MHEC
MARYLAND HIGHER EDUCATION COMMISSION

Guidelines for the Private Donation Incentive Program

Division of Finance Policy

Approved: November 10, 1998
Revised: June 2003

MARYLAND HIGHER EDUCATION COMMISSION
839 Bestgate Rd. • Suite 400 • Annapolis, MD 21401-3013

GUIDELINES FOR THE
PRIVATE DONATION INCENTIVE PROGRAM

A. AUTHORITY

Education Article, Title 17 (Financial Aid to Institutions of Higher Education), Subtitle 3 (Private Donation Incentive Program), Section 17-301. Annotated Code of Maryland.

B. PURPOSE

To encourage public institutions of higher education to increase the level of private contributions to their endowments, the State will match eligible contributions from eligible donors to public institutions of higher education or their affiliated foundations.

C. ELIGIBLE INSTITUTIONS AND MAXIMUM STATE-MATCHING FUNDS

The following is the list of institutions eligible to participate in this program and the maximum State-matching funds for which they are eligible during the lifetime of the Private Donation Incentive Program.

Community College Campuses	
Allegany College of Maryland	$ 250,000
Anne Arundel Community College	$ 250,000
Baltimore City Community College	$ 250,000
Carroll Community College	$ 250,000
Cecil Community College	$ 250,000
Chesapeake College	$ 250,000
College of Southern Maryland:	
Calvert Campus	$ 250,000
Charles Campus	$ 250,000
St. Mary's Campus	$ 250,000
Community Colleges of Baltimore County:	
Catonsville Campus	$ 250,000
Dundalk Campus	$ 250,000
Essex Campus	$ 250,000
Frederick Community College	$ 250,000
Garrett College	$ 250,000
Hagerstown Community College	$ 250,000
Harford Community College	$ 250,000
Howard Community College	$ 250,000
Montgomery College:	
Germantown Campus	$ 250,000
Rockville Campus	$ 250,000
Takoma Park Campus	$ 250,000
Prince George's Community College	$ 250,000
Wor-Wic Community College	$ 250,000

HBCU's	
Bowie State University	$ 1,500,000
Coppin State College	$ 1,500,000
Morgan State University	$ 1,500,000
University of Maryland Eastern Shore	$ 1,500,000
Four-Year Institutions	
Frostburg State University	$ 750,000
Salisbury University	$ 750,000
St. Mary's College of Maryland	$ 750,000
Towson University	$ 750,000
University of Baltimore	$ 750,000
University of Maryland University College	$ 750,000
Research Institutions	
University of Maryland, Baltimore	$ 1,250,000
University of Maryland Baltimore County	$ 1,250,000
University of Maryland, College Park	$ 1,250,000
Total Maximum State Matching	$19,750,000

D. MATCHING RATIOS

1. For the first $250,000, or any portion thereof, the State will provide one dollar for each dollar donated.
2. For the next $1,000,000, or any portion thereof, the State will provide one dollar for every two dollars donated.
3. For the next $1,500,000, or any portion thereof, the State will provide one dollar for every three dollars donated.
4. Starting July 1, 2001, the matching formula changed for the named HBCU's. For donations made to the HBCU's after July 1, 2001, the State will match the first $250,000 on a 2:1 basis and the next $ 1 million, on a 1:1 basis.
5. No eligible institution shall receive more than the maximum prescribed in Section C.

E. DEFINITIONS

1. **Affiliated Foundation.** A foundation is eligible to receive contributions under this specific program if:

   a. It is an affiliated foundation within the meaning of that term in Section 15-104 of the Education Article of the Annotated Code of Maryland;

   b. It has been approved by the appropriate governing board to be operated as an affiliated foundation; and

   c. Its fiscal affairs are audited annually by an independent certified public accountant.

   If a foundation is affiliated with more than one eligible institution, it should segregate contributions received under this program into

endowments dedicated to the specific eligible institution for which the contribution was designated.

2. **Eligible Donor.** An eligible donor is any individual, corporation, partnership, or other form of business organization, public or private foundation (other than those eligible to participate in this program), or other nonprofit organization. Eligible donors do not include the State, any of its subdivisions, the federal government or any foreign government.

