



# **Private Donation Incentive Program**

March 2006

## **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 fundraising. Several community colleges credit this program with enabling them to establish endowment accounts and providing them with an opportunity to develop fundraising 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 (HBIs), 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, the General Assembly extended the eligibility period for Maryland's HBIs to January 2010 and increased the maximum payments to \$1.5 million. In addition, the General Assembly passed legislation that increased the maximum State match for eligible donations made to the University of Maryland, Baltimore County to \$1.25 million. 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):

Ratio	Threshold
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 HBIs 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. Exhibit 1 shows the maximum State funds allowed over the course of the program for Maryland's public colleges and universities.

**Exhibit 1. Maximum State Matching Funds**

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\$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

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**CURRENT STATUS OF THE PROGRAM**

Between fiscal 1999 and fiscal 2005, Maryland's public colleges and universities have raised over \$46.5 million from private donors and claimed \$18.6 million in eligible State matching funds (Table 1). Through fiscal 2006, Maryland's four HBIs received \$4.85 million in State matching funds for the PDIP. Furthermore, the Governor's fiscal 2007 allowance includes \$2.4 million in State matching funds, which will meet the statutory obligated balance for all institutions. This allowance will be distributed on a pro-rated basis to all eligible institutions (Table 1).

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. The program has expired for all institutions except the HBI's, with 20 of the 22 community college campuses meeting the maximum State match. Several colleges have received substantial cash donations and many of community colleges note that this program has allowed them to substantially increase the number of endowed scholarships.

PDIP is also an important fundraising tool for Maryland's HBIs. Overall, the HBIs have raised over \$7.8 million from private sources, of which \$5 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 fiscal 2010 to meet the maximum participation.

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 \$18.6 million. Among the State's other eligible four-year public institutions, five of the six institutions in this category have met the maximum State match and raised over \$11.6 million from private sources.

