet the obligated balance due for the State's historically black institutions. All other PDIP institutional funding is deferred to future years due to fiscal constraints (Table II).

Overall, institutions contend that this program has had a significant impact in attracting donors, providing scholarship funds, and building capacity to ensure the continuation of successful campus academic programs. Currently, in the final year of the donor-matching program, 17 of the 22 community college campuses have met the maximum State match. Several colleges have received substantial cash donations. Furthermore, many of community colleges note that this program has allowed them to substantially increase the number of endowed scholarships. (Figure 1)

PDIP is also an important fundraising tool for Maryland's historically black institutions. Overall, the HBIs have raised over \$7.3 million from private sources, of which \$4.8 million is eligible for the match. Morgan State University and University of Maryland Eastern Shore have met the maximum State match, while Bowie and Coppin have until FY 2006 to meet the maximum participation. (Figure 2)

This program is also a success among the State's other four-year public institutions. All of the research institutions (the University of Maryland, Baltimore; the University of Maryland, Baltimore County, and the University of Maryland, University College) have met the maximum State match and have raised over \$15 million. Among the State's other eligible four-year public institutions, four of the six institutions in this category have met the maximum State match and raised over \$10 million from private sources. (Figure 3 & 4).

Table II. Private Donation Incentive Program (PDIP) Summary: FY 1999 to FY 2004

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					Casl	h Donati	Cash Donations Received											1
Eligib Ma	Eligible Matching Maximum	Colleges and Universities	FY	FY 1999	FY 2000	E	FY 2001	FY 2002	FY 2003	1	Total Cash Donations		State Eligible Match	Total State Payments		FY 2005 Allowance	Balance Due	ñ
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		CCBC-Essex	Ì	999'6			116.673	250.000		24,536		24.3 ju 457.411	250.000					£ 8
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	250,000	CSM-Charles		158,335	77,159		41,264					276,758	250,000	158,335	335		91,665	265
	250,000	CSM-St Mary's		76,930	149,417		21,167	5,100	•			252,614	250,000	76,5	76,930	•	173,070	20
	250,000	Garrett			226.380		21.120	2.600				250.100	250,000	1/7,42	1/7		255,729	£ 2
	250,000	Hagerstown		128,419	176,419		188,877	196,672	, F1	•	. •	690,387	250,000	128,419	419	•	121,581	28.
	250,000	Harford		28,090	224,845		221,959	289,332	7	•		764,226	250,000	28'(28,090	•	221,910	910
	250,000	Howard		42,845	84,767		122,426			•		250,038	250,000	42.1	42,845	•	207,155	155
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	250,000	Montgomery CC-Takoma Park		63,717	64.909		151.322			•	•	279.948	250,000	63.717	717	•	186 283	× ×
	250,000	Prince George's		53,743	44,375		109,752	54,600		57,521		319,991	250,000	53,743	743	•	196,257	257
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		Four-Year Institutions																
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	1,500,000	UM Eastern Shore		246,322	54,059		138,733	370,670		1,609,083	1 2	2,418,867	1,500,000	965,227	227	534,773		
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		750,000 St. Mary's College of Maryland 162,878	250020000000000000000000000000000000000	162,878	816,897		1,455,080			- 3	2,	2,434,855	750,000	162,878	878		100	22
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ø	4,500,000	Sub-Total Four-Year Institutions	- •	1,039,281 \$	2,630,603	6	4,909,741 \$	1,539,303	S	667,945 \$		10,786,873 \$	4,233,222	\$ 918,636	8 989	•	\$ 3,314,586	98
		Research Institutions																
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s	3,750,000	Sub-Total Research Institutions	'n	4,067,902 \$	3,443,651	6	4,250,510 \$	2,345,904	•	1,076,712 \$		15,184,679 \$	3,750,000	\$ 1,940,965	\$ 596	•	\$ 1,809,035	35
S	19,750,000 TOTAL		oc oc	8,436,436 \$	8,930,209	S	13,136,546 \$	\$ 7,061,757	S	3,946,881	\$ 41,5	41,511,829 \$	18,147,295	\$ 7,867,950	950 S	1,179,816	8 9,099,529	29
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Figure 1. Community Colleges Total Cash Donations and Eligible State Match:

Figure 2. Historically Black Institutions Total Cash Donations and Eligible State match: FY 1999-2003

