



**MHEC**  
MARYLAND HIGHER EDUCATION COMMISSION

## **REPORT ON THE PRIVATE DONATION INCENTIVE PROGRAM**

**March 2005**

**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 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 2006) 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 2004, Maryland’s public colleges and universities have raised over \$46.3 million from private donors and claimed \$18.4 million in eligible State matching funds (Table II). Through fiscal 2005, Maryland’s four historically black institutions received \$ 4.7 million in State matching funds for the PDIP. Furthermore, the Governor’s fiscal 2006 allowance includes an additional \$2.7 million in State matching funds, which will meet the obligated balance due for the State’s historically black institutions. This allowance will be distributed on a pro-rated basis to all other eligible institutions (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 for all institutions except the HBI’s, 20 of the 22 community college campuses have met the maximum State match. Several colleges have received substantial cash donations (Figure I). Furthermore, 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 historically black institutions. Overall, the HBIs have raised over \$7.7 million from private sources, of which \$4.9 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 2006 to meet the maximum participation (Figure 2).

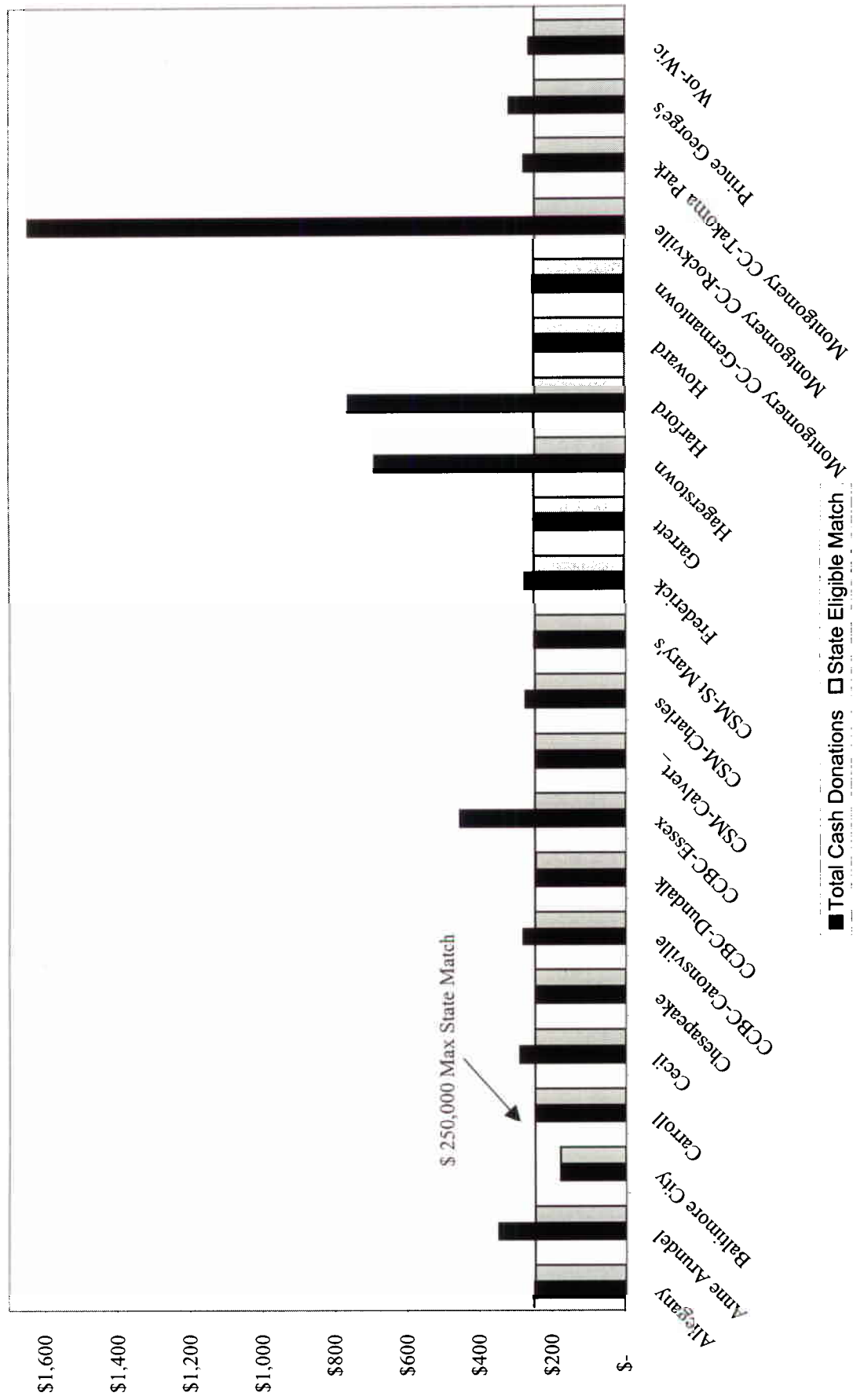
This program is also a success among the State’s other four-year public institutions. All of the research institutions (the University of Maryland, Baltimore; the University of Maryland, Baltimore County, and the University of Maryland, University College) have met the maximum State match and have raised over \$18.4 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 (Figures 3 & 4).

