



Matching Gift Program Creates \$1.24 Billion in University Endowments

Florida benefits from a unique private-public partnership that encourages the 11 state universities to establish endowments for academic initiatives. The basic premise is to provide donors with an incentive in the form of matching state grants, thereby increasing the value of the donation. Since 1979, the state universities have used the matching gifts program to establish more than 2,300 permanent endowments worth \$1.24 billion (see Exhibit 1 for funds by university and source).

Background:

Originally, the Legislature created two matching gift programs for non-capital academic endowments at the state universities. However, as the programs gained notoriety, the Eminent Scholars program was folded into the larger program, the Trust Fund for Major Gifts, in 1994. Today the program is commonly known as the Major Gifts program, but still maintains both matching gift initiatives.

Exhibit 1. \$1.24 Billion for Endowments, 1979-2004.

	Private Donation	State Match	Total
UF	\$300,056,689	\$206,795,673	\$506,852,362
FSU	110,726,129	84,415,030	195,141,159
USF	109,941,034	85,187,576	195,128,610
FAU	57,286,621	45,352,111	102,638,732
FIU	30,210,723	23,865,912	54,076,635
UCF	29,191,401	20,982,519	50,173,920
FAMU	28,235,861	15,956,310	44,192,171
UNF	23,786,823	16,830,800	40,617,623
UWF	18,571,621	13,546,478	32,118,099
FGCU	6,199,695	3,805,002	10,004,697
NCF	5,745,811	3,165,406	8,911,217
Total	\$719,952,406	\$519,902,817	\$1,239,855,223

Universities Enjoy 226 Eminent Scholar Chairs:

An Eminent Scholar Chair requires a minimum endowment of at least \$1 million (\$600,000 private donation and \$420,000 state match). The proceeds from this endowment may be used for salaries or to supplement salaries associated with the chair's scholarly work. The chair can be occupied by a current faculty member or used to attract visiting scholars.

The program now boasts 226 established chairs in 36 disciplines with each state university hosting at least three chairs. Medicine and Business have been the most popular with a combined funding of more than \$112 million. Exhibit 2 shows the top five disciplines with chairs along with the

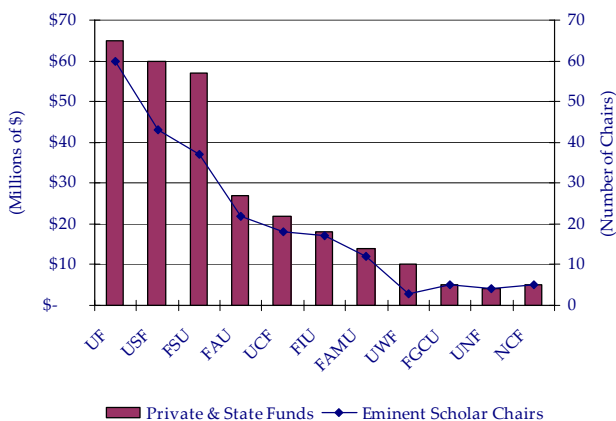
associated endowments (private donation plus state match).

Exhibit 2. Medicine and Business are Popular Disciplines for Chairs, 2004

Discipline	Total Funding
1. Medicine	\$56.5 M
2. Business	\$55.9 M
3. Social Sciences	\$15.2 M
4. Education	\$13.3 M
5. Arts & Sciences	\$13.1 M

The 226 chairs have been created with \$166 million in private donations matched with \$117 million in state funds for a total of \$283 million worth of endowments. There are 25 chairs that were created with funds greater than the \$1 million minimum, with the largest being \$3.8 million. The University of Florida, University of South Florida, and Florida State University lead the state universities in the amount of funds donated and matched (see Exhibit 3 for comparisons).