3. **Eligible Contribution.** An eligible contribution is:
   a. Specifically designated as an endowment from an eligible donor for an eligible program.
   b. Specifically designated to benefit one eligible institution.
   c. Pledged during the period July 1, 1998 through June 30, 2004 and **paid** prior to July 1, 2004.
   d. May be used for only one matching State program.

4. **Endowment**. An endowment is any contribution or gift that has been provided under the condition that the principal remain intact and be invested in perpetuity for the purpose of producing income.

5. **Eligible Program**. An eligible program is any endowment for an academic purpose, which does not contain unreasonable restrictions as to use. The endowment should support activities consistent with the accepted role and approved mission of the institution. Priority should be given to seeking endowment contributions, which enhance the primary functions of the institution, i.e., instruction, research, and public service, including scholarships for students. Please note that an eligible program does not include any endowment that supports intercollegiate athletic programs.

F. BASE YEAR

1. The base year period begins in July 1, 1997 and ends June 30, 1998 (fiscal year 1998). Payments made during the base year fulfilling pledges made prior to July 1, 1997 are not included in the determination of the amount donated during the base year.
2. Eligible institutions and their affiliated foundations shall prepare and maintain for audit purposes a comprehensive list of contributors and the amounts contributed by each for the period of July 1, 1997 through June 30, 1998, the base year.

G. AMOUNT ELIGIBLE FOR STATE MATCH

Subject to the limitations prescribed in Sections C. and D., and if all other criteria are met, the State will match:

1. The full amount contributed by a donor who did not contribute to the institution, its affiliated foundation(s) or its endowment(s) during the base year; July 1, 1997 - June 30, 1998.

2. The increase in the amount given by a donor over the amount given by the donor to the institution, its affiliated foundation(s) or its endowment(s) during the base year, July 1, 1997 - June 30, 1998.

H. NON-CASH CONTRIBUTIONS AND DEFERRED GIFTS

Non-cash contributions will be valued at the amount which is tax-deductible as determined in accordance to the Internal Revenue Service Regulations. A deferred gift wherein actual funds may not be received for many years, may be eligible (to the extent that it meets the stipulations set forth in E. and G.), if the institution receiving the gift (or its affiliated foundation) has control of the asset. Payment must be received by June 30, 2004.

I. RECORD KEEPING AND AUDIT REQUIREMENTS

Satisfactory documentation that a donation was for an endowment and to a particular institution includes but is not limited to: deeds of gifts; bequests; testamentary instruments; individual letters from donors or their designees; membership or alumni solicitation mailings; newsletters; public notices regarding contributions, admission fees, or gift shop sales; posters or other publicity for fund-raising events; scripts for telethons or for radio, television or telephone solicitations; or other written documentation that is retained by the receiving institution and provides positive evidence of donative's intent. Eligible institutions and affiliated foundations receiving State payments under this program shall provide the Maryland Higher Education Commission two copies of an annual audit of all **disbursements**, pledged and paid amounts and sources. The Commission will provide one copy of the annual audit to the Legislative Auditor. The Commission must receive an annual independent certification as to the eligibility of claimed donations. This statement may be included within the audit report.

J. PROCEDURES FOR CLAIMING STATE-MATCHING FUNDS

Claims may be submitted annually to the Secretary of Higher Education by the president of an eligible institution. The Maryland Higher Education Commission must receive claims for contributions received during any fiscal year by November 1 of the following fiscal year. Funds appropriated for this program for any fiscal year will be prorated proportionally among eligible institutions that have submitted valid claims of paid eligible contributions.

K. PAYMENTS

Amounts paid by the State under this program shall be made in accordance with Section 17-302(c) of the Education Article. For Bowie State University, Coppin State College, Morgan State University, and the University of Maryland Eastern Shore, payments shall be made in the fiscal year following the fiscal year during which the contributions are made. For all other eligible institutions, the State will make payments in equal installments between fiscal 2005 and fiscal 2008.