Table 1. Private Donation Incentive Program (PDIP) Summary

Eligible Matching Maximum	Total Cash Donations Received FY 99-05	STATE ELIGIBLE MATCH	FY2001 STATE PAYMENTS	FY2002 STATE PAYMENTS	FY2004 STATE PAYMENTS	FY2005 STATE PAYMENTS	FY2006 STATE PAYMENTS	TOTAL STATE PAYMENTS FY 2001-2006	NET BALANCE DUE	FY 2007 Budget Request	New Balance Due
250,000	\$ 252,547	\$ 250,000	\$ 132,634	\$ 35,251			\$ 21,920	\$ 189,805	\$ 60,195	\$ 20,065	\$ 40,130
250,000	350,626	250,000	51,644	13,726			49,287	114,657	135,343	45,114	90,229
250,000	180,478	250,000	-	-			56,920	56,920	123,558	41,186	82,372
250,000	250,000	250,000	47,797	12,704			50,586	111,087	138,913	46,304	92,608
250,000	292,084	250,000	16,202	4,306			61,262	81,770	168,230	56,077	112,153
250,000	250,000	250,000	35,185	9,351			54,848	99,384	150,616	50,205	100,411
250,000	282,931	250,000	12,502	3,323			66,737	66,737	183,263	61,088	122,175
250,000	248,130	248,130	-	-			62,013	77,838	170,292	56,764	113,528
250,000	457,411	250,000	-	-			66,737	66,737	183,263	61,088	122,175
250,000	250,000	250,000	60,777	16,153			45,236	122,166	127,834	85,223	42,611
250,000	250,000	250,000	125,089	33,246			24,470	182,805	67,195	22,398	44,797
250,000	276,758	250,000	60,777	16,153			46,201	123,131	126,869	42,290	84,580
250,000	252,614	250,000	19,175	5,096			66,737	66,737	183,263	61,088	122,175
250,000	275,246	250,000	-	-			60,258	84,529	165,471	55,157	110,314
250,000	250,100	250,000	19,175	5,096			66,737	66,737	183,263	61,088	122,175
250,000	690,387	250,000	101,455	26,964			32,456	160,875	89,125	29,708	59,417
250,000	764,226	250,000	22,192	5,898			59,238	87,328	162,672	54,224	108,448
250,000	250,038	250,000	33,849	8,996			55,300	98,145	151,855	50,618	101,237
250,000	252,766	250,000	24,240	6,442			58,547	89,229	160,771	53,590	107,181
250,000	1,647,456	250,000	197,507	52,493			-	250,000	-	-	-
250,000	279,948	250,000	50,338	13,379			49,728	113,445	136,555	45,518	91,037
250,000	319,991	250,000	42,459	11,284			52,390	106,133	143,867	47,956	95,911
250,000	265,390	250,000	61,678	16,393			45,896	123,967	126,033	42,011	84,022
<b>\$ 5,500,000</b>	<b>\$ 8,339,127</b>	<b>\$ 5,428,608</b>	<b>\$ 1,095,500</b>	<b>\$ 291,158</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,086,768</b>	<b>\$ 2,473,426</b>	<b>\$ 2,955,182</b>	<b>\$ 985,060</b>	<b>\$ 1,970,122</b>
<b>Four-Year Institutions</b>											
1,500,000	\$ 341,485	\$ 559,458	\$ 13,989	\$ 2,451	\$ 194,540	\$ 172,032	\$ 70,036	\$ 453,048	\$ 106,410	\$ 106,410	\$ -
1,500,000	1,409,957	1,500,000	107,896	18,904	818,684	343,261	112,979	1,401,724	98,277	98,277	(1)
1,500,000	3,469,766	1,500,000	114,175	20,004	1,365,821	-	-	1,500,000	-	-	-
1,500,000	2,659,090	1,500,000	209,598	36,724	718,905	534,773	-	1,500,000	-	-	-
<b>\$ 6,000,000</b>	<b>\$ 7,880,298</b>	<b>\$ 5,059,458</b>	<b>\$ 445,658</b>	<b>\$ 78,083</b>	<b>\$ 3,097,950</b>	<b>\$ 1,050,066</b>	<b>\$ 183,015</b>	<b>\$ 4,854,772</b>	<b>\$ 204,687</b>	<b>\$ 204,687</b>	<b>(1)</b>
750,000	\$ 2,201,269	\$ 750,000	-	-	-	-	\$ 200,211	\$ 200,211	\$ 549,789	\$ 183,263	\$ 366,526
750,000	2,434,855	750,000	138,595	24,283	1,365,821	627,359	156,731	319,609	430,391	143,464	286,927
750,000	1,004,717	750,000	-	-	-	-	167,472	167,472	459,886	153,295	306,591
750,000	1,756,407	750,000	232,831	40,794	718,905	534,773	127,167	400,792	349,208	116,403	232,805
750,000	2,427,898	750,000	295,283	51,736	1,365,821	627,359	164,143	454,594	295,406	98,469	196,937
750,000	1,821,680	750,000	114,970	20,144	718,905	534,773	164,143	295,257	450,743	150,248	300,496
<b>\$ 4,500,000</b>	<b>\$ 11,646,826</b>	<b>\$ 4,377,359</b>	<b>\$ 781,679</b>	<b>\$ 136,957</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 923,299</b>	<b>\$ 1,841,935</b>	<b>\$ 2,535,423</b>	<b>\$ 845,141</b>	<b>\$ 1,690,283</b>
<b>Research Institutions</b>											
1,250,000	\$ 2,806,971	\$ 1,250,000	\$ 134,512	\$ 307,885	\$ 3,097,950	\$ 1,050,066	\$ 215,588	\$ 657,985	\$ 592,015	\$ 197,338	\$ 394,677
1,250,000	11,617,698	1,250,000	337,663	59,162	1,365,821	627,359	227,753	624,578	625,422	208,474	416,948
1,250,000	4,244,665	1,250,000	334,988	766,755	1,365,821	627,359	39,577	1,141,320	108,680	36,227	72,453
<b>\$ 3,750,000</b>	<b>\$ 18,669,334</b>	<b>\$ 3,750,000</b>	<b>\$ 807,163</b>	<b>\$ 1,133,802</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 482,918</b>	<b>\$ 2,423,883</b>	<b>\$ 1,326,117</b>	<b>\$ 442,039</b>	<b>\$ 884,078</b>
<b>\$ 19,750,000</b>	<b>\$ 46,535,585</b>	<b>\$ 18,615,424</b>	<b>\$ 3,130,000</b>	<b>\$ 1,640,000</b>	<b>\$ 3,097,950</b>	<b>\$ 1,050,066</b>	<b>\$ 2,676,000</b>	<b>\$ 11,594,016</b>	<b>\$ 7,021,409</b>	<b>\$ 2,476,927</b>	<b>\$ 4,544,482</b>

Note: \*\*\* Shaded institutions have yet to meet their eligible match  
 Note: FBI matching rates for FY 2002 and beyond increased per