



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

John J. Oliver, Jr., Chairman

Donald J. Slowinski, Sr., Vice Chairman

Joann A. Boughman

Aja Campbell

Anne Osborn Emery

Ilona Modly Hogan

Kevin M. O'Keefe

Emmett Paige, Jr.

Richard P. Streett, Jr.

Mario VillaSanta

Calvin W. Burnett

Acting Secretary of Higher Education

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

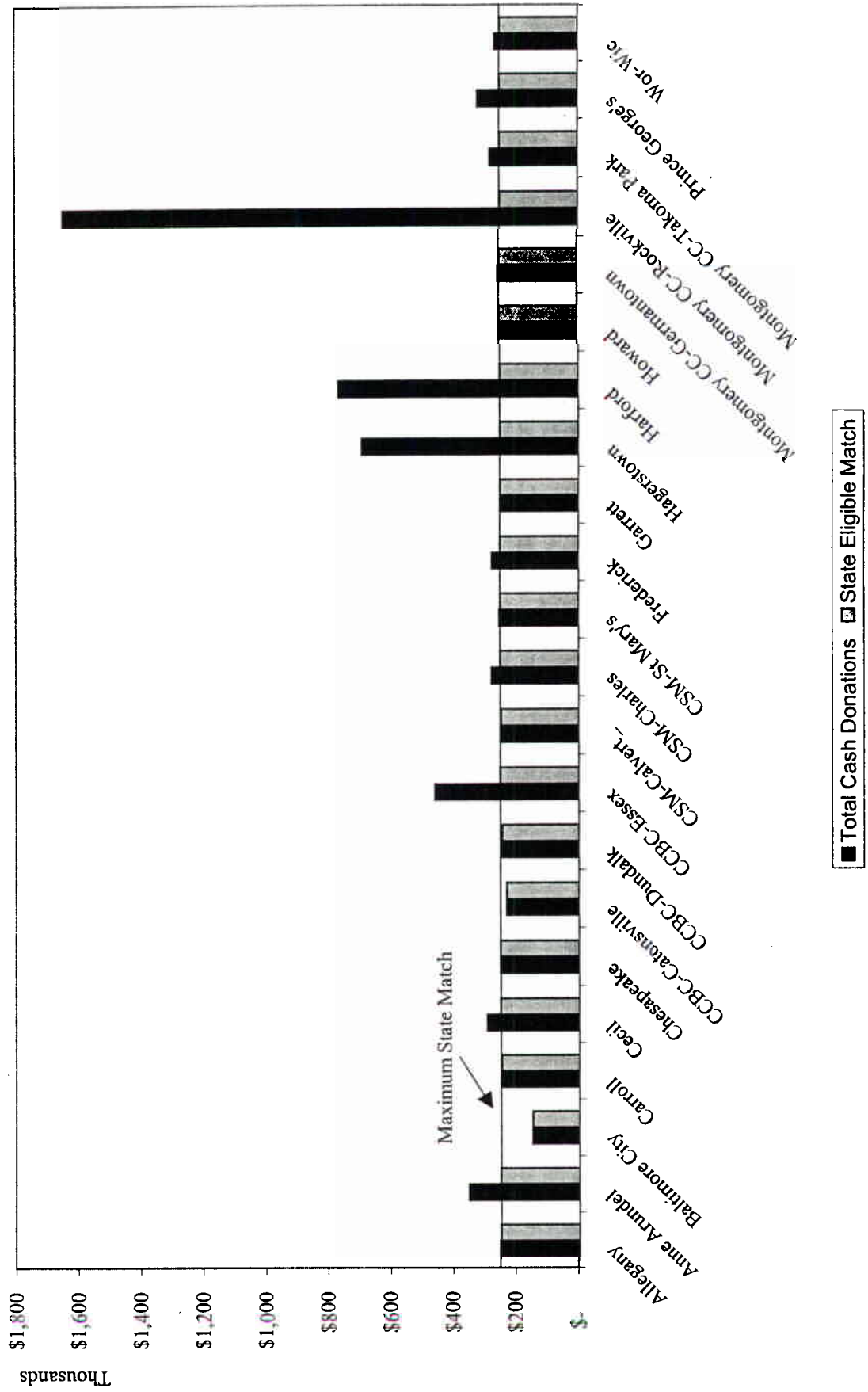
Between fiscal 1999 and fiscal 2003, Maryland's public colleges and universities have raised over \$41.5 million from private donors and claimed \$18.1 million in eligible State matching funds. In fiscal 2004, Maryland's four historically black institutions received \$3.1 million in State matching funds 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)