Exhibit 3. Three Universities Lead in Number of Chairs



The University of Florida was the first to establish an Eminent Scholar endowment. The McKethan-Matherly Eminent Scholar Chair was the first chair established in the Warrington College of Business. This chair has generated in excess of \$1.2 million, which has been available to attract outstanding faculty. The first recipient was Hans Theil, a world

renowned econometrician¹ from the University of Chicago. The most recent chair holder is Timothy Judge, one of the leading researchers in human resource management. Professor Judge was influential in attracting outstanding colleagues to the university. These colleagues were ranked, collectively, as the number one assembly in the world in terms of publications in the top research journals in human resource management (2003-04).

Universities Possess 2,090 Major Gift Endowments:

The Major Gift program requires a minimum private donation of \$100,000 before a state match is made. The Legislature uses a statutory donation scale to determine the percentages of state matching funds provided per donation. For example, a gift of \$100,000 is currently eligible for a matching grant equal to 50 percent of the private contribution (or \$50,000), whereas a \$2 million contribution is eligible for a 100 percent matching state grant.

The proceeds from these permanent endowments are used to support numerous university instructional related initiatives as agreed upon by the donor and the university. These incentives include projects such as student scholarships, professorships, and enhanced library resources. Since 1985, the state universities have used this program to establish 2,090 permanent endowments.

These endowments have been established in 70 different areas. Exhibit 4 shows the top five areas and associated funding (private donation plus state match) in which endowments have been established.

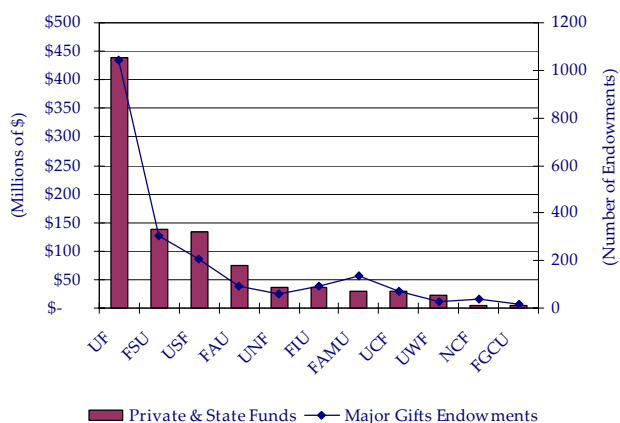
¹ Econometrics is the application of mathematical and statistical techniques to economics.

Exhibit 4. Business and Medicine are Most Popular Disciplines for Endowments, 2004

Discipline	Total Funding
1. Business	\$213.2 M
2. Medicine	\$209.6 M
3. Not Specified ²	\$163.0 M
4. Arts & Sciences	\$70.1 M
5. Law	\$47.2 M

The Major Gift program has generated over \$553 million in private donations and the state has provided matching funds of \$394 million for a total of \$948 million in permanent endowments to benefit state universities and students. Exhibit 5 shows a comparison of the total funds (private plus state) and the number of endowments by state university.

Exhibit 5. University of Florida Leads in Major Gifts



The largest private donation was to the University of Florida for the Evelyn F. McKnight Brain Research Foundation Fund. The donation was \$15 million which received a 100% state match. Large donations are not the norm, but represent a sizable portion of all donations given.

Proposed Changes to the Program:

Due to the success of the matching programs, the Legislature has not always been able to appropriate

funds to fully match the private donation. By the end of 2003, a significant number of gifts were waiting state matching funds.

During the 2004 Legislative session, \$94.8 million was appropriated to fully fund the matching gifts requests through December 31, 2003, thus taking care of the matching requests. However, since January 1, 2004, approximately \$33 million in matching requests have been submitted to the Division of Colleges and Universities.

In an effort to curb the continued growth in the program, the Board of Governors has recommended changes to the program. These changes focus on restructuring the matching gift levels and percentages of state match. As part of its 2005 Legislative package, the Board will be working with the Legislature to modify the Major Gifts statute (s. 1011.94, F.S.).

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² These are endowments created for the general benefit of the university instead of a specific discipline or area.

