



Council for Education Policy
Research and Improvement

**THE COSTS AND BENEFITS OF STATE
MATCHING FUNDS FOR COMMUNITY
COLLEGE AND STATE UNIVERSITY
PRIVATE DONATIONS**

December 2001

COUNCIL FOR EDUCATION POLICY, RESEARCH AND IMPROVEMENT

**THE COSTS AND BENEFITS OF STATE MATCHING FUNDS FOR
COMMUNITY COLLEGE AND STATE UNIVERSITY PRIVATE
DONATIONS**

Prepared in Response to Specific Appropriations 187 through 191
of the 2001 General Appropriations Act

December 2001

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EXECUTIVE SUMMARY

Legislative Charge

In Specific Appropriation 187 through 191, the Council for Education Policy, Research and Improvement was directed to examine the following:

(a) The net returns on the investment of endowments after subtracting the cost to the institution of supporting the foundation from institutional operating funds, and the overhead cost assessed to the endowment accounts by foundations, the portion of the return on investments that must be reinvested to maintain the corpus of the endowment.

(b) The degree to which the donor-driven allocation of funds through the matching process responds to the mission of the institution and the priorities of the state.

(c) A comparison of the benefits derived from the total cumulative expenditures on these programs to benefits which could be expected from alternative investments such as equipping state of the art scientific labs.

(d) An analysis of the use of the proceeds from the endowments.

(e) An analysis of the number and type of endowments by program area. If the evaluation concludes that the donation matching programs should be continued, the report shall include recommendations for improved accountability for the use of earnings from endowments that include state matching and a method for prioritization of state matching funds.

Background

Florida was a pioneer in the implementation of programs that provide state funding to match private donations. Several states have modeled their programs after Florida. The Florida Legislature has created three matching gifts programs for universities: the Eminent Scholars Program, the Major Gifts Program, and the Facilities Enhancement Challenge Grant. The 1994 Legislature combined the Eminent Scholars and Major Gifts Challenge Grant programs into one program, the Trust Fund for Major Gifts. Since their inception, \$726.9 million in private donations has been received through these three programs. These donations have been matched with \$490.5 million in state appropriations. The community college matching programs (Academic Improvement Trust Fund, Health Care Education Quality Enhancement Grant, Scholarship Matching Program, and Facility Enhancement Challenge Grant) have also been successful in attracting private donations. As of 2001, these programs had received \$182.8 million in private donations. The state has allocated a cumulative total of \$118 million to match these donations.

The public-private partnerships developed through these programs have allowed institutions to supplement state monies as they pursue their unique institutional missions. However, with success of the program has come burgeoning cost to the state, as donations have grown beyond available state funds. This has led to inquiry into whether the matching programs are furthering state priorities and institutional missions or simply financing donor-driven projects at the expense of other system needs. Major policy concerns evident in the proviso language directing the current study fell into three main areas: A.) Management of Program Growth; B.)

Mission and Accountability; and C.) State Return on Investment. This study examined these policy issues and explored whether the programs should be continued.

Findings

The analysis concluded that the matching programs do provide a valuable incentive to strengthen the commitment of citizens and organizations in promoting excellence in Florida's colleges and universities, thus should be continued. The principal benefits to the state of the matching programs include: 1.) Public-private partnerships to supplement state allocations; 2.) Providing access through scholarships; 3.) Ensuring sufficient facilities to meet the current demands of instructional and research programs; and 4.) Attracting top scholars who bring contract and grant revenue and research opportunities that benefit Florida's economy and citizens. However, it is also recognized that, while there is a place for matching programs in the current educational financing structure, its operation should not come at the expense of other educational priorities or the education and general monies available to finance institutions' operating expenses. This can be avoided by ensuring that the projects receiving matching program funds are those that maximize the priorities set forth by the state and are closely aligned with the unique institutional missions of Florida's community colleges and universities. Management of program growth is another imperative part of this process. These measures will assist the state in ensuring that the allocation of scarce state resources are distributed so that they maximize the guiding principles of Florida's new coordinated, seamless system for kindergarten through graduate education

Recommendations Pertaining to Both University and Community College Programs

Alignment With State Priorities and Strategic Planning Processes

As the new Florida Board of Education undertakes the strategic planning process and examines the goals of the new K-20 system, the matching program should be aligned with the priorities articulated as a result of this process. Institutional submissions for matching funds should be consistent with these priorities and should assist in the furtherance of these goals.

Recommendation:

- 1. *Institutions should be required to link all requests for a state match to the strategic imperatives set forth by the Florida Board of Education as a result of their strategic planning process. Each university and community college president should provide to the Division of Colleges and Universities or the Division of Community Colleges of the Florida Board of Education a report of donations from private donors for challenge grants. The listing should include an explanation of the donation, a statement of the specific benefits accrued to the university as a result of the donations, how the donations are consistent with the mission of the institution, and how they further the state priorities set forth in the Florida Board of Education Strategic Planning Process. The Division of Colleges and Universities or the Division of Community Colleges will then notify the institution of its eligibility to receive matching funds.***

As the Florida Board of Education considers policies supporting the new structure and critical needs of Florida's education system, they should look to the role that the matching programs play in advancing the state's goals in these areas and supplementing state support.

Recommendation:

- 2. The Florida Board of Education should have the flexibility to give additional weight or priority to donations submitted for matches.***

In making such considerations, however, it is important to remember that endowed funds through the matching program cannot be viewed as a dollar for dollar substitute for appropriations to programs or critical state needs, in that only the earnings generated by the endowed funds may be spent.

Local Operational Flexibility

The authorizing legislation for Florida's new education structure provided that one of the guiding principles of the new systems was the following:

To provide for devolution of authority to the schools, community colleges, universities, and other education institutions that are the actual deliverers of educational services in order to provide student-centered education services within the clear parameters of the overarching education policy established by the Legislature.

To help achieve this end, and to ensure that the gifts submitted for state matching funds are consistent with their institutional missions, it is vital that the newly created institutional Boards of Trustees approve the matching fund requests submitted to the Florida Board of Education. In their review of these requests, the institutional Boards of Trustees should examine how the request furthers their mission and tie into their institutional planning processes.

Recommendations:

- 3. Each gift submitted to the Florida Board of Education for a match should first be approved by the institutional Board of Trustees to ensure alignment with institutional mission and planning processes.***
- 4. Once they are approved by institutional Boards of Trustees and the Florida Board of Education, the ordering of donations for priority listing of unmatched gifts should be determined by the submitting institution.***

Fiscal Accountability

While individual institutions undergo annual audits, currently there is no statutory requirement that institutions submit to the state an annual expenditure report of matching funds. This would allow for future analysis and annual review of how the monies for the matching programs are actually being spent. Such a report would help ensure that local operational flexibility for the matching programs is not coming at the expense of accountability. This alignment of responsibility to accountability is a guiding principal of the authorizing language for Florida's new education system.

Recommendation:

5. ***Institutions should be statutorily required to submit to the Florida Board of Education an annual expenditure report tracking the use of all matching funds. Donations should be reported at the aggregate level for each institution and expenditure categories should include but not be limited to: faculty support and benefits; support staff; equipment and supplies; travel and entertainment; scholarships; and fellowships.***

Equitable Distribution of Funds

One of the guiding principles stated in the authorizing language for the new education structure is: "A system that safeguards equity and supports academic excellence."

Recommendation:

6. ***The Florida Board of Education should evaluate the allocation of matching funds to ensure that institutions of varying size and mission have the opportunity to participate in the program.***

Managing Growth

The funding for the matching programs comes from the same pool that funds other educational priorities of community colleges and universities. This is even more evident now in light of the seamless K-20 budget. A mechanism should be put in place to ensure that the monies for the matching program as a percentage of the total appropriations for institutions does not hinder the accomplishment of other priorities. For the 1999-00 and 2000-01 fiscal year, state appropriations for the matching programs constituted 3.9% of the total general revenue appropriations for the state university system. During this same time period, matching programs in the community college system represented approximately 2.5% of that sector's total general revenue appropriations.

Recommendation:

7. ***A mechanism signaling program review should be put in place should the state funding for matching programs exceed a certain percentage of the total legislative appropriation for each sector. This percentage would be set by the Florida Board of Education, and in the event that this percentage is exceeded, the Florida Board would have the flexibility to examine the program and, if need be, alter the criteria used in determining donations to be matched.***

University Specific Recommendations

Program Administration

Statutory language Section 240.2605(2), F.S. currently holds that:

The Board of Regents shall specify the process for submission, documentation, and approval of requests for matching funds, accountability for endowments and proceeds of endowments, allocations to universities, restrictions on the use of the proceeds from endowments, and criteria used in determining the value of donations.

As the new education structure is implemented, it is crucial that the responsibilities and roles for the administration of the matching program be clarified.

Recommendation:

- 8. *The role of administering the matching programs that was previously held by the Board of Regents should now statutorily lie with the Division of Colleges and Universities of the Florida Board of Education. As a result, they should provide careful review of all match requests from the individual institutions to ensure that they are tied to the state imperatives discussed earlier.***

Managing Program Growth

As the number and size of donations eligible for matching funds has grown, it is important that no single donation deplete all the funds from a specific year's appropriation and that the state has a ceiling on the size of a match for which it will be responsible.

Recommendation:

- 9. *The percentages of state matching funds provided for approved private donations should remain as authorized in Section 240.2605(3)(b), F.S. However, statutory language should be revised to include a cap of \$15 million, payable at \$3 million per year over a period of five years, on the maximum amount of state matching funds for any single gift.***

Community College Specific Recommendations

Clarification of Roles

As the process of implementing the new structure for Florida's education system takes place, it is imperative that there is clear delineation of responsibilities for the administration of the matching program.

Recommendation:

- 10. *The Division of Community Colleges of the Florida Board of Education should be given statutory authority for the submission, documentation, and approval of requests for matching funds, accountability for endowments and proceeds of endowments, allocations to community colleges, restrictions on the use of***

the proceeds from endowments, and criteria used in determining the value of donations.

Streamlining Programs

According to institutions managing the community college matching programs, difficulties and confusion occur in handling separate matching programs due to a lack of a standardized approach in reporting and accounting. Colleges suggested that combining the programs would alleviate confusion on behalf of students, donors, and staff.

Recommendations:

- 11. There should be established a single matching gifts program for public community colleges, which encompasses the goals originally set out in the Academic Improvement Trust Fund, the Scholarship Matching Program, and the Health Care Education Quality Enhancement Challenge Grant. The Facilities Enhancement Challenge Grant should remain a separate program.***

- 12. For the combined community college program, the private donation to state dollar matching ratio should be 3 to 2, except for donations received for scholarships. For all scholarships, the private donation to state dollar matching ratio should be 1 to 1.***

The vast majority of funds (66% in the most recent fiscal year) expended from matching programs in the community colleges go to scholarships. It is further recognized that community colleges need operational flexibility to fulfill their unique mission and make policies that best accommodate the distinctive size and composition of its student body.

Recommendation:

- 13. The determination of whether the need and non-need based scholarships awarded through the new combined program are endowed should be left to the institutions.***

Responding to the Community Needs for Academic and Career Education

Currently, the Community College Facility Enhancement Challenge Grant program allows for community colleges to “receive and match challenge grants for instructional and community-related capital facilities within the community college.” Statutory language holds that “the community colleges’ mission reflects a commitment to be responsive to local educational needs and challenges” Section 240.301(1), F.S. and that “the primary mission and responsibility of public community colleges is responding to community needs for postsecondary academic education and degree career education.” Section 240.301(3), F.S. As the statutory language for the Facility Enhancement Challenge Grant stands now, the projects that are “community-related” do not necessarily have to have an academic or degree career education purpose.