Table II. Private Donation Incentive Program (PDIP) Summary

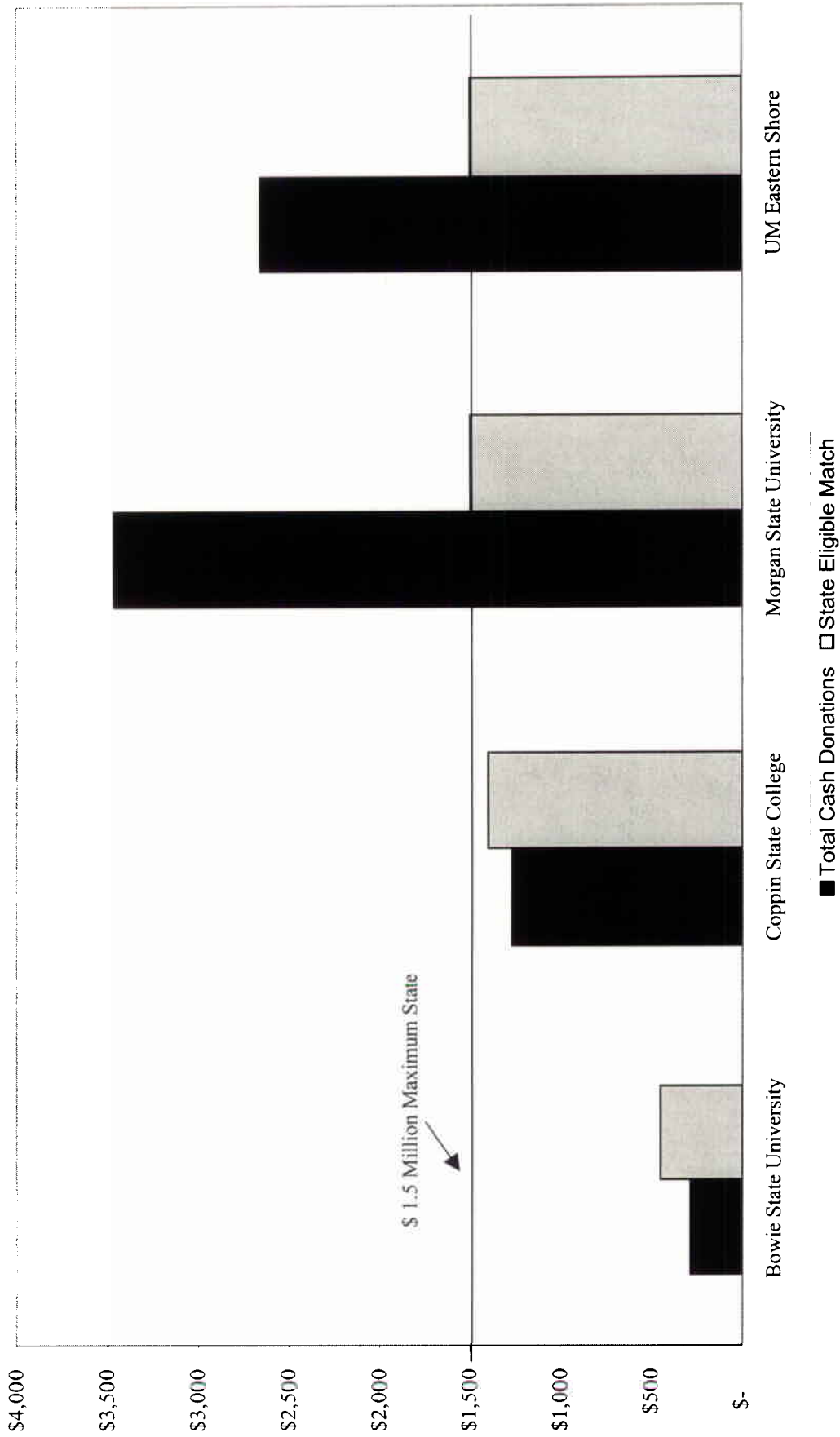
MAXIMUM ELIGIBLE MATCH	COLLEGES & UNIVERSITIES	TOTAL CASH		STATE ELIGIBLE MATCH	REMAINING MATCH AVAILABLE	TOTAL STATE		GOVERNOR'S ALLOWANCE	NET BALANCE DUE
		DONATIONS FY 99-04	DONATIONS FY 00-04			PAYMENTS FY 2001-2005	PAYMENTS FY 2006		
\$ 250,000	Allegheny	\$ 252,547	\$ 250,000	\$ 250,000	\$ -	\$ 167,885	\$ 21,920	\$ 60,195	135,343
250,000	Anne Arundel	350,626	250,000	250,000	-	65,370	49,287	56,920	123,558
250,000	Baltimore City *	180,478	180,478	180,478	-	-	-	-	138,913
250,000	Carroll	250,000	250,000	250,000	-	60,501	50,586	61,262	168,230
250,000	Cecil	292,084	250,000	250,000	-	20,508	54,848	66,737	183,263
250,000	Chesapeake	250,000	250,000	250,000	-	44,536	62,013	66,737	170,292
250,000	CCBC-Catoonsville	282,931	248,130	248,130	-	15,825	66,737	66,737	183,263
250,000	CCBC-Dundalk *	248,130	248,130	248,130	-	15,825	66,737	66,737	127,834
250,000	CCBC-Essex	457,411	250,000	250,000	-	76,930	45,236	24,470	67,195
250,000	CCBC-Harford	250,000	250,000	250,000	-	158,335	24,470	46,201	126,869
250,000	CSM-Charles	276,758	250,000	250,000	-	76,930	60,258	66,737	183,263
250,000	CSM-St Mary's	252,614	250,000	250,000	-	24,271	32,456	32,456	89,125
250,000	Frederick	275,246	250,000	250,000	-	28,090	59,238	55,300	151,855
250,000	Garrett	250,100	250,000	250,000	-	42,845	55,300	58,547	160,771
250,000	Hagersstown	690,387	250,000	250,000	-	30,682	58,547	-	-
250,000	Harford	764,226	250,000	250,000	-	250,000	49,728	52,390	143,867
250,000	Howard	250,038	250,000	250,000	-	63,717	53,743	45,896	126,033
250,000	Montgomery CC-Germantown	252,766	250,000	250,000	-	1,821,680	1,145,229	1,145,229	1,386,658
250,000	Montgomery CC-Rockville	1,647,456	250,000	250,000	-	4,671,757	183,015	1,086,768	2,955,182
250,000	Montgomery CC-Takoma Park	279,948	250,000	250,000	-	-	-	-	-
250,000	Prince George's	319,991	250,000	250,000	-	-	-	-	-
