

Board of Governors

Development of 2004 Legislative Issues

January 22, 2004

Issue: Major Gifts

Issue Summary: There is in excess of a \$85 million backlog of unmatched gifts on the university system's priority list as of September 30, 2003.

Background: Section 1011.94, F.S., creates the Trust Fund for University Major Gifts program. This program provides state matching funds to universities for private donations that establish permanent endowments, with the proceeds of the investments used to support libraries, instruction, and research programs. Statutes specify the rate at which private donations will be matched. For example, donations of amounts between \$100,000 and \$599,999 must receive a state matching grant of 50% of the private donation, while donations between \$600,000 and \$1.0 million must receive a state matching grant of 70% of the private donation. The rates increase with larger donations – donations of at least \$2 million are matched 100%.

Concern has periodically been expressed by the Legislature that the program needs to be streamlined to ensure that expenditures from this program reflect state priorities. Also, it has been a challenge for the Legislature to fund the growing needs of this program while trying to fund other needs of the university system, such as enrollment growth.

Staff Recommendation:

- (1) Advocate funding by the 2004 Legislature of \$60 million of the backlog of unmatched gifts, as reflected in the Board's Legislative Budget Request.
- (2) For consideration of revisions to s. 1011.94, F.S., direct that specific recommendations be developed to ensure that expenditures from this program reflect state priorities, and direct that a methodology be developed that will result in a more fiscally responsible approach in a time of limited state resources.