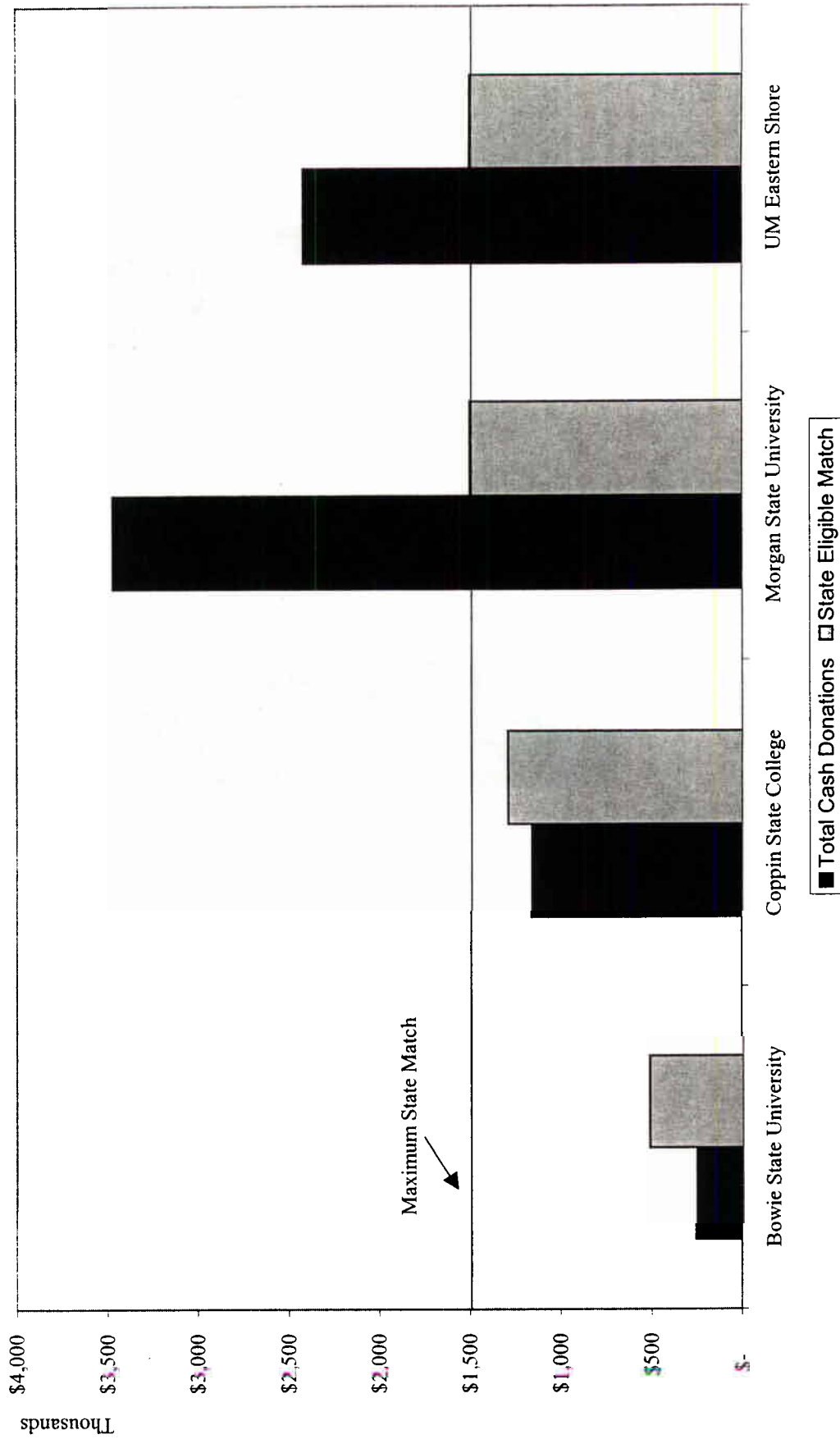
PDIP is also an important fundraising tool for Maryland's historically black institutions. Overall, the HBIs have raised over \$7.3 million from private sources, of which \$4.8 million is eligible for the match. Morgan State University and University of Maryland Eastern Shore have met the maximum State 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).