250,000	Wor-Wic	265,390	250,000	250,000	-	-	-	-	-
\$ 5,500,000	Sub-Total Community Colleges	\$ 8,339,127	\$ 5,428,608	\$ 5,428,608	\$ -	\$ 1,386,658	\$ 1,086,768	\$ 2,955,182	
Four-Year Institutions									
\$ 1,500,000	Bowie State University *	\$ 288,280	\$ 453,048	\$ 453,048	\$ 1,046,952	\$ 383,012	\$ 70,036	\$ -	-
1,500,000	Coppin State College *	1,271,207	1,401,724	1,401,724	98,277	1,288,745	112,979	-	-
1,500,000	Morgan State University	3,469,766	1,500,000	1,500,000	-	1,500,000	-	-	-
1,500,000	UM Eastern Shore	2,659,090	1,500,000	1,500,000	-	1,500,000	-	-	-
\$ 6,000,000	HBI's	\$ 7,688,343	\$ 4,854,772	\$ 4,854,772	\$ 1,145,229	\$ 4,671,757	\$ 183,015	\$ -	-
\$ 750,000	Frostburg State University	\$ 2,201,269	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ 200,211	\$ 549,789	430,391
750,000	St. Mary's College of Maryland	2,434,855	750,000	750,000	-	162,878	156,731	430,391	459,886
750,000	Salisbury University *	1,004,717	627,359	627,359	-	-	167,472	349,208	295,406
750,000	Towson University	1,756,407	750,000	750,000	-	273,625	127,167	164,143	450,743
750,000	University of Baltimore	2,427,898	750,000	750,000	-	347,019	107,575	923,299	2,535,423
750,000	UM University College	1,821,680	750,000	750,000	-	135,114	164,143	923,299	2,535,423
\$ 4,500,000	Sub-Total Four-Year Institutions	\$ 11,646,826	\$ 4,377,359	\$ 4,377,359	\$ -	\$ 918,636	\$ 923,299	\$ 2,535,423	
Research Institutions									
\$ 1,250,000	UM, Baltimore	\$ 2,806,971	\$ 1,250,000	\$ 1,250,000	\$ -	\$ 442,397	\$ 215,588	\$ 592,015	625,422
1,250,000	UM Baltimore County	11,617,698	1,250,000	1,250,000	-	396,825	227,753	108,680	1,086,800
1,250,000	UM, College Park	4,244,665	1,250,000	1,250,000	-	1,101,743	39,577	-	-
\$ 3,750,000	Sub-Total Research Institutions	\$ 18,669,334	\$ 3,750,000	\$ 3,750,000	\$ -	\$ 1,940,965	\$ 482,918	\$ 1,326,117	
\$ 19,750,000	TOTAL	\$ 46,343,630	\$ 18,410,738	\$ 18,410,738	\$ 1,145,229	\$ 8,918,016	\$ 2,676,000	\$ 6,816,722	