Recommendation:

- 14. To ensure that statutory language reflects the mission of the community colleges, Section 240.383(1), F.S. should be amended to state that community colleges may:**

...receive and match challenge grants for instructional and community-related capital facilities that have an academic or career education purpose.

PURPOSE OF STUDY

Evaluate the costs, benefits, and continued need for state appropriations to match private donations to community colleges and universities.

Legislative Charge

By December 1, 2001, the Council for Education Policy, Research and Improvement is required to conduct an evaluation of the cost, benefits, and continued need for state appropriations to match private donations to community colleges and state universities. The evaluation shall consider but not be limited to:

- (a) The net returns on the investment of endowments after subtracting the cost to the institution of supporting the foundation from institutional operating funds, and the overhead cost assessed to the endowment accounts by foundations, the portion of the return on investments that must be reinvested to maintain the corpus of the endowment.
- (b) The degree to which the donor-driven allocation of funds through the matching process responds to the mission of the institution and the priorities of the state.
- (c) A comparison of the benefits derived from the total cumulative expenditures on these programs to benefits which could be expected from alternative investments such as equipping state of the art scientific labs.
- (d) An analysis of the use of the proceeds from the endowments.
- (e) An analysis of the number and type of endowments by program area. If the evaluation concludes that the donation matching programs should be continued, the report shall include recommendations for improved accountability for the use of earnings from endowments that include state matching and a method for prioritization of state matching funds.

ENDOWMENTS AS INVESTMENTS FOR COLLEGES AND UNIVERSITIES

Higher education endowments throughout the nation saw an overall increase in the most recent fiscal year, with a rate of return of 13% (up from 11% in 1999). This comes after a downturn in endowment returns between 1997 and 1999. Despite overall growth, the disparity between endowments seems to be growing. According to data from a report released by the National Association of College and University Business Officers (NACUBO), larger endowments continue to outperform smaller ones, and endowments held by private universities have had higher average rates of return than those of public institutions. This trend was not always true, as throughout the nineties there was little disparity between large and small endowments and those of public and private institutions. The disparity is due in part to the fact that larger endowments can make riskier investments and generally have more sophisticated investment officers (Chronicle 2001). Furthermore, larger endowments can tolerate having investments tied up for several years, while smaller schools need endowment income for continuing operations.

While institutions vary nationally in the percent of revenue received from endowment income, public institutions averaged 0.6%, while private institutions averaged 5.2% (Almanac 2001). Florida's public institutions receive <1% of their total revenue from endowment income.

The largest endowment in the nation is that of Harvard University, which totaled over \$14 billion in the 1999 fiscal year. The University of Texas System is the largest public endowment and the second largest overall, totaling over \$8 billion. The largest endowment in Florida (71st largest nationally) is the University of Florida whose endowment totaled \$601,813,000 (Almanac 2001). The top three fundraisers in Florida in 2000-01 were the University of Florida (\$135,389,200), the University of Miami (\$85,736,300), and Florida State University (\$54,500,000).

Community college fundraising and endowments differ from those of four-year institutions. Because of institutions' community-based mission, donors to community colleges are less likely to be alumni and more likely to be businesses. The Council for Aid to Education (CAE) in its annual survey of college gifts, found that four-year institutions raise \$20 in donations for every \$1 in donations given to two-year institutions. Despite this, community college endowments are on the rise. Three community colleges nationally (Miami-Dade included) have endowments over \$100 million.

HOW FLORIDA COMPARES

Florida was a pioneer in the implementation of programs that provide state funding to match private donations. Several states have modeled their programs after Florida. According to the Education Commission of the States (Chronicle, 1997), at least one dozen states have adopted laws that allow certain donations to college endowments to be matched with public funds. Most measures apply only to funds donated to endow professorships. However, programs in some states, such as Florida, are more expansive in nature. Most state programs are funded through state allocations from legislatures each year. This has led to problems in some states, including Alabama, Utah, and Washington, where lawmakers have not funded statutorily created matching programs. One exception to this funding procedure is Louisiana, which finances its matching program through a federal trust paid to the state to settle a dispute over oil revenues. Another distinguishing characteristic of the Louisiana program is the fact that funds are available to both public and private institutions.

As part of this study, a survey was sent to all fifty states, to assess their matching gift programs. Of the 22 states that responded, 16 stated that they had a matching program. None were as expansive as Florida's program, with the majority being restricted to eminent scholars, distinguished professors, and scholarships. Arizona further restricted their program to matching donations for need-based scholarships.

HISTORY OF FLORIDA'S MATCHING PROGRAMS

Public University Programs

The Florida Legislature has created three matching gifts programs for universities: the Eminent Scholars Program, the Major Gifts Program, and the Facilities Enhancement Challenge Grant. The 1994 Legislature combined the Eminent Scholars and Major Gifts Challenge Grant programs into one program, the Trust Fund for Major Gifts.

Eminent Scholars

The primary purpose of the Eminent Scholars program, implemented in 1979-80, is to attract prominent scholars to universities in Florida. These scholars bring new research opportunities and add prestige to programs. The proceeds from endowments can be used as salaries or as a supplement for salaries and expenses associated with the chairholder's scholarly work. The donation must be at least \$600,000 to qualify.

Major Gifts Program

The major gifts program, implemented in 1985-86, was originally established to fund endowed professorships only. A year after its creation, the use of these funds was expanded to include library resources, scientific and technical equipment, and scholarships. In 1994, criteria for use of the funds were changed to the support of libraries, instruction, and research programs. The donations, state matching funds, or proceeds from endowments established under this program may not be expended for the construction, renovation, or maintenance of facilities or for the support of intercollegiate athletics. Currently, the minimum donation to qualify for a match is \$100,000.

The matching ratio for private donations is as follows:

<u>Private Donation Amount</u>	<u>State Match</u>
\$100,000 - \$599,999	50%
\$600,000 - \$1,000,000	70%
\$1,000,001 - \$1,500,000	75%
\$1,500,001 - \$2,000,000	80%
\$2,000,001 or greater	100%

Facilities Challenge Grant

This program, implemented in 1989-90, provides the opportunity for each state university to receive and match challenge grants for instructional and research-related capital facilities within the university. To be eligible to participate in the program, a state university must raise a contribution from private nongovernmental sources that is equal to one-half of the total cost of a facilities construction project. This amount will be matched by a state appropriation equal to the amount raised for the project. Projects must be on the State University System's 5-year Capital Improvement Plan list in order to be eligible for a match.

Community College Programs

Academic Improvement Trust Fund

The Academic Improvement Trust Fund, established in 1984, provides the opportunity for community colleges to receive \$4.00 in state funds for every \$6.00 in private donations. A foundation must have \$4,500 in donations before it can apply for \$3,000 in state matching funds. Statute requires that \$25,000 must be reserved for each college to allow every institution an opportunity to match challenge grants. Funds that remain unused are then available to be matched by any community college. Furthermore, no community college may receive more than 15% of the total appropriation to the AITF program. The current study revealed, however, that these procedures were not being followed in practice, and that AITF funds were being distributed based on receipts received per proviso language, without utilizing the set aside nor the 15% cap.

Health Care Education Quality Enhancement Grant

In 1989, the Legislature created the "Nursing Education Challenge Grant Fund" to increase student enrollments in nursing programs and other health service programs at community colleges. In 1992 the name of the grant was changed to the "Health Care Education Quality Enhancement Challenge Grant Fund". The expanded mission was to encourage private support in order to improve the quality of nursing and health care education programs at community colleges. The funds are matched on a basis of \$400 in state funds for every \$600 in private funds donated. Funds available to be matched are reserved for each college, based on the full-time equivalent enrollment (FTE) in health care education programs. Statutory language provides for a maximum amount (to be set by the now abolished State Board of Community Colleges) that any community college can receive. As was true with the AITF, this study found that funds for the Health Care Matching program were being distributed based on proviso language and not statutory requirements.

Scholarship Matching Program

The Scholarship Matching Program was originally created in the proviso language of the 1996-97 General Appropriations Act. Currently there is no permanent statute providing guidelines for the program. Matching funds are provided on a dollar for dollar basis, and may only be used for scholarships (both endowed and non-endowed).

Facility Enhancement Challenge Grant

The Facility Enhancement Challenge Grant Program was established in 1997-98 for the purpose of assisting the Florida Community College System in building high priority instructional and community-related capital facilities consistent with Section 240.301, F.S. including common areas connecting such facilities. To be eligible to participate in the program, a community college, through its direct-support organization, must raise a contribution from private sources that is equal to one-half of the total cost of a facilities construction project. This amount will be matched by a state appropriation equal to the amount raised for the project, subject to the General Appropriations Act. In order to be eligible to receive a match, projects must be on the Community College System 5-year Capital Improvement Plan. Unlike the university facilities matching program, statutory language allows for local government monies to be used for a match.

HISTORY OF DONATIONS AND APPROPRIATIONS

Public University Programs

Florida's matching programs are funded through the annual appropriations process of the Legislature. The monies used for matches come from the total allocation to the university system, and therefore are allocated at the expense of other system wide needs and priorities. The Division of Colleges and Universities of the Florida Board of Education submits a priority list of projects to receive matching funds, with priority based on the date the donation was received. These lists are chronologically based¹. Projects not receiving state matches due to a lack of state funds are put on a waiting list. As of June 30, 2001, projects on the waiting list for state universities were valued at nearly \$85 million.

Number of Gifts Awarded Through the Matching Programs

As institutions have become more successful with fundraising, and as the criteria for matching gifts have broadened, private donations have increased correspondingly. As of June 2001, there were 186 fully funded Eminent Scholars in the state universities. Over 70% of these chairs were at the University of Florida, University of South Florida, and Florida State University. There were 1,477 fully funded major gifts as of June 2001, 50% of which were for the University of Florida. As of June 2001, there were 1,814 Major Gifts and 218 Eminent Scholars Chairs that were approved for state matches (this includes 323 Major Gifts and 19 Eminent Scholars on an unfunded priority list). The facilities matching program has also grown since its inception. A total of 157 facilities have been constructed or renovated through the challenge grant.