L. NON-REGULATORY GUIDANCE

1. The Commission's Director of Finance Policy is authorized to provide, upon written request, guidance on any issue arising from the administration of this program.

2. Eligible institutions may appeal the Director's guidance determinations to the Secretary of Higher Education. All appeals must be submitted in writing within thirty (30) days of the Directors of Finance Policy's notice and contain detailed reasons that would justify reversal of the original decision, including all appropriate documentation. The Secretary will review each appeal and make a decision within sixty (60) days after receiving the appeal. Written notification will be provided. All decisions of the Secretary are final.

EXAMPLES OF CALCULATIONS FOR STATE MATCH

Example 1:
John Doe contributed $1,000 during the base year
(July 1, 1997 - June 30, 1998). He contributed $1,000 in July 1998,
MATCH: There would be no State match since his contribution in July 1998
was not an increase over his contribution during the base year.
Example 2: Jane Doe contributed $1,000 during the base year. She contributed $1,500
in July 1998.
MATCH: The State would match $500 since her contribution in July, 1998 was a $500
increase over her contribution in the base year. Jane Doe contributed $1,000 in July 1999.
MATCH: The State would not provide any match for this contribution, as it did not
exceed the base year contribution.
Example 3:
John Doe pledged $1,500 in May 1998 to be paid over the
next three years. In July 1998 he contributed $1,500, $500 as the first
installment of his May 1998 pledge, and $1,000 as an additional contribution
MATCH: The State would match $1,000.

Instructions for Completing Required Forms

Please note that draft forms are due to MHEC on or before July 15, identifying preliminary eligible matching funds. The final, audited forms are due no later than November 1.

1.) Certification Statement Form is a self-explanatory form outlining certification of eligible matches, foundation deposits and contribution requirements.

2.) Form 1 is a detailed breakdown of the endowment information of eligible matching funds shown on the certification statement along with personal information for the contact person.

3.) Form 2 is a detailed breakdown of the endowment information of actual State-matching funds allowed and paid under this program.

4.) Form 3 is the itemized breakdown of eligible matching funds by donor category from the amount shown on the certification statement.

5.) Form 4 is the payee designation form.

6.) Form 5 is the independent auditor certification form verifying eligible donations and State-matching funds.

MARYLAND HIGHER EDUCATION COMMISSION
PRIVATE DONATION INCENTIVE PROGRAM
CERTIFICATION STATEMENT FORM

_____
(Name of the Institution)

We certify that during Fiscal Year (July 1, through June 30,)

_____ has received _____
(Name of Institution) (Dollar Amount)

and _____ has received
(Name of Affiliated Foundation)

_____ for a total of _____
(Dollar Amount) (Dollar Amount)

in contributions which meet the requirements of the Private Donation Incentive Program as described in Title 17, Subtitle 3, Sections 17-301 through 17-306 of the Education Article of the Annotated Code of Maryland, the Maryland Higher Education Commission Guidelines for the Private Donation Incentive Program, and all non-regulatory guidance issued by the Secretary of Higher Education.

Specifically, we certify that:

1. The total dollar amount being certified and for which matching State funds are being claimed are actual donations, not pledges.

2. The affiliated foundation is within the meaning of that term as defined in Section 15-104 of the Education Article of the Annotated Code of Maryland, is approved by the appropriate institutional governing board to operate as an affiliated foundation, and has its fiscal affairs audited annually by an independent certified public accountant.

3. All contributions for which matching State funds are claimed have been made to support this institution and have been specifically designated by the donor for endowments as defined in Section E of the Maryland Higher Education Commission Guidelines for the Private Donation Incentive Program.

4. All contributions are from donors who did not contribute during the base year, July 1, 1997 through June 30, 1998 or represent increases by the donors from the contributions made during the base year.

5. All contributions have been made under the condition that the principal of each endowment will remain intact and will be invested in perpetuity for the purpose of producing income.

6. Income from all endowments, which will receive funds under this program, will be used solely for academic purposes that are consistent with the role and mission of the institution as approved by the Maryland Higher Education Commission.

7. All contributions made to a foundation affiliated with more than one institution were for endowments to support this specific institution.

