

**BOARD OF HIGHER EDUCATION**  
**REQUEST FOR COMMITTEE AND BOARD ACTION**

**COMMITTEE:** Fiscal Affairs and Administrative Policy    **NO.:** FAAP 08-02  
**COMMITTEE DATE:** November 8, 2007  
**BOARD DATE:** November 16, 2007

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**APPROVAL OF THE FY2008 ENDOWMENT INCENTIVE PROGRAM GUIDELINES**

**MOVED:**            The Board of Higher Education hereby adopts the attached  
Endowment Incentive Program guidelines for Fiscal Year 2008.

Authority:            Massachusetts General Laws, Chapter 15A, Section 15e  
Contact:             Sue Wolfe, Associate Vice Chancellor for Fiscal and Administrative  
Policy

## **FY2008 Endowment Incentive Program Guidelines Background Information**

In June 2006, the Massachusetts Legislature replaced the existing Chapter 15A, Section 15(E) with a new Chapter 15A, Section 15 (E) entitled the "Public Higher Education Endowment Incentive Program." The program was originally authorized in FY1996 and expired at the end of FY2001. The new legislation re-establishes a program that will provide state matching support to encourage private fundraising by foundations of the University and of the state and community colleges, or by the institutions themselves, separately from the foundation. All matching funds are directed to the foundation.

The responsibilities of the Board of Higher Education under this statute are to establish the guidelines defining the matching ratio for funds raised and to disburse the Commonwealth's appropriation according to the guidelines.

Under the legislation, the Commonwealth will match private donations based on a ratio set by the Board of Higher Education up to a set of caps established by the law and subject to an annual appropriation. The statute suggests a ratio of \$1 in state funds for each \$2 raised by an institution or foundation or "\$1 for such greater number of dollars as may be established by the Board of Higher Education." The staff recommends continuing with the ratio of \$1 to each \$2 raised, as suggested in the statute. The legislation also provides that the base amounts against which these ratios are applied are the "private contributions in the current fiscal year". The current fiscal year is defined as fiscal year FY2007 for the purposes of this motion.

Maximum state matching contribution over the life of this program is capped at \$50 million for the University, \$45 million for state colleges (\$5 million for each institution), and \$30 million for community colleges (\$2 million for each institution). Total state matching contribution support for the system is capped at \$125 million. The program shall terminate when the University, state college, or community college has received the amount in state matching funds described above or on July 1, 2010, whichever is sooner.

The total matching funds available in a particular fiscal year is subject to appropriation. The Massachusetts Legislature has appropriated \$13 million for the program in an FY2007 supplemental appropriation, to be split as follows: University, \$7 million; state colleges, \$3 million; and community colleges, \$3 million.

## Public Higher Education Endowment Incentive Program Guidelines - FY2008

Purpose	Encourage private fundraising and endowment growth by Commonwealth public higher education institutions and foundations.
Funding available	\$13 million University, \$7 million State Colleges: \$3 million or \$333,333 allocation per college Community Colleges: \$3 million or \$200,000 allocation per college
Matching Schedule	\$1 match for every \$2 raised
Donations Eligible for Match	Private contributions to the endowment (permanently restricted funds) for the purposes of this program shall be limited to donations to an endowment for academic purposes including, but not limited to, scholarships, endowed chairs, and contributions in support of academic facility construction and maintenance approved by the appropriate board of trustees.
Process for Campus Participation	For each institution the program shall be administered by its foundation, as defined in section 37, in accordance with procedures adopted by the board of trustees on or before August 17, 2006. Such procedures shall include the method for each board of trustees to certify to the house and senate committee on ways and means the actual amount received in private contributions to the endowment in each fiscal year. Such procedures shall also include safeguards for protecting the anonymity of donors who indicate their desire not to be identified.