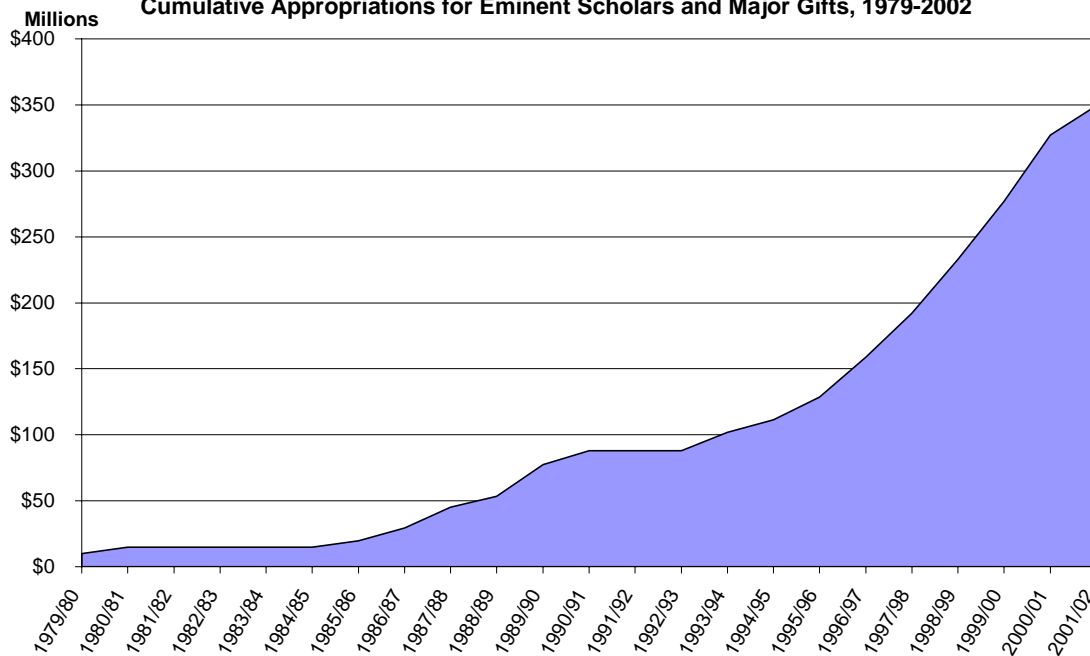
Amount of Private Donations and Appropriations

From 1979 through 2001, private donations to the Eminent Scholars and Major Gifts programs totaled \$586.4 million (**Figure 1**). An additional \$140.5 million has been donated as part of the facilities matching program. **Appendix A, Table 1** provides a breakdown of cumulative donations received by program and institution. For all three programs, the greatest benefactor from private donations eligible for a state match has been the University of Florida with \$292.3 million, accounting for 40.1% of total donations received. Florida State University and the University of South Florida accounted for 15.3% and 15.8%, respectively.

Since the inception of the Eminent Scholars and Major Gifts matching programs in the university system, cumulative state appropriations have totaled approximately \$350 million (**Figure 1**). In 1995-96, state appropriations to these two programs totaled \$17.3 million. These appropriations have increased every year through 2000-01 when \$50 million in state funds was provided. In 2001-02, funding dropped to \$22 million.

¹ In the 1999-00 fiscal year, universities had to prioritize the gifts they received and then this priority was approved by the former BOR. However, gifts received after 1999-00 were prioritized on the date received basis used previously.

Figure 1
State University System Matching Programs:
Cumulative Appropriations for Eminent Scholars and Major Gifts, 1979-2002



In 1989-90, the initial year of the Facilities Enhancement Challenge Grant, the state provided \$7.4 million to match private donations. In 2001-02 the state appropriated \$30.9 million in matching funds. Cumulative appropriations since the start of the program are \$140.5 million. Over a third of these cumulative appropriations, \$47 million, have gone to facilities at the University of Florida. The next largest recipients of state funding were Florida Atlantic University with \$20.6 million, Florida State University with \$19.3 million, and the University of South Florida with \$14.5 million.

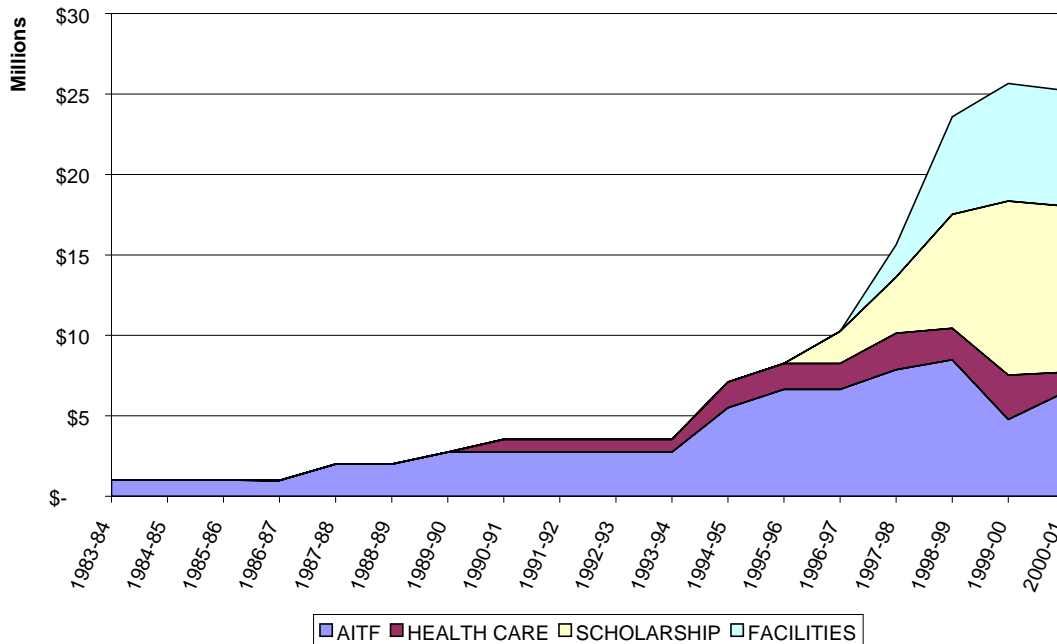
Community College Programs

While donations for community college matching programs have not reached the level of university donations, \$182.8 million has been received for the four matching programs through 2000-01. The majority of funds was received through the Academic Improvement Trust Fund program (\$102.2 million). **Appendix B, Table 1** provides a breakdown by college and program of cumulative donations received. Almost one-fourth of total contributions were received by two community colleges: Broward and Miami-Dade.

The Academic Improvement Trust Fund has received the most state funding of the four community college matching programs. As of 2000-01, this program had received \$68.2 million in state funds. The top five colleges receiving these funds were: Miami-Dade \$9.9 million, Broward \$8.2 million, Valencia \$4.8 million, Pasco-Hernando \$4.2 million, and Indian River \$4.2 million.

In recent years, the Scholarship Matching Program has become very popular, due in part to the fact that the match is more generous than the other academic matching programs. Since its inception in 1996-97, annual appropriations have grown from \$2 million to \$10.3 million in 2000-01 (**Figure 2**). The program did not receive any funding in 2001-02. The Health Care Education Quality Enhancement Grant is the smallest of the four programs. As of 2000-01, cumulative appropriations for this program totaled \$16.2 million. One half of these funds have gone to four community colleges: Broward, Miami-Dade, Indian River, and Palm Beach. The Facility Enhancement Challenge Grant has received \$31.4 million since its inception in 1997-98. Of the 28 community colleges, 15 have received funding through this program. More than a fourth of this money has gone to Florida Community College at Jacksonville.

Figure 2
Community College System Matching Programs:
State Funding by Program and Year



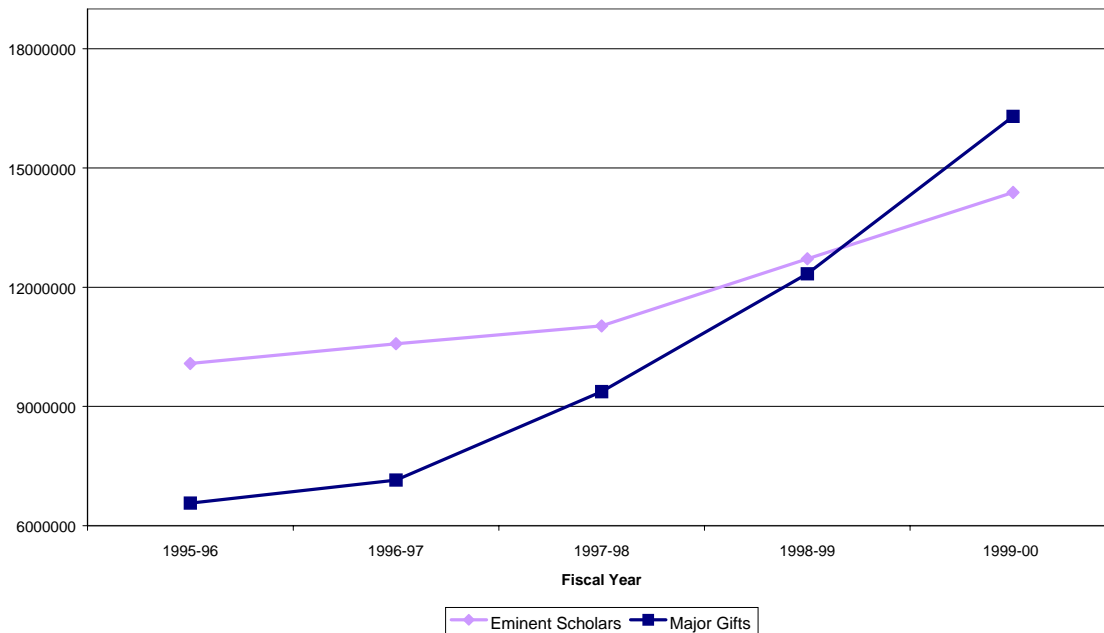
USE OF FUNDS

One of the legislative charges guiding the current study was the examination of the use of funds from the matching programs. While institutions submit to annual audits that ensure that monies have been spent in accordance with gift agreements with donors, there is no statutorily mandated annual expenditure report. When examining how matching funds were spent, it is important to recognize that for endowed funds in the university system, only the proceeds can be spent and not the principal. Thus, a small percentage of the monies actually received for the matching programs from private and state funds are reflected in the expenditures reported by each institution.

Public University Programs

Over the last five years, expenditures for the Eminent Scholars and Major Gifts programs have nearly doubled (from \$16.7 million in 1995-96 to \$30.7 million in 1999-00 (**Figure 3**). The history of expenditures by program and university from 1995-96 to 1999-00 is provided in **Appendix A, Table 2**.

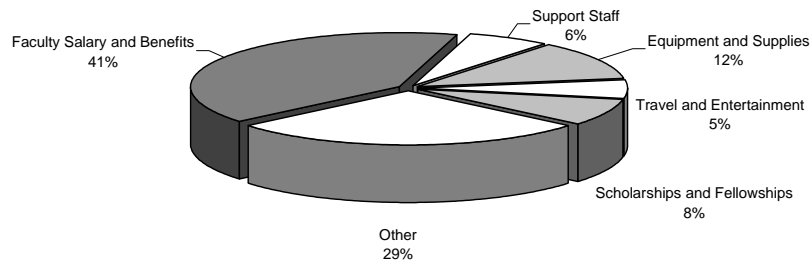
Figure 3
Expenditures from Eminent Scholars and
Major Gifts Endowments



The largest expenditures of Eminent Scholars funds went to faculty and support staff salaries and benefits² (**Figure 4**). However, this was still less than 50% which makes it clear that Eminent Scholar monies are being used to supplement non-salaried expenses for endowed chairs. The history of expenditures from 1995-96 through 1999-00 by category is provided in **Appendix A, Table 3**.

² University of Florida, University of South Florida, University of Central Florida and Florida International University could not break out faculty salary from support staff salary.

Figure 4
1999-00 Eminent Scholars Expenditures

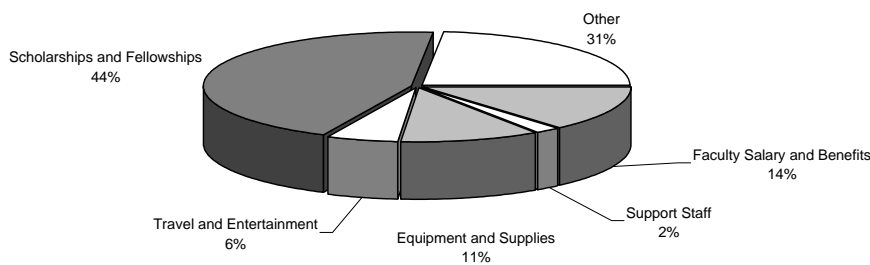


Total Expenditures = \$14,385,937

Expenditures for Eminent Scholar positions far exceeds the funding provided from the endowment. Ten of the eleven state universities reported \$11.6 million in education and general (E&G) expenditures on faculty salary and support for their eminent scholars³.