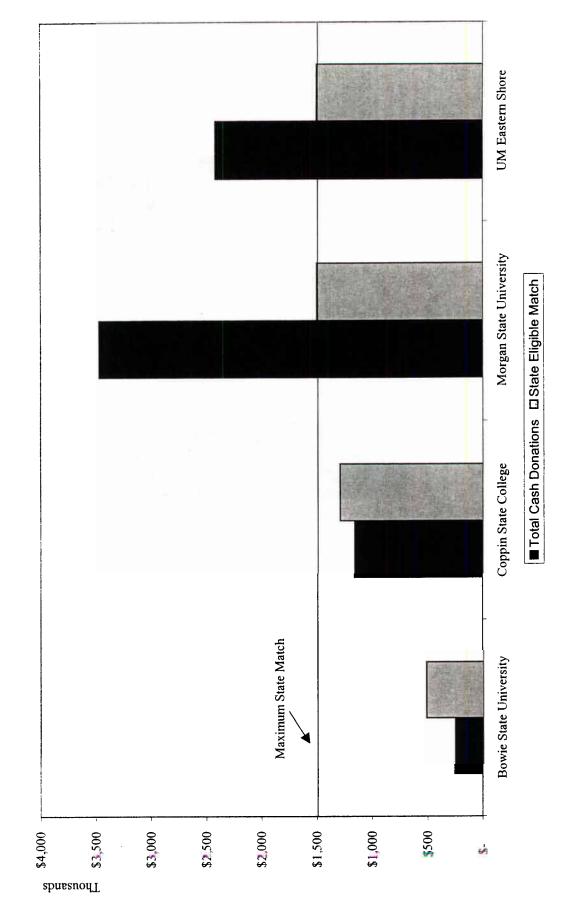


Figure 3. Maryland Research Institutions Total Cash Donations and Eligible State Match: FY 1999-2003

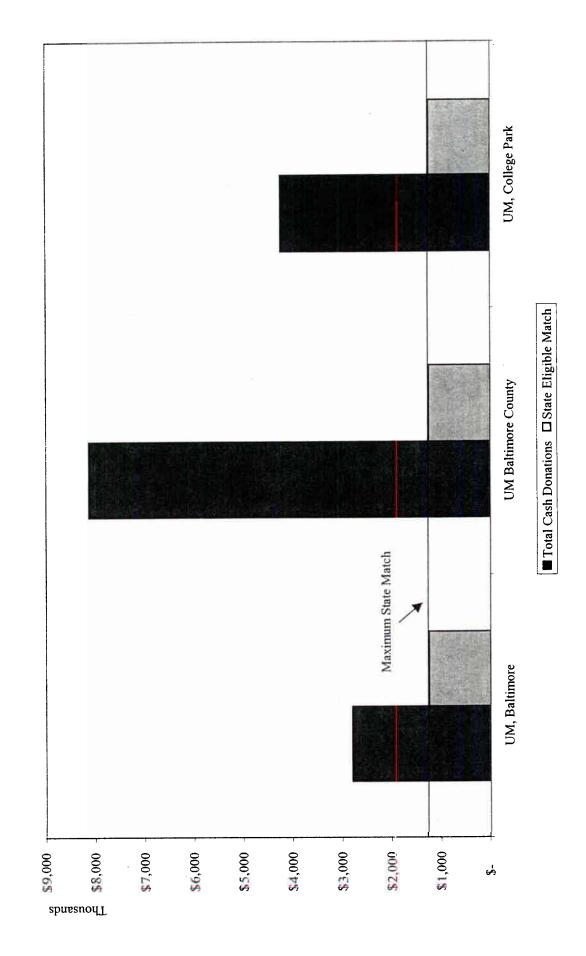
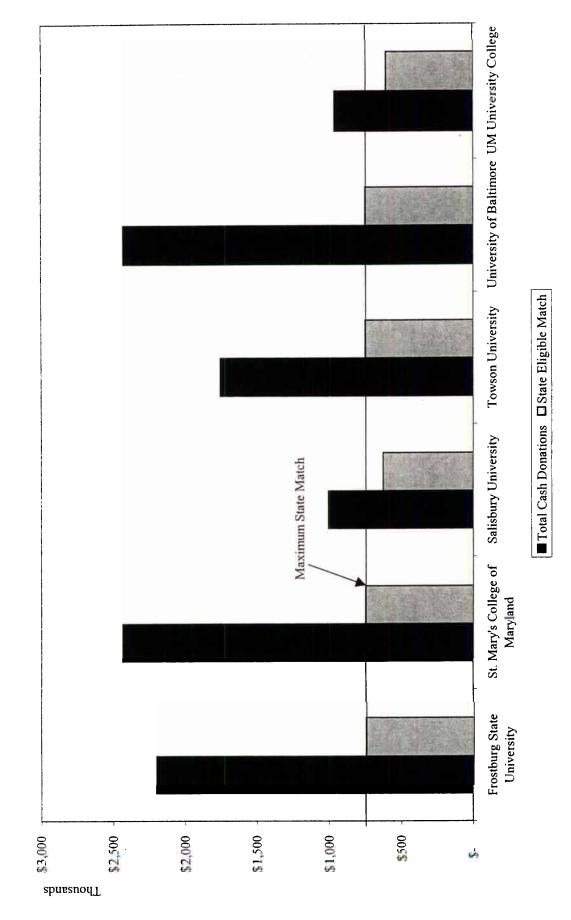


Figure 4. All Other Eligible Four-Year Institutions Total Cash Donations and Eligible State Match: FY 1999-2003



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