

REPORT ON THE PRIVATE DONATION INCENTIVE PROGRAM

FY 2008 Annual Report

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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 also 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 fundraising. 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 were to 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, General Assembly extended the eligibility period for Maryland's historically black institutions (to January 2010) and increased the maximum payments to \$1.5 million. In addition, 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 2008, Maryland's public colleges and universities reported \$46.8 million from private donors and claimed over \$18.9 million in eligible State matching funds. Over this period, Maryland's four historically black institutions received over \$5.3 million in State matching funds for the PDIP. The fiscal 2010 appropriation includes \$145,909 in State matching funds, meeting the statutory obligation for Bowie State University (Table II).

Overall, institutions contend that the PDIP has had a significant impact in attracting donors, providing scholarship funds, and building capacity to ensure the continuation of successful campus academic programs. The program has expired for all institutions except the HBI's; with all other public two and four-year colleges and universities having met the maximum State match. From the program's inception in 1999 through fiscal 2008, community colleges raised over \$8.3 million; the research institutions (University of Maryland, Baltimore, University of Maryland, Baltimore County, and University of Maryland, College Park) raised over \$18.6 million, while the other traditionally white institutions raised \$11.6 million.

PDIP has also been an important fundraising tool for Maryland's historically black institutions. Through fiscal 2008, the HBIs raised over \$8.1 million, of which \$5.4 million is eligible for matching State funds. Coppin State University, Morgan State University, and University of Maryland Eastern Shore have met the maximum State match. Bowie State University has until fiscal 2010 to meet the maximum participation level.

Table II. Private Donation Incentive Program (PDIP) Summary

Eligible Matching Maximum	Colleges and Universities	Total Cash Donations Received Fy 99-08	TOTAL STATE PAYMENTS FY 2001-2009	NET BALANCE DUE	FY 2010 Appropriation	New Balance Due
\$ 250,000	Allegany	\$ 252,547	\$ 248,943	\$ 1,057	\$ -	\$ 1,057
250,000	Anne Arundel	350,626	247,623	2,377	-	2,377
250,000	Baltimore City	180,478	178,308	2,170	-	2,170
250,000	Carroll	250,000	247,560	2,440	-	2,440
250,000	Cecil	292,084	247,045	2,955	-	2,955
250,000	Chesapeake	250,000	247,355	2,645	-	2,645
250,000	CCBC-Catonsville	282,931	246,781	3,219	-	3,219
250,000	CCBC-Dundalk	248,130	245,139	2,991	-	2,991
250,000	CCBC-Essex	457,411	246,781	3,219	-	3,219
250,000	CSM-Calvert_	250,000	247,755	2,245	-	2,245
250,000	CSM-Charles	276,758	248,820	1,180	-	1,180
250,000	CSM-St Mary's	252,614	247,772	2,228	-	2,228
250,000	Frederick	275,246	247,094	2,906	-	2,906
250,000	Garrett	250,100	246,781	3,219	-	3,219
250,000	Hagerstown	690,387	248,435	1,565	-	1,565
250,000	Harford	764,226	247,143	2,857	-	2,857
250,000	Howard	250,038	247,333	2,667	-	2,667
250,000	Montgomery CC-Germantown	252,766	247,176	2,824	-	2,824
250,000	Montgomery CC-Rockville	1,647,456	250,000	-	-	-
250,000	Montgomery CC-Takoma Park	279,948	247,601	2,399	-	2,399
250,000	Prince George's	319,991	247,473	2,527	-	2,527
250,000	Wor-Wic	265,390	247,786	2,214	-	2,214
\$ 5,500,000	Total Community Colleges	\$ 8,339,127	\$ 5,376,702	\$ 51,906	\$ -	\$ 51,906
Four-Year Institutions						
\$ 1,500,000	Bowie State University	\$ 643,817	\$ 747,908	\$ 145,909	\$ 145,909	\$ -
1,500,000	Coppin State College	1,409,957	1,500,000	-	-	-
1,500,000	Morgan State University	3,469,766	1,500,000	-	-	-
1,500,000	UM Eastern Shore	2,659,090	1,500,000	-	-	-
\$ 6,000,000	HBI's	\$ 8,182,630	\$ 5,247,908	\$ 145,909	\$ 145,909	\$ -
\$ 750,000	Frostburg State University	\$ 2,201,269	\$ 740,343	\$ 9,657	\$ -	\$ 9,657
750,000	St. Mary's College of Maryland	2,434,855	742,440	7,560	-	7,560
750,000	Salisbury University	1,004,717	619,281	8,078	-	8,078
750,000	Towson University	1,756,407	743,866	6,134	-	6,134
750,000	University of Baltimore	2,427,898	744,811	5,189	-	5,189
750,000	UM University College	1,821,680	742,083	7,917	-	7,917
\$ 4,500,000	Sub-Total Four-Year Institutions	\$ 11,646,826	\$ 4,332,825	\$ 44,533	\$ -	\$ 44,533
Research Institutions						
\$ 1,250,000	UM, Baltimore	\$ 2,806,971	\$ 1,239,602	\$ 10,398	\$ -	\$ 10,398
1,250,000	UM Baltimore County	11,617,698	1,239,015	10,985	-	10,985
1,250,000	UM, College Park	4,244,665	1,248,091	1,909	-	1,909
\$ 3,750,000	Sub-Total Research Institutions	\$ 18,669,334	\$ 3,726,708	\$ 23,292	\$ -	\$ 23,292
\$ 19,750,000	TOTAL	\$ 46,837,917	\$ 18,684,143	\$ 265,640	\$ 145,909	\$ 119,731