In 1999-00, the largest expenditure of Major Gift funds went to scholarships and fellowships (**Figure 5**), followed by "other" expenditures. A large percentage of the "other" expenditures were from the University of Florida foundation as transfers to the university. These were funds transferred to a University of Florida controlled account for purchasing or payroll.

Figure 5
1999-00 Major Gifts Expenditures

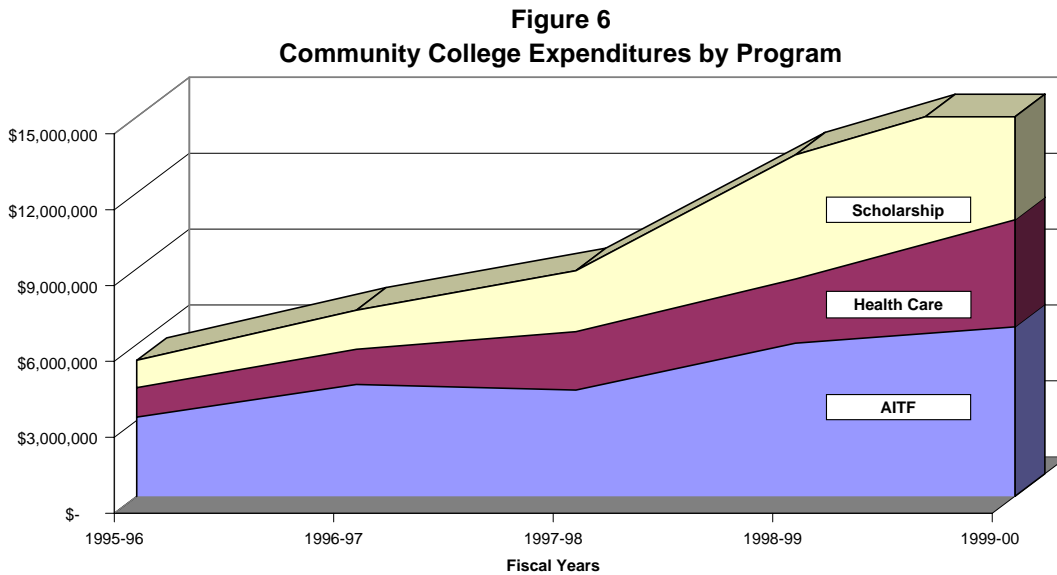


Total Expenditures = \$16,296,195

³ Florida State University was unable to provide this information

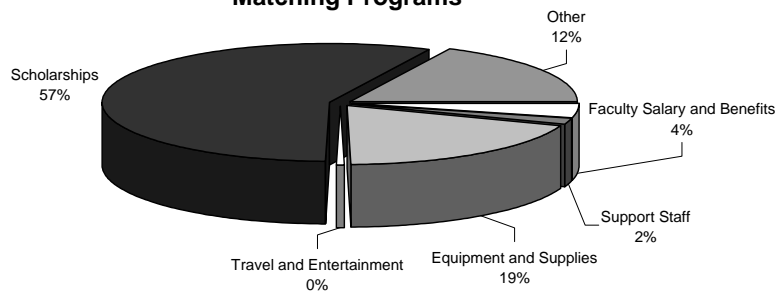
Community College Programs

Expenditures for the community college programs have increased dramatically over the last five years (**Figure 6**). For the AITF program, expenditures have doubled, increasing from \$3.1 million in 1995-96 to \$6.7 million in 1999-00. The Health Care matching program nearly quadrupled over this same time period, increasing from \$1.2 million to \$4.2 million. The greatest growth can be seen in the Scholarship program. As mentioned previously, this program had become popular in recent years, partly due to the fact that the match ratio is more generous than the other community college programs. During the period of 1995-96 to 1999-00, the expenditures for this program grew five-fold, increasing from \$1.1 million to \$5.1 million. The history of expenditures by program and college from 1995-96 to 1999-00 is provided in **Appendix B, Table 2a-c**.



The majority of funds from community college matching programs went to scholarships, followed by equipment and supplies (**Figure 7**). Equipment and supplies constituted a majority of the expenditures for the Health Care matching program due to the technical equipment required for instruction in this field. The history of expenditures from 1995-96 through 1999-00 by category is provided in **Appendix B, Table 3**.

Figure 7
1999-00 Expenditures from AITF, Scholarship and Health Care
Matching Programs



Total Expenditures = \$16,043,563

CONCERNS LEADING TO STUDY

As the size of the matching programs has increased exponentially over the years, several policy issues related to fiscal constraints and program accountability have arisen. This study examined these policy issues and explored whether the programs should be continued. Major policy concerns evident in the proviso language directing the current study fell into three main areas: A.) Management of Program Growth; B.) Mission and Accountability; and C.) State Return on Investment.

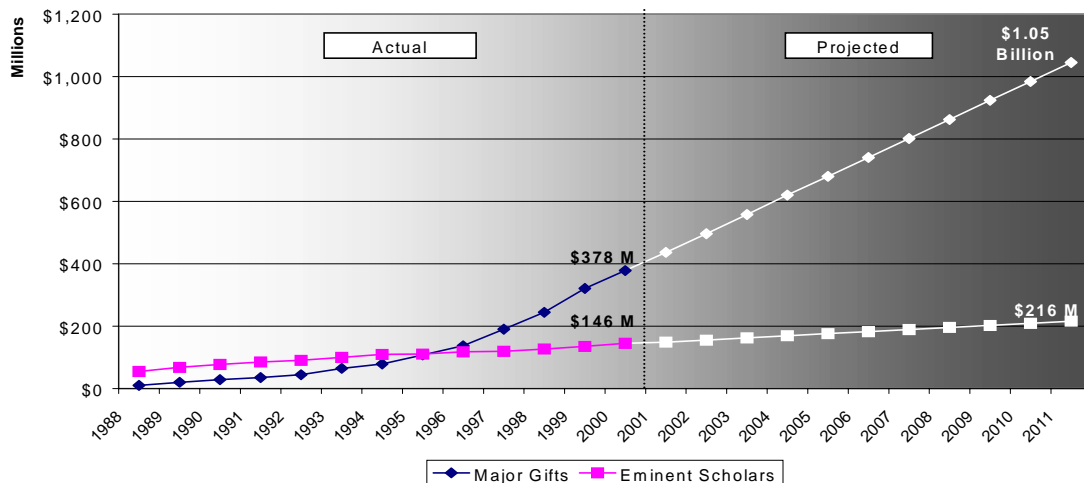
Management of Program Growth

When examining the exponential program growth of the matching program, it is imperative to frame the analysis in light of how state funds are currently allocated and appropriated. Prior to the appropriation of any funds for state universities, an allocation is made for each education sector. When state matching dollars are appropriated, it comes from this sector allocation. Therefore, the funding for matching gifts may prevent other priorities from receiving funding or could deplete education and general funding from university operating budgets. There is no outside source (like lottery dollars) that funds the matching gifts program.

Public University Programs

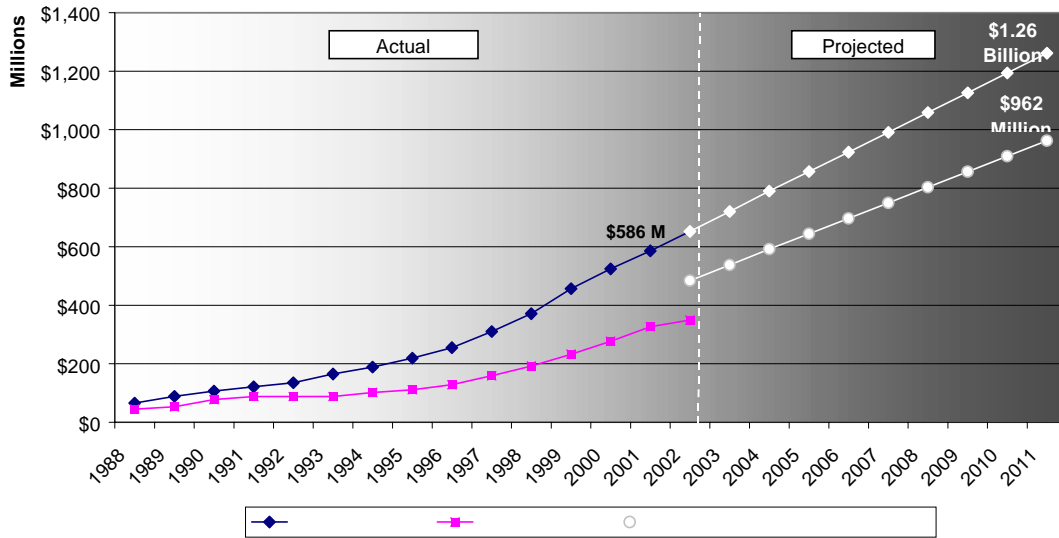
Over the last ten years, university endowment sizes have grown exponentially. This is true regardless of the size and mission classification of the institution. The Florida State University endowment, for example, has grown 834%, while the University of North Florida has grown 477%, the University of Florida has grown 355%, and the New College Foundation has grown 355%. In the most recent fiscal year, institutions reported between 28% and 96% of their total donations received were eligible for state matches. All universities have seen an increase in donations that qualify for a match (**Figure 8**). While it is difficult to predict the motives and thoughts of donors, all of the universities state that the amount of influence the matching program has on donations is significant.

Figure 8
Actual and Projected Donations Received
through Major Gifts and Eminent Scholars Programs



To estimate the long term fiscal projections for this program, estimated donations and corresponding state matching appropriations were projected based on the recent history of donations. As seen in (Figure 9), projected cumulative donations to the matching programs look to grow to \$1.26 billion by the year 2011. In order to accommodate this, cumulative state matching funds would have to grow to \$962 million, of which \$345 million has already been appropriated as of July 2001. This would require state appropriations of at least \$50 million per year, a figure which does not account for the current \$85 million on the university unfunded

Figure 9
State University System
Projected Private Donations and State Matching Funding



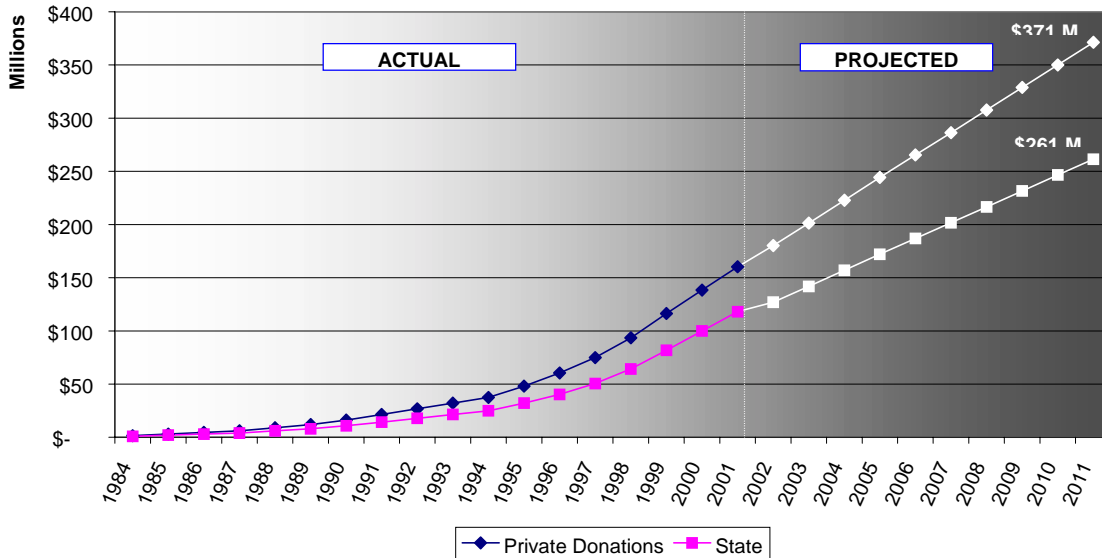
priority list.