8. No endowment, which is to receive matching State funds under this program, supports intercollegiate athletic programs or athletic scholarships.

9. All matching State funds received through the Private Donation Incentive Program will be assigned to eligible endowments as defined in Section E of the Maryland Higher Education Commission Guidelines to support this institution.

We further certify that the accompanying endowment and donor information forms are to our best knowledge true and correct.

_____	_____
President of the Institution (Signature)	(Typed Name)
_____	_____
Chief Development Officer (Signature)	(Typed Name)
_____	_____
Chief Financial Officer/Comptroller of the Institution* (Signature)	(Typed Name)
_____	_____
Chief Executive Officer (Signature) of the Affiliated Foundation**	(Typed Name)
_____	_____
Treasurer of the Affiliated Foundation** (Signature)	(Typed Name)

*Necessary only if some contributions were donated to the institution.
**Necessary only if some contributions were donated to an affiliated foundation.

Form - 1

MARYLAND HIGHER EDUCATION COMMISSION
Private Donation Incentive Program
FY __ Eligible Endowment Information Funds

Institution: _____

List all endowments toward which contributions have been made and for which matching State funds are claimed.

Name of Endowment	Amount*	Purpose

Total: (Should equal $ amount in Certification Statement) $_____

*Please round all figures to the nearest dollar

Question or comments regarding this submission should be directed to:

Name: _____
Title: _____
Address: _____
Phone #: _____
E-mail: _____

Form - 2

MARYLAND HIGHER EDUCATION COMMISSION
Private Donation Incentive Program
FY ___ State-Matching Endowment Information Funds

Institution:_____

STATE-MATCHING FUNDS WILL BE DISTRIBUTED AS FOLLOWS:

Name of Endowment	Amount*	Purpose

***Please round all figures to the nearest dollar.**

Form - 3

MARYLAND HIGHER EDUCATION COMMISSION
Private Donation Incentive Program
FY ___ Eligible Endowment Information Funds by Category

Institution:_____

Using the categories below, tally the donors for whose contributions matching State funds are claimed.

Categories of Donors	Total Number of Donors	Total Amount Donated by These Donors
Alumni**		$
Parents**		
Trustees/Employees**		
Other Individuals		
Unduplicated Count of Persons***		
Foundation		
Corporations/Businesses		
Religious Organizations		
Fund-raising Consortia		
Other Organizations		
Totals		

* Please round all figures to the nearest dollar.

** Individual donors and their contributions should be included in each of the categories.

*** **The sum of these totals should agree with the amount on the Certification Statement and Endowment Information Form - 1.**

Form - 4

MARYLAND HIGHER EDUCATION COMMISSION
PRIVATE DONATION INCENTIVE PROGRAM
FY ___ PAYEE DESIGNATION FORM

State-Matching Payments may be made to each public sector, higher education institution or its affiliated foundation.

Payments of FY___ funds are to be disbursed to: (check only one)

_____Institution _____Foundation

Check Payable to:_____

Complete Mailing Address:

_____
_____
_____
_____

Employer I.D.: _____

<u>If four-year institution designated, payment must be processed through the State Comptroller</u>.

RSTARS Codes: Agency:_____ Program:_____ Fund:_____

Transaction Code:_____

Copy of RSTARS transmittal interface information should be sent to:

_____

_____

_____

Form - 5

MARYLAND HIGHER EDUCATION COMMISSION
Private Donation Incentive Program
Independent Certification

Institution: _____

Eligible Actual Donations and State-Matching Funds Placed in Endowment Accounts:

Eligible Actual Donations and State-Matching Funds Placed in Endowments Accounts

	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Donor Funds							
State Matching Funds	N/A						

"Eligible donations and matching State payments have been placed in an endowment fund restricted to academic purposes and that disbursement from these accounts have been made in accordance with the provisions of the endowment."

The above information regarding donations and grant receipts agrees with records of

_____
(State Institution or Foundation)

If it does not, please note any exceptions below:

_____

_____

_____

Independent Auditor: _____

Signature: _____

Date: _____