

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

Senate Bill 165 (Senator Lawlah. *et al.*)

Economic and Environmental Affairs

Higher Education - Private Donation Incentive Program - Reestablishment

This bill reestablishes the Private Donation Incentive Program, under which the State is required to provide funds to public higher education institutions receiving eligible private donations. Each institution shall receive from the State an amount equal to: the first \$250,000 of eligible pledges paid during the previous fiscal year; one-half of the next \$1,000,000 or any portion thereof; and one-third of the amount in excess of \$1,250,000. State funding is limited to: \$250,000 for each community college; \$1,250,000 each for the University of Maryland, College Park and the University of Maryland, Baltimore; and \$750,000 for each other institution.

To determine eligibility for State payments, each donation shall be compared to the amount donated during the base year, fiscal 1989. Each donation must be from a new donor, or represent an increase over the amount given by the donor during the base year. Pledged amounts must be paid by July 1, 2004.

Amounts paid by the State to an institution under the program may not directly or indirectly reduce general fund or capital support for the institution. Amounts paid by the State shall be excluded from the Joseph A. Sellinger computation for State aid to nonpublic colleges and universities.

The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: General fund expenditures would increase by \$17,100 in FY 2000 for program administration, and by \$2.96 million in FY 2001, which includes one-fifth of the funding limit. Out-year expenditures reflect inflation.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
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GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$0.02	\$2.96	\$2.97	\$2.97	\$2.97
Net Effect	(\$0.02)	(\$2.96)	(\$2.97)	(\$2.97)	(\$2.97)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: The Private Donation Incentive Program (PDIP) was previously effective, with similar elements as contained in this bill, from July 1, 1989 through June 30, 1997.

State Expenditures: If each eligible institution (16 community colleges, the University of Maryland, College Park, the University of Maryland, Baltimore, and 11 other institutions) were to qualify for the maximum matching amount under the program, general fund expenditures would increase by \$14,750,000 over the life of the program. During the prior effective period of PDIP, the State funded almost \$13 million. This analysis assumes that the maximum funding amount is paid out equally over the five-year period from fiscal 2001 through fiscal 2005.

The Maryland Higher Education Commission would incur an estimated \$17,120 in administrative expenses in fiscal 2000, which includes salary for a part-time contractual employee to administer the program, supplies, and one-time equipment purchases. Future year administrative expenditures reflect inflation.

Information Source(s): Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 1999
Inc/jr

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