Community College Programs

In the most recent fiscal year, the percent of total donations received by community colleges that were eligible for matching funds ranged from 13% to 80%. All of the community colleges feel that the incentive program affects the contribution of new donations, indicating that the percentage of donations that would not have come in without the matching incentive ranges from 30-90%.

As was done for university programs, estimates of future donations and state funding were projected. Similarly, community college donations have increased exponentially over the last few years and are expected to grow at the same rapid pace. Cumulative donations are projected to reach \$371 million by the year 2010 (Figure 10). In order to match this projected growth in community college donations, a conservative estimate would require an additional \$143 million in state funds.

Figure 10
Community College System
Projected Private Donations and State Matching Funds for AITF,
Health Care and Scholarship Programs



Mission and Accountability

With the number of projects for which institutions are requesting matching funds growing at a rapid pace, it is crucial to ensure that those donations receiving matches are congruent with statewide priorities and institutional missions and planning. One of the legislative charges guiding this study was an examination of how projects funded through the matching program support the mission of the institution and the priorities of the state. The matching programs are chronologically based, with projects being funded in the order in which they are received. Some have expressed concern that this method of prioritization of funds is disconnected from institutional planning processes. Thus, they have concluded that the donors are driving the priorities of the program, rather than state priorities and institutional mission being the driving factors. An additional concern arises with the distribution of funding for matching programs. With the current structure of the program, it might be argued that it rewards those institutions who have the largest donor bases and best fundraisers and that an alternative investment, such as a non-recurring allocation, could be targeted to the most critical needs within the system.

Public University Programs

Of the three university matching programs analyzed, the Facilities Challenge Grant is the one institutions could most clearly tie to their planning procedures and mission. This is due largely to the fact that projects must be on the State University System’s 5-year Capital Improvement Plan in order to be eligible for a match.

In terms of the Eminent Scholar and Major Gift programs, the majority of colleges in the state system have similar measures in place to ensure that matching gift funds are utilized in a manner consistent with the institutional mission, with some institutions explicitly stating that they would decline a donation that is not consistent. While some schools fund the projects in

the order in which they are received, the majority utilize a more intense planning approach in which the schools determine their areas of need beforehand and then solicit donations based on these areas of need. For several schools, the matching programs are built into larger long-range planning exercises with each university department expressing future needs in certain academic areas. Many institutions have a system in place where the gifts are reviewed by the President, Provost, Vice-President for Institutional Advancement and the unit that will receive the gift as a measure of assuring that private support is consistent with the University mission. The majority of universities report that they utilize a gift agreement with the donor to document the exact purpose of the gift, the schedule of payment, the investment procedures, and the nature of the gift administration. Approval of the gift agreement generally involves the signatures of such officials as the University President, University Provost, the appropriate academic dean, the Foundation President and the donor. When analyzing the methods used by institutions to ensure that donations support institutional priorities and missions, it is important to note that, especially with the larger institutions with broad instruction and research missions, very few gifts would not address some institutional priority.

Bundled gift donations differed somewhat in the manner in which they could be tied to institutional planning processes. Bundled gifts are those that are a collection of smaller donations that are combined for the purpose of meeting the minimum donation size of \$100,000 to qualify for a state match. Institutions indicated that bundled gifts were usually solicited to fund a specific university priority. These gifts also resulted from a group of donors who are prompted to endow a fund for scholarship or program by a common interest or a special event or milestone. For most institutions, the number of total gifts that were bundled were a minority, with the exception of two smaller institutions; one of which reported that 90% of their matched donations were bundled.

Community College Programs

Mechanisms in place at community colleges to ensure that donations respond to the mission of the institution are similar to those of universities. Institutions utilize gift agreements outlining the specific uses of the donation and have approval processes involving foundation trustee members. Several institutions also have the president approve donations to ensure compatibility with mission. Several foundation offices also have strategic plans and policy manuals to assist in the process.

As was true with universities, the facilities matching program is the easiest to tie to institutional planning and mission due to the fact it must already be included on capital planning lists submitted to the state. One concern expressed related to the facilities program has been the use of state funds to match donations that use local government monies. Of the total number of projects funded through the facilities matching program, institutions reported that there were only seven in which the original donation was from a local government source. However, because of community colleges' close ties to the communities in which they are located, the statutory language governing the facilities matching program specifies that community-related capital facilities are also eligible for matching funds.

The aforementioned issues related to mission and bundled donations are different for the community colleges compared to the universities. Community college gifts are not matched based on the size of the individual donation. Total donations are matched based on whether it was received for the AITF, Health Care, Facilities, or Scholarship matching program.

State Return on Investment

Analyzing the net return on investment for the state matching programs is made difficult by several factors. The Association of Governing Boards (AGB) (1997) suggests that the fundamental objective of educational endowments is “intergenerational neutrality” or the assurance that future students receive the same level of direct and indirect benefits from the endowment as current students. The AGB states that college and university trustees must seek to balance two related priorities when dealing with educational endowments: 1.) increase the endowments for the institution’s future and 2.) establish a prudent spending rate to supplement current budget needs. In Florida, there is great variation in the size and age of institutional endowments. In addition, the mission of each institution varies greatly. These issues complicate the two priorities set out by the AGB, thus leading to drastic differences in institutions spending and reinvestment policies of their endowment.

For the current study, a sample of universities⁴ and community colleges⁵ were asked to calculate a net return on investment over a five-year period for endowment funds resulting from the matching gifts program. These institutions were chosen in order to get a representative sample based on institutional size and mission. The formula used was developed based on the proviso language.

$$\% \text{ Return on Investment} = \frac{(\text{Return} - \text{University Support} - \text{Overhead} - \text{Reinvestment}) - \text{Capital}}{\text{Capital}}$$

This calculation differs radically from a traditionally calculated rate of return. The proviso requires that the reinvestment, institutional support and overhead costs assessed be subtracted from the value of the endowment. This is an artificial distinction from a traditional investment point-of-view, but was requested to assess the state’s return minus the costs of fundraising from private donors.

⁴ The sample included University of Florida, Florida State University, University of South Florida, Florida Atlantic University, and University of North Florida

⁵ The sample included Brevard, Broward, Central Florida, Daytona Beach, Edison, Florida Community College at Jacksonville, Indian River, Lake City, Pensacola, St. Petersburg College, Tallahassee, and Valencia

University Responses

Universities were asked to calculate the formula for endowment funds resulting from the Eminent Scholars and Major Gifts programs. Institutional submissions displayed a large range of returns (**Table 1**).

Table 1
University System Return on Investment for Universities

University of Florida	5.9%	5.5%	5.4%	5.3%	5.4%
Florida State University	3.0%	3.0%	2.7%	3.0%	2.3%
University of South Florida	5.5%	5.7%	5.7%	5.8%	6.3%
Florida Atlantic University	1.6%	3.1%	25.4%	9.9%	4.9%
University of Central Florida	4.5%	4.1%	5.0%	3.9%	4.1%
University of North Florida	-1.3%	6.7%	14.8%	14.3%	3.9%

*Only a sample of public four-year institutions

Drawing any meaningful or conclusive results from the returns on investment is impossible due to the vast differences across universities in terms of reinvestment policies, mission, institutional size, and endowment age. All these factors affect the return calculated. Reinvestment, for example, can significantly affect the return calculated for an institution. As stated earlier, the AGB suggests that institutions must provide for future growth of their endowments, while providing enough annual income to support programs. Reinvestment policies differed across institutions and current economic conditions, thus the total amount reinvested by universities completing the return on investment formula showed fluctuation (**Table 2**).

Table 2
Amount Reinvested by a Sample of Universities, by Fiscal Year

1999-00	1998-99	1997-98	1996-97	1995-96
\$10,689,361	\$42,066,053	\$65,514,116	\$56,125,830	\$33,640,978

Universities were also asked to provide the rate of return as they calculate it annually for their foundations (**Table 3**). These numbers also displayed a large range of returns.

Table 3
Annual Rate of Return, as Reported by University

University	RATE OF RETURN		
	1999-00	1998-99	1997-98
University of Florida	15.5%	10.3%	20.1%
Florida State University	0.6%	5.6%	12.9%
Florida A&M University	-1.7%	13.1%	9.2%
University of South Florida	11.4%	5.9%	17.0%
Florida Atlantic University	1.6%	3.3%	25.4%
University of West Florida	8.4%	10.2%	21.3%
University of Central Florida	7.3%	10.9%	17.4%
Florida International University	9.7%	9.6%	11.6%
University of North Florida	0.4%	11.1%	20.1%
Florida Gulf Coast University	7.3%	14.1%	16.8%
New College of Florida	10.1%	12.0%	14.3%

Community College Responses

Community colleges were asked to complete the proviso based return on investment formula for all endowments from the Academic Improvement Trust Fund program. As was true with the universities, the returns reported by community colleges varied dramatically (**Table 4**). This too can be attributed to vast differences in institution age, endowment size, and reinvestment policies. The AGB principals of education endowment investment mentioned earlier were also used when examining the community college returns.

Table 4
Community College System, Return on Investment

	1999-00	1998-99	1997-98	1996-97	1995-96
Brevard	-3.43%	4.34%	8.17%	8.21%	4.73%
Broward	0.96%	1.16%	2.45%	0.69%	2.14%
Central Florida	7.88%	12.53%	6.88%	7.16%	5.04%
Daytona Beach	1.33%	3.78%	1.05%	0.74%	0.47%
Edison	4.60%	5.21%	7.05%	6.62%	6.76%
Florida @ Jax	3.86%	7.15%	6.92%	4.31%	21.22%
Indian River	7.68%	7.71%	10.67%	10.56%	7.71%
Lake City	2.30%	1.70%	1.40%	3.50%	1.20%
Pensacola	4.38%	4.72%	10.51%	12.89%	3.46%
St. Petersburg	3.38%	-1.49%	5.83%	10.13%	-0.64%
Tallahassee	0.40%	-0.13%	-0.07%	1.04%	-0.06%
Valencia	-3.33%	13.54%	0.79%	0.09%	-4.60%

*Sample of institutions

As stated earlier, meaningful and conclusive results are difficult to draw due to differences in reinvestment policies and institutional mission. Furthermore, the matching programs have

varied missions and outcomes, ranging from promoting excellence in instruction and research, to expanding access by providing scholarships to students with need. Thus, a simple examination of the fiscal return on investment does not give a complete picture of the benefits derived by the state based on their investment in this program.