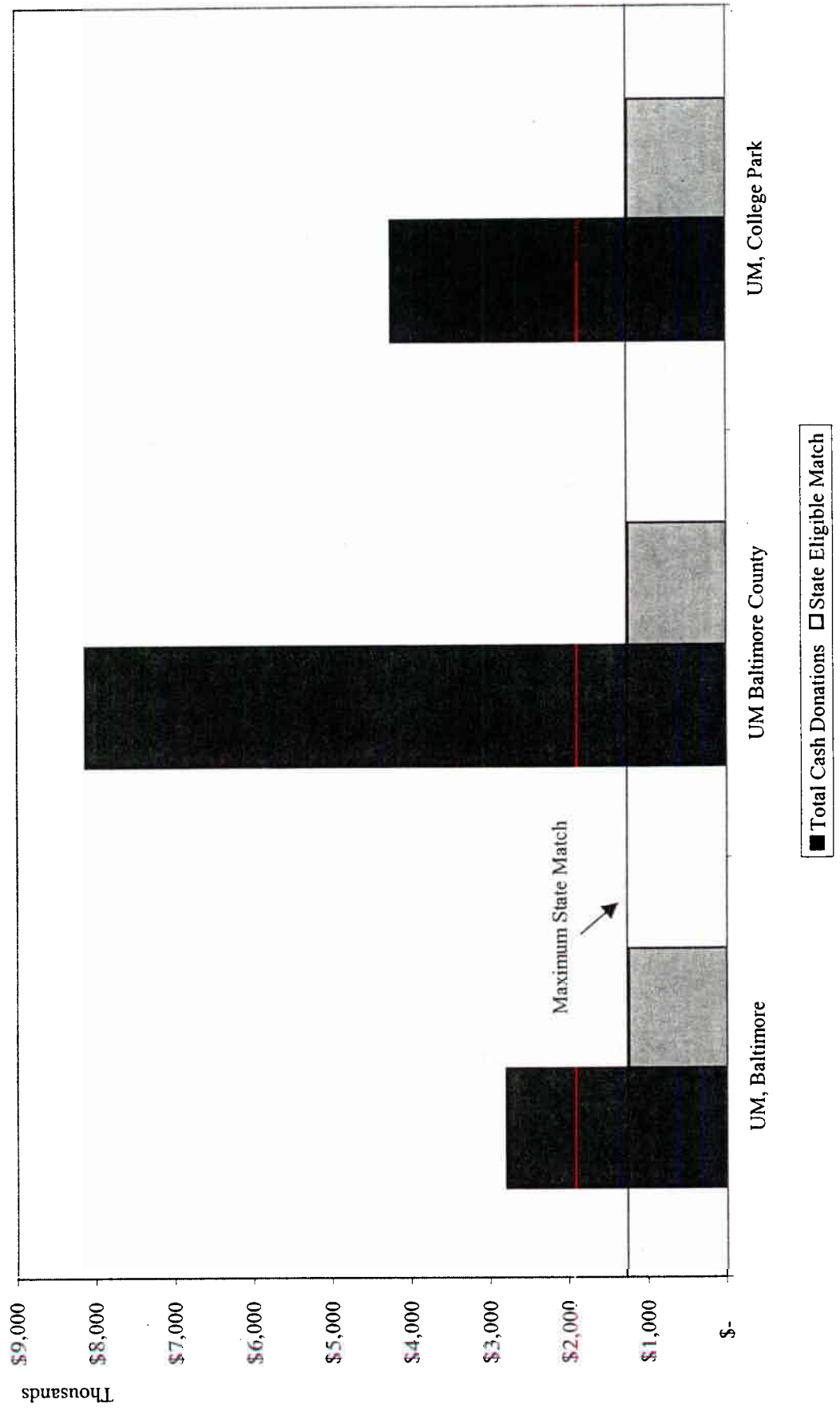
**Figure 1. Community Colleges Total Cash Donations and Eligible State Match:
FY 1999-2003**



**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**