Note: \* indicates maximum match not met

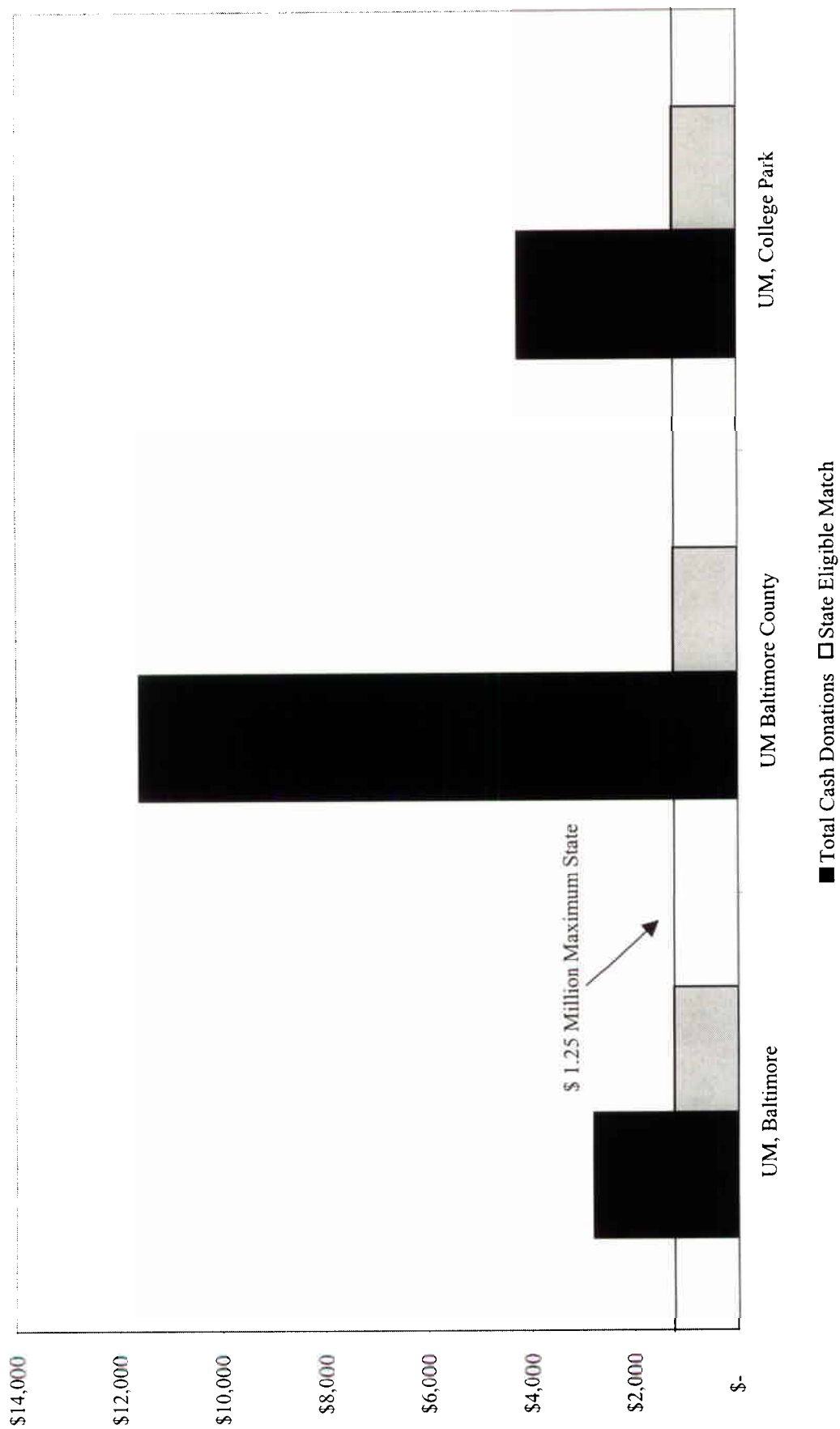
**Figure 1. Community Colleges Total Cash Donations and Eligible State Match:  
FY 1999-2004 (In Thousands)**



**Figure 2. Historically Black Institutions Total Cash Donations and Eligible State match:  
FY 1999-2004 (In Thousands)**



**Figure 3. Maryland Research Institutions Total Cash Donations and Eligible State Match:  
FY 1999-2004 (In Thousands)**



**Figure 4. All Other Eligible Four-Year Institutions Total Cash Donations and Eligible State Match:  
FY 1999-2004 (In Thousands)**