AN EXAMINATION OF THE BENEFITS TO THE STATE OF THE MATCHING PROGRAMS

An Opportunity Cost Framework

One of the legislative charges guiding this analysis was to compare the benefits derived from the total cumulative expenditures on matching programs to benefits which could be expected from alternative investments. The concern underlying this charge rests in part on how state funds are currently allocated and appropriated. As stated earlier, prior to the appropriation of any funds for state universities, an allocation is made for each education sector. When state matching dollars are appropriated, it comes from this sector allocation, thus potentially preventing the funding of other system priorities.

In order to analyze the benefits derived from the matching program compared to that of alternative investments, it helps to frame the analysis using the concept of "opportunity costs". These costs can be defined as:

The difference between the value of the goods and services to be used and their value if they were to be used in some other way.

In other words, an opportunity cost is the value of the best forgone alternative. For the purposes of the current analysis, an appropriate comparison is the use of state dollars for matching programs, where most money is endowed, compared to the use of state funds for a one time non-recurring appropriation, such as a state of the art laboratory.

CURRENT PROGRAM

Eminent Scholar Chair

BENEFITS

- Perpetual Funds

- Attracts Grant Dollars

COSTS

- Small Fraction of Money Spent Each Year

ALTERNATIVE INVESTMENT

State of the Art Laboratory

BENEFITS

- All Monies Available for Immediate Expenditure

- Attracts Professors

COSTS

- Equipment Replacement and Depreciation

This framework reveals the difficulties in comparing the benefits of investments in matching programs versus other alternatives. First of all, in analyzing the opportunity costs in such a comparison, it is important to understand the nature of endowed funds and how those differ from one-time appropriations. This point becomes evident when looking at the small amount of state funds that have actually been expended through the matching program. Because these funds are endowed, only the earnings can be spent and not the principal. Also from these earnings come reinvestment funds, which institutions invest back into the principal in order to maintain the value of the endowment over time when accounting for inflation, and allow for the expenditure of funds in years when earnings are low. Some could point to the small amount of state funds actually spent as a negative consequence of using state funds for matching programs that are endowed. However, others could argue that it is a strength of the program and point to the current legislative budget cuts to illustrate the point. For example, one could argue that in tight fiscal times, the fact that schools have large endowments built up and have reinvested state monies means that they can maintain stability in light of budget cuts.

Benefits Derived by the State

Public-Private Partnerships to Supplement State Allocations

The U.S. Department of Education reported that, between 1989-90 and 1998-99, states' share of current fund revenues at public four-year colleges and universities decreased from 39.9% to 31.5%. Florida has historically been a low tuition state and has received a much larger share (54%) of its revenue from state revenues than the national average (35.6%). When looking historically at legislative appropriations in Florida, public postsecondary education has remained less than a quarter of the total education budget. In 1989-90, public community colleges and universities received 23.7% of the appropriations to education. This percentage fell to 22.2% by 1998-99. As stated previously, the matching programs in the state have been extremely successful in encouraging private giving to institutions, thus supplementing state revenues for education. These public-private partnerships offer the state the opportunity to pursue endeavors in instruction and research that might not otherwise be accomplished. The purposes articulated by donors in their gift agreements with institutions are especially beneficial in times of budget cuts.

Providing Access through Scholarships

Scholarships have been one of the major beneficiaries of matching programs. As mentioned above, in 1999-00, 44% of Major Gift expenditures were for scholarships. This percentage was even higher among community colleges, with 57% of expenditures in 1999-00 funding scholarships.

While scholarships, especially those in the university system, can be used to attract Florida's brightest students, the role that the matching program plays in providing access to students with need is crucial. Florida Statute, Section 437(2) calls for:

The maintenance of a state student financial aid program to supplement a basic national program which will provide equal access to postsecondary education to citizens of this state who have the ability and motivation to benefit from a postsecondary education.

To achieve this end, statute requires that "state student financial aid be provided primarily on the basis of financial need" Section 240.437(2)(a), F.S. Despite this, the majority of Florida financial aid funds are merit-based. According to the National Association of State Student Grant and Aid Programs (NASSGAP), in 1998-99, merit based aid expenditures as a percentage of total aid was 55.7%. Florida ranks 33rd in terms of need-based aid dollars per full-time undergraduate enrollment. The state provides \$126 in need-based grant aid per full-time student as compared to the national average of \$397.

Community colleges in particular have a high portion of students with need. Colleges were asked to provide data on the percentage of scholarships awarded through the matching program that had a need requirement in the award criteria. The vast majority of community colleges reported that over 90% of the scholarships awarded through the matching programs were need-based.

Donations for scholarships with a need-based element in the award criteria, that are eligible for a state match, can assist Florida in restoring the balance of need-based and merit-base aid. It

is important to remember, however, that endowed funds through the matching programs cannot be viewed as a dollar for dollar substitute for appropriations to need-based or other programs, in that only the earnings generated by the endowed funds may be spent. However, this must be balanced with the fact that a benefit of endowed funds are that they are perpetual, thus scholarships awarded from the proceeds of these endowments are perpetual as well.

Ensuring Sufficient Facilities to Meet the Current Demands of Instructional and Research Programs

The Legislature in creating the Facilities Enhancement grant for both sectors, suggested that it:

...recognizes that there are sources of private support that, if matched with state support, can assist in constructing much-needed facilities and strengthen the commitment of citizens and organizations in promoting excellence Section 240.2601, F.S.

Because the facilities matching programs in both sectors require that eligible projects must be on the Capital Improvement Plan, facilities matched would have otherwise required state revenue sources to fund the entire cost of the facility. By supplementing the cost of these facilities with private funds, state money, including Public Education Capital Outlay (PECO) funding, can be directed to other capital priorities. PECO funds are available for sites and site improvements necessary to accommodate buildings, equipment, other structures, and special educational use areas that are built, installed, or established to serve primarily the educational instructional program of the district school board, community college, or university.

Attracting Top Scholars Who Bring Contract and Grant Revenue and Research Opportunities That Benefit Florida's Economy and Citizens

The Florida Legislature in the statutory language originally authorizing the Eminent Scholars program held that:

The Legislature recognizes that the State University System would be greatly strengthened by the addition of distinguished scholars. It further recognizes that private support as well as state support is preferred in helping to obtain distinguished scholars for the state universities and that private support will help strengthen the commitment of citizens and organizations in promoting excellence throughout all state universities.
(s. 123 Chapter 79-222)

According to the American Association of State Colleges and Universities (AASCU), there has been an increase in the competition for top scholars. They cite statistics that suggest that public universities in the United States are having difficulties in attracting top faculty, losing many of them to private institutions. The Association suggests that at the nation's Research I institutions, the pay gap for full professors at public versus private institutions increased drastically, from \$1,300 in 1979-80 to \$21,700 in 1997-98. The AASCU states that pay gaps are similar at the nation's Research II, Doctoral I, and Doctoral II institutions.

The need for top faculty is even more evident when examining how the contract and grant revenue generated by these scholars benefits to the state's economy. A common rule of thumb utilized by institutions and found in the literature on university research is that \$1 of research funding spent (from whatever source) produces \$3 in economic impact to the community and the state. Furthermore, it is estimated that every \$1 million in research and development spending produces 33 jobs. These ratios differ, of course, depending on the academic discipline and area of the state.

To assess the contract and grant revenue generated by faculty funded through the university matching programs, data were obtained from all public universities (**Table 5**).

Table 5
Average Contract and Grants Per Faculty*

		Eminent Scholars	Major Gifts
1999-00	\$98,302	\$198,559	\$152,716
1998-99	\$91,265	\$174,718	\$141,613
1997-98	\$82,047	\$187,842	\$106,402

*Figures do not include data from Florida State University nor Florida A&M University due to incomplete data. Florida Gulf Coast University was excluded due to incomparable data resulting from their lack of tenure track faculty positions.

The analysis reveals that the average contract and grant revenue for Eminent Scholars is twice that of all full-time faculty. Likewise, faculty hired through the major gifts program have substantially higher contract and grant revenue. It is important to note, however, that the teaching loads and research responsibilities differ by institutional mission as well as academic discipline. Thus, this comparison is presented not to say that all full-time faculty should have higher contract and grant revenue, rather it simply displays the benefits in the furtherance of university research and community economic development that can be generated by the faculty brought into Florida's institutions through the matching programs. This will further the mandate set forth in the authorizing language of Florida's new K-20 education structure to "enhance the national reputation and quality of education and research in Florida's colleges and universities."

RECOMMENDATIONS

The Council for Education Policy, Research and Improvement supports the continuation of matching programs for private donations to the state's public postsecondary institutions. As outlined in this report, the program has been enormously successful in attracting private donations for important educational purposes and has supplemented state revenues. However, to ensure that the funds appropriated to the program address priorities of the state as well as needs consistent with the individual missions of the institutions, certain changes to the program structure are proposed. These recommendations are made in light of the new structure of Florida's education system, which has stated as one of its guiding principles:

To promote enhanced academic success and funding efficiency by centralizing the governance of educational delivery systems and aligning responsibility with accountability.

At the same time, the new system also:

Provides for local operational flexibility while promoting accountability.

The recommendations that follow also promote a more streamlined matching gift program by assuring consistency and clarifying the responsibilities of all actors.

Recommendations Pertaining to Both University and Community College Programs

Alignment With State Priorities and Strategic Planning Processes

As the new Florida Board of Education undertakes the strategic planning process and examines the goals of the new K-20 system, the matching program should be aligned with the priorities articulated as a result of this process. Institutional submissions for matching funds should be consistent with these priorities and should assist in the furtherance of these goals.

Recommendation:

- 1. Institutions should be required to link all requests for a state match to the strategic imperatives set forth by the Florida Board of Education as a result of their strategic planning process. Each university and community college president should provide to the Division of Colleges and Universities or the Division of Community Colleges of the Florida Board of Education a report of donations from private donors for challenge grants. The listing should include an explanation of the donation, a statement of the specific benefits accrued to the university as a result of the donations, how the donations are consistent with the mission of the institution, and how they further the state priorities set forth in the Florida Board of Education Strategic Planning Process. The Division of Colleges and Universities or the Division of Community Colleges will then notify the institution of its eligibility to receive matching funds.***

As the Florida Board of Education considers policies supporting the new structure and critical needs of Florida's education system, they should look to the role that the matching programs play in advancing the state's goals in these areas and supplementing state support.

Recommendation:

- 2. The Florida Board of Education should have the flexibility to give additional weight or priority to donations submitted for matches.***

In making such considerations, however, it is important to remember that endowed funds through the matching program cannot be viewed as a dollar for dollar substitute for appropriations to programs or critical state needs, in that only the earnings generated by the endowed funds may be spent.

Local Operational Flexibility

The authorizing legislation for Florida's new education structure provided that one of the guiding principles of the new systems was the following:

To provide for devolution of authority to the schools, community colleges, universities, and other education institutions that are the actual deliverers of educational services in order to provide student-centered education services within the clear parameters of the overarching education policy established by the Legislature.

To help achieve this end, and to ensure that the gifts submitted for state matching funds are consistent with their institutional missions, it is vital that the newly created institutional Boards of Trustees approve the matching fund requests submitted to the Florida Board of Education. In their review of these requests, the institutional Boards of Trustees should examine how the request furthers their mission and tie into their institutional planning processes.

Recommendations:

- 3. Each gift submitted to the Florida Board of Education for a match should first be approved by the institutional Board of Trustees to ensure alignment with institutional mission and planning processes.***
- 4. Once they are approved by institutional Boards of Trustees and the Florida Board of Education, the ordering of donations for priority listing of unmatched gifts should be determined by the submitting institution.***

Fiscal Accountability

While individual institutions undergo annual audits, currently there is no statutory requirement that institutions submit to the state an annual expenditure report of matching funds. This would allow for future analysis and annual review of how the monies for the matching programs are actually being spent. Such a report would help ensure that local operational flexibility for the matching programs is not coming at the expense of accountability. This alignment of responsibility to accountability is a guiding principal of the authorizing language for Florida's new education system.

