

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

House Bill 93 (Chairman, Appropriations Committee)
 (Departmental – University System of Maryland)
 Appropriations Education, Health, and Environmental Affairs

Higher Education - Private Donation Incentive Program - University of Maryland Baltimore County

This departmental bill increases to \$1.25 million the maximum Private Donations Incentive Program State match for eligible donations made to the University of Maryland Baltimore County (UMBC). The enhanced State match applies to private donations pledged on or after July 1, 2001.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$500,000 in FY 2004 to match private donations made to UMBC in FY 2002. The State match only applies to donations made through FY 2004 and therefore would not impact State finances beyond FY 2006.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	500,000	0	0	0
Net Effect	\$0	(\$500,000)	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: The University System of Maryland has determined that this bill has minimal or no impact on small businesses (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: UMBC may receive a State match of up to \$750,000 through the Private Donations Incentive Program (PDIP). Other public institutions of higher education are also eligible to receive PDIP State matches of up to: \$250,000 for community colleges; \$1.25 million for the University of Maryland, College Park and the University of Maryland, Baltimore; \$1.5 million for historically Black colleges and universities; and \$750,000 for all other eligible institutions. The State match in all institutions except the historically Black institutions is in effect for donations made through fiscal 2004, and is equal to the first \$250,000 pledged, one-half of the next \$1 million pledged, and one-third of any additional pledged amount after the first \$1.25 million.

To determine what donations are eligible for a PDIP State match, private donations are compared to donations each institution received in fiscal 1998. To be eligible, donations must be from new donors or represent increases over the amounts given by donors in fiscal 1998. Each donation must be specifically designated as an endowment.

Background: The August 2000 Carnegie Foundation classification of American Higher Education Institutions ranked UMBC in the top tier of research universities. The proposed increase to the maximum State match for UMBC reflects the new classification that places UMBC in the same status as the University of Maryland, College Park and the University of Maryland, Baltimore, both of which are eligible to receive State matches of up to \$1.25 million.

The Private Donation Incentive Program was originally in effect from 1989 to 1992. It was reestablished by Chapter 515 of 1999, which implemented the recommendations of the Larson Task Force regarding the coordination, governance, and funding of the University System of Maryland. The proposed fiscal 2003 State budget includes \$6.6 million for State matches for PDIP; however, the administration proposes to defer the \$6.6 million in funding to subsequent years contingent on legislation authorizing the reduction for fiscal 2003.

State Expenditures: UMBC has received eligible PDIP donations of nearly \$550,000 in fiscal 1999, just over \$1 million in fiscal 2000, and approximately \$3.2 million in fiscal 2001. It has earned the entire \$750,000 State match for which it is currently eligible under PDIP. To earn the additional \$500,000 State match, UMBC would have to receive eligible donations totaling at least \$1.5 million from fiscal 2002 to fiscal 2004. In practice, the State has paid PDIP matches in the second fiscal year following the fiscal year in which the donations were received. Assuming UMBC receives eligible donations of \$1.5 million or more in fiscal 2002, State expenditures would increase by \$500,000 in fiscal 2004.

Additional Information

Prior Introductions: House amendments to SB 203/HB 304 of 2001 would have increased UMBC's maximum State match under PDIP to \$1.25 million. The amendment was deleted, however, when the House and Senate versions of the bills were being reconciled.

Cross File: None.

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

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