Recommendation:

- 5. Institutions should be statutorily required to submit to the Florida Board of Education an annual expenditure report tracking the use of all matching funds. Donations should be reported at the aggregate level for each institution and expenditure categories should include but not be limited to: faculty support and benefits; support staff; equipment and supplies; travel and entertainment; scholarships; and fellowships.***

Equitable Distribution of Funds

One of the guiding principles stated in the authorizing language for the new education structure is: "A system that safeguards equity and supports academic excellence."

Recommendation:

- 6. The Florida Board of Education should evaluate the allocation of matching funds to ensure that institutions of varying size and mission have the opportunity to participate in the program.***

Managing Growth

The funding for the matching programs comes from the same pool that funds other educational priorities of community colleges and universities. This is even more evident now in light of the seamless K-20 budget. A mechanism should be put in place to ensure that the monies for the matching program as a percentage of the total appropriations for institutions does not hinder the accomplishment of other priorities. For the 1999-00 and 2000-01 fiscal year, state appropriations for the matching programs constituted 3.9% of the total general revenue appropriations for the state university system. During this same time period, matching programs in the community college system represented approximately 2.5% of that sector's total general revenue appropriations.

Recommendation:

- 7. A mechanism signaling program review should be put in place should the state funding for matching programs exceed a certain percentage of the total legislative appropriation for each sector. This percentage would be set by the Florida Board of Education, and in the event that this percentage is exceeded, the Florida Board would have the flexibility to examine the program and, if need be, alter the criteria used in determining donations to be matched.***

University Specific Recommendations

Program Administration

Statutory language Section 240.2605(2), F.S. currently holds that:

The Board of Regents shall specify the process for submission, documentation, and approval of requests for matching funds, accountability for endowments and proceeds of endowments, allocations to universities, restrictions on the use of the proceeds from endowments, and criteria used in determining the value of donations.

As the new education structure is implemented, it is crucial that the responsibilities and roles for the administration of the matching program be clarified.

Recommendation:

8. *The role of administering the matching programs that was previously held by the Board of Regents should now statutorily lie with the Division of Colleges and Universities of the Florida Board of Education. As a result, they should provide careful review of all match requests from the individual institutions to ensure that they are tied to the state imperatives discussed earlier.*

Managing Program Growth

As the number and size of donations eligible for matching funds has grown, it is important that no single donation deplete all the funds from a specific year's appropriation and that the state has a ceiling on the size of a match for which it will be responsible.

Recommendation:

9. *The percentages of state matching funds provided for approved private donations should remain as authorized in Section 240.2605(3)(b), F.S. However, statutory language should be revised to include a cap of \$15 million, payable at \$3 million per year over a period of five years, on the maximum amount of state matching funds for any single gift.*

Community College Specific Recommendations

Clarification of Roles

As the process of implementing the new structure for Florida's education system takes place, it is imperative that there is clear delineation of responsibilities for the administration of the matching program.

Recommendation:

10. *The Division of Community Colleges of the Florida Board of Education should be given statutory authority for the submission, documentation, and approval of requests for matching funds, accountability for endowments and proceeds of endowments, allocations to community colleges, restrictions on the use of the proceeds from endowments, and criteria used in determining the value of donations.*

Streamlining Programs

According to institutions managing the community college matching programs, difficulties and confusion occur in handling separate matching programs due to a lack of a standardized approach in reporting and accounting. Colleges suggested that combining the programs would alleviate confusion on behalf of students, donors, and staff.

Recommendations:

- 11. There should be established a single matching gifts program for public community colleges, which encompasses the goals originally set out in the Academic Improvement Trust Fund, the Scholarship Matching Program, and the Health Care Education Quality Enhancement Challenge Grant. The Facilities Enhancement Challenge Grant should remain a separate program.***
- 12. For the combined community college program, the private donation to state dollar matching ratio should be 3 to 2, except for donations received for scholarships. For all scholarships, the private donation to state dollar matching ratio should be 1 to 1.***

The vast majority of funds (66% in the most recent fiscal year) expended from matching programs in the community colleges go to scholarships. It is further recognized that community colleges need operational flexibility to fulfill their unique mission and make policies that best accommodate the distinctive size and composition of its student body.

Recommendation:

- 13. The determination of whether the need and non-need based scholarships awarded through the new combined program are endowed should be left to the institutions.***

Responding to the Community Needs for Academic and Career Education

Currently, the Community College Facility Enhancement Challenge Grant program allows for community colleges to “receive and match challenge grants for instructional and community-related capital facilities within the community college.” Statutory language holds that “the community colleges’ mission reflects a commitment to be responsive to local educational needs and challenges” Section 240.301(1), F.S. and that “the primary mission and responsibility of public community colleges is responding to community needs for postsecondary academic education and degree career education.” Section 240.301(3), F.S. As the statutory language for the Facility Enhancement Challenge Grant stands now, the projects that are “community-related” do not necessarily have to have an academic or degree career education purpose.

Recommendation:

- 14. To ensure that statutory language reflects the mission of the community colleges, Section 240.383(1), F.S. should be amended to state that community colleges may:***

...receive and match challenge grants for instructional and community-related capital facilities that have an academic or career education purpose.

ISSUES FOR FUTURE CONSIDERATION

Two issues were identified during the course of this study that, although beyond the scope of the current analysis, bear examination in the future in light of the state's reorganized focus on a seamless K-20 educational system.

K-12 Matching Programs

The authorizing language for Florida's new K-20 education structure set out to:

Achieve within existing resources true systemic change in education governance by establishing a seamless academic educational system that fosters an integrated continuum of kindergarten through graduate school education for Florida's citizens.

As a result, future education policy analyses must be undertaken utilizing a K-20 perspective. While the proviso leading to the current study was directed to examination of the community college and university matching programs, future analysis should provide the same examination for the K-12 matching programs.

In 1984, the Florida legislature passed legislation allowing school districts to create education foundations that would raise private funds for the public schools in their respective districts. Over the years, several attempts have been undertaken to implement a state K-12 program to match funds received by these foundations. The most recent initiative, passed during the 2001 Legislative session, provides private donors the incentive of dollar for dollar state matching funds for the enhancement, enrichment and improvement of academic programs for low performing students in Florida public schools. Local education foundations apply for the grant through the Consortium of Florida Education Foundations. The state appropriated \$1.3 million for the program. However, as of this writing, the program has not been implemented nor have criteria for what constituted a "low-performing" student been clarified.

Inclusion of Florida's Independent Colleges and Universities in the State's Matching Programs

The guiding principles for Florida's new K-20 education structure provide for a system to "ensure that independent education institutions and home education programs maintain their independence, autonomy, and nongovernmental status" while at the same time promoting "partnerships that enhance articulation between and communication with" Florida's 4-year public and independent colleges and universities. While the proviso underlying this study did not require examination of the costs and benefits of inclusion of independent colleges and universities in state matching programs, there are some considerations that should guide future analyses that examine the possibility of such inclusion.

With the already burgeoning size of the matching program, inclusion of 27 private institutions could result in additional strain in the program due to the unmet obligations of the state to fund eligible donations. This must also be examined in light of the difference in revenue structure between the public and private sector. Private tuition is substantially higher than that of public universities, with a much higher percentage of private institutions funds coming from tuition and fees as well as private donors. The difference in tuition and fees between the two sectors is substantial. According to the U.S. Department of Education, the average 1999-00 tuition for

Florida's four-year public institutions was \$2,244, while the average tuition at the state's private four-year institutions was \$12,530.

To ensure alignment of donations with state priorities and institutional missions, a tightening of accountability measures for private institutions would also be required. Data and reporting requirements would have to be implemented to promote this accountability. This could come at the expense of the aforementioned guiding principal of the new education structure to ensure that independent institutions maintain independence, autonomy, and non-governmental status.

CONCLUSIONS

The matching gifts programs in Florida's universities and community colleges have been extremely successful in attracting donations to build public-private partnerships. These partnerships have allowed institutions to supplement state monies as they pursue their unique institutional missions. However, with success of the program has come burgeoning cost to the state, as donations have grown beyond available state funds. This has led to inquiry into whether the matching programs are furthering state priorities and institutional missions or simply financing donor-driven projects at the expense of other system needs. This study sought to examine the use of matching funds, the accountability measures in place, and the state's return on investment from funds appropriated to these programs.

The analysis found that principal benefits to the state of the matching programs include: 1.) Public-private partnerships to supplement state allocations; 2.) Providing access through scholarships; 3.) Ensuring sufficient facilities to meet the current demands of instructional and research programs; and 4.) Attracting top scholars who bring contract and grant revenue and research opportunities that benefit Florida's economy and citizens. It is crucial, however, when examining these benefits and considering the benefits of alternative investments of the state's funds, to consider the fact that while a benefit of educational endowments is their perpetuity, endowments offer a smaller amount of funds for immediate expenditure.

The primary recommendations resulting from this study involve alignment of the program with state priorities through a process of ensuring that donations eligible for matches help further the strategic imperatives set forth by the Florida Board of Education through the strategic planning process. To tighten the accountability process and allow for future inquiry, a statutorily mandated annual expenditure analysis of matching funds was also recommended. While ensuring alignment with state priorities, the current analysis also recognized the goal of Florida's new education structure of allowing for the local operational flexibility needed by institutions as they pursue their individual missions. Thus, recommendations resulting from the study also called for institutional Boards of Trustees to approve all donations submitted to the Florida Board for a match. It was also recommended that should there continue to be a shortfall in funds, that institutions should be given the flexibility to prioritize gifts awaiting a match.

Sector specific recommendations were also made as a result of the current analysis. For university matching programs, a statutory cap on the size of gifts for which the state would be obligated to match was recommended. This comes in response to projections calculated for this study that suggest the matching programs would require over \$60 million in appropriations annually should they continue at their current pace. In terms of the community college matching programs, a recommendation was made to combine three of the system's programs into one, in order to streamline the process and allow for a standardized approach in accounting and administration.

These recommendations were made with the recognition that matching programs do provide a valuable incentive to strengthen the commitment of citizens and organizations in promoting excellence in Florida's colleges and universities. However, it is also recognized that, while there is a place for matching programs in the current educational financing structure, its operation should not come at the expense of other educational priorities, nor should it erode education and general funding from university operating budgets. This can be avoided by ensuring that the projects receiving matching program funds are those that maximize the priorities set forth

by the state and are closely aligned with the unique institutional missions of Florida's community colleges and universities. Management of program growth is another imperative part of this process. These measures will assist the state in ensuring that the allocation of scarce state resources are distributed so that they maximize the guiding principals of Florida's new coordinated, seamless system for kindergarten through graduate education.

APPENDIX A

STATE UNIVERSITY MATCHING PROGRAMS

Appendix A Table 1

State University System, History of Donations Received by Program and Institution

EMINENT SCHOLARS			
University	Anticipated Gifts	Donations, as of 6/30/01	Percent of Donations
University of Florida	56	\$ 36,617,641	24.4%
Florida State University*	39	\$ 31,278,811	20.9%
Florida A&M University	9	\$ 5,200,001	3.5%
University of South Florida	49	\$ 34,232,915	22.9%
Florida Atlantic University	19	\$ 14,624,725	9.8%
University of West Florida	3	\$ 5,000,000	3.3%
University of Central Florida	10	\$ 7,030,000	4.7%
Florida International University	13	\$ 9,604,785	6.4%
University of North Florida	5	\$ 2,500,609	1.7%
Florida Gulf Coast University	6	\$ 3,600,000	2.4%
New College of Florida	**	\$ 100,000	0.1%
TOTAL	209	\$ 149,789,486	100.0%
MAJOR GIFTS			
University	Anticipated Gifts	Donations, as of 6/30/01	Percent of Donations
University of Florida	811	\$ 207,663,583	47.6%
Florida State University	205	\$ 60,393,658	13.8%
Florida A&M University	114	\$ 17,225,023	3.9%
University of South Florida	195	\$ 65,924,606	15.1%
Florida Atlantic University	73	\$ 26,185,456	6.0%
University of West Florida	77	\$ 12,865,360	2.9%
University of Central Florida	56	\$ 16,112,894	3.7%
Florida International University	71	\$ 16,199,157	3.7%
University of North Florida	33	\$ 12,532,669	2.9%
Florida Gulf Coast University	10	\$ 1,067,904	0.2%
New College of Florida	**	\$ 412,603	0.1%
TOTAL	1645	\$ 436,582,913	100.0%
FACILITIES			
University	Number of Projects	Donations	Percent of Donations
University of Florida	65	\$ 47,009,446	10.8%
Florida State University	10	\$ 19,297,695	4.4%
Florida A&M University	2	\$ 2,095,000	0.5%
University of South Florida	18	\$ 14,472,806	3.3%
Florida Atlantic University	9	\$ 20,630,000	4.7%
University of West Florida	8	\$ 2,832,456	0.6%
University of Central Florida	14	\$ 17,719,442	4.1%
Florida International University	18	\$ 7,576,220	1.7%
University of North Florida	9	\$ 2,241,303	0.5%
Florida Gulf Coast University	4	\$ 6,620,000	1.5%
TOTAL	157	\$ 140,494,368	32.2%

NOTES: *Includes joint gifts to FAMU/FSU ** Included in USF Total

Source: Division of Colleges and Universities, Florida Board of Education

Appendix A Table 2
State University System, Recent History of Expenditures
By Program, University, and Year

EMINENT SCHOLARS					
University	1999-00	1998-99	1997-98	1996-97	1995-96
University of Florida	\$ 3,705,684	\$ 3,922,617	\$ 3,853,392	\$ 3,357,851	\$ 3,430,524
Florida State University	\$ 1,626,066	\$ 1,558,792	\$ 1,288,926	\$ 1,507,223	\$ 1,330,611
Florida A&M University	\$ 1,362,828	\$ 995,991	\$ 542,681	\$ 502,959	\$ 374,147
University of South Florida	\$ 4,124,943	\$ 3,078,147	\$ 2,878,135	\$ 2,734,574	\$ 2,033,802
Florida Atlantic University	\$ 1,439,043	\$ 1,562,528	\$ 897,446	\$ 991,891	\$ 1,311,423
University of West Florida	\$ 576,056	\$ 505,791	\$ 533,257	\$ 381,169	\$ 301,469
University of Central Florida	\$ 667,191	\$ 618,122	\$ 683,931	\$ 606,312	\$ 585,956
Florida International University	\$ 328,869	\$ 111,748	\$ 32,674	\$ 191,859	\$ 167,202
University of North Florida	\$ 94,914	\$ 98,191	\$ 92,391	\$ 88,014	\$ 308,906
Florida Gulf Coast University	\$ 202,479	\$ 38,124	\$ -	\$ -	\$ 56,706
New College of Florida	\$ 257,864	\$ 228,496	\$ 221,917	\$ 215,413	\$ 199,873
TOTAL -- Eminent Scholars	\$ 14,385,937	\$ 12,718,547	\$ 11,024,750	\$ 10,577,264	\$ 10,100,620
MAJOR GIFTS					
University	1999-00	1998-99	1997-98	1996-97	1995-96
University of Florida	\$ 6,499,569	\$ 6,077,864	\$ 4,624,779	\$ 3,716,672	\$ 3,293,734
Florida State University	\$ 1,793,739	\$ 1,417,021	\$ 965,808	\$ 903,059	\$ 905,197
Florida A&M University	\$ 1,958,921	\$ 491,306	\$ 210,635	\$ 76,327	\$ 355,879
University of South Florida	\$ 1,626,288	\$ 1,643,310	\$ 1,157,540	\$ 721,668	\$ 629,358
Florida Atlantic University	\$ 732,506	\$ 624,042	\$ 581,020	\$ 298,370	\$ 261,662
University of West Florida	\$ 1,576,877	\$ 686,226	\$ 854,495	\$ 677,920	\$ 468,557
University of Central Florida	\$ 810,586	\$ 421,925	\$ 367,994	\$ 259,051	\$ 244,868
Florida International University	\$ 455,419	\$ 272,145	\$ 104,353	\$ 161,970	\$ 196,589
University of North Florida	\$ 501,268	\$ 342,635	\$ 188,227	\$ 70,407	\$ 62,321
Florida Gulf Coast University	\$ 49,709	\$ 66,239	\$ 25,531	\$ -	\$ -
New College of Florida	\$ 291,313	\$ 299,000	\$ 291,000	\$ 263,200	\$ 149,938
TOTAL -- Major Gifts	\$ 16,296,195	\$ 12,341,713	\$ 9,371,382	\$ 7,148,644	\$ 6,568,102
TOTAL EXPENDITURES	\$ 30,682,132	\$ 25,060,260	\$ 20,396,132	\$ 17,725,909	\$ 16,668,722

Source: Survey of individual universities, October 2001

Appendix A Table 3
State University System, Recent History of Expenditures
By Program, Expenditure Category, and Year

EMINENT SCHOLARS					
Expenditure Category	1999-00	1998-99	1997-98	1996-97	1995-96
Faculty Salary and Benefits*	\$ 5,847,576	\$ 5,477,945	\$ 4,156,995	\$ 4,663,051	\$ 4,322,554
Support Staff (OPS, Admin. Asst) *	\$ 921,154	\$ 976,019	\$ 423,814	\$ 596,412	\$ 655,855
Equipment and Supplies	\$ 1,667,736	\$ 618,229	\$ 858,730	\$ 780,416	\$ 588,232
Travel and Entertainment	\$ 780,369	\$ 761,904	\$ 761,528	\$ 579,448	\$ 520,201
Scholarships/Fellowships	\$ 1,157,193	\$ 535,518	\$ 149,731	\$ 164,254	\$ 135,962
Other	\$ 4,011,909	\$ 4,348,931	\$ 4,673,952	\$ 3,793,682	\$ 3,877,816
TOTAL -- Eminent Scholars	\$ 14,385,937	\$ 12,718,547	\$ 11,024,750	\$ 10,577,264	\$ 10,100,620
MAJOR GIFTS					
Expenditure Category	1999-00	1998-99	1997-98	1996-97	1995-96
Faculty Salary and Benefits*	\$ 2,237,265	\$ 1,815,020	\$ 1,246,233	\$ 1,038,201	\$ 938,780
Support Staff (OPS, Admin. Asst) *	\$ 320,293	\$ 363,000	\$ 172,970	\$ 97,520	\$ 76,051
Equipment and Supplies	\$ 1,726,286	\$ 1,039,350	\$ 868,512	\$ 429,328	\$ 267,088
Travel and Entertainment	\$ 917,639	\$ 754,575	\$ 523,568	\$ 400,220	\$ 296,805
Scholarships/Fellowships	\$ 7,309,626	\$ 4,895,637	\$ 3,787,295	\$ 2,974,251	\$ 2,486,606
Other	\$ 3,785,086	\$ 3,474,132	\$ 2,772,803	\$ 2,209,124	\$ 2,502,771
TOTAL - Major Gifts	\$ 16,296,195	\$ 12,341,713	\$ 9,371,382	\$ 7,148,644	\$ 6,568,102
TOTAL EXPENDITURES	\$ 30,682,132	\$ 25,060,260	\$ 20,396,132	\$ 17,725,909	\$ 16,668,722

*Some institutions were unable to break out support staff expenses; they are included in faculty salary and benefits

Source: Survey of individual universities, October 2001

APPENDIX B

COMMUNITY COLLEGE MATCHING PROGRAMS

Appendix B Table 1
Community College System, Private Contributions Matched, by College, through FY 2000-01

COLLEGE	AITF ⁽¹⁾	HEALTH CARE ⁽²⁾	SCHOLARSHIP ⁽³⁾	FACILITIES ⁽⁴⁾	TOTAL	% of Total Contributions
Brevard	\$ 3,824,464	\$ 772,811	\$ 856,971	\$ 1,013,938	\$ 6,468,184	3.54%
Broward	\$ 12,236,730	\$ 5,525,117	\$ 4,974,931	\$ 654,500	\$ 23,391,278	12.79%
Central Florida	\$ 5,365,096	\$ 732,618	\$ 605,539	\$ -	\$ 6,703,253	3.67%
Chipola	\$ 2,745,409	\$ 69,078	\$ 653,086	\$ 1,000,000	\$ 4,467,573	2.44%
Daytona Beach	\$ 3,113,547	\$ 701,094	\$ 527,849	\$ 525,054	\$ 4,867,544	2.66%
Edison	\$ 4,031,676	\$ 608,391	\$ 1,340,537	\$ 175,000	\$ 6,155,604	3.37%
Florida @ Jax	\$ 1,901,295	\$ 1,090,448	\$ 584,838	\$ 8,260,000	\$ 11,836,581	6.47%
Florida Keys	\$ 554,443	\$ 179,228	\$ 62,793	\$ -	\$ 796,464	0.44%
Gulf Coast	\$ 2,724,961	\$ 761,886	\$ 459,382	\$ -	\$ 3,946,229	2.16%
Hillsborough	\$ 477,051	\$ 262,168	\$ 411,970	\$ -	\$ 1,151,189	0.63%
Indian River	\$ 6,280,419	\$ 2,149,268	\$ 2,429,433	\$ 2,950,000	\$ 13,809,120	7.55%
Lake City	\$ 1,239,000	\$ 136,859	\$ 482,969	\$ -	\$ 1,858,829	1.02%
Lake-Sumter	\$ 1,570,418	\$ 280,224	\$ 374,643	\$ 3,138,096	\$ 5,363,381	2.93%
Manatee	\$ 3,094,727	\$ 311,568	\$ 2,043,125	\$ 125,000	\$ 5,574,420	3.05%
Miami-Dade	\$ 14,834,262	\$ 2,868,594	\$ 4,359,964	\$ -	\$ 22,062,820	12.07%
North Florida	\$ 170,557	\$ 117,294	\$ 305,047	\$ -	\$ 592,898	0.32%
Okaloosa-Walton	\$ 4,083,496	\$ 99,220	\$ 509,359	\$ -	\$ 4,692,075	2.57%
Palm Beach	\$ 5,491,051	\$ 1,788,531	\$ 1,190,169	\$ 158,592	\$ 8,628,343	4.72%
Pasco-Hernando	\$ 6,373,094	\$ 499,035	\$ 809,402	\$ -	\$ 7,681,531	4.20%
Pensacola	\$ 1,540,312	\$ 897,894	\$ 823,763	\$ 750,000	\$ 4,011,969	2.19%
Polk	\$ 1,658,706	\$ 432,127	\$ 163,790	\$ -	\$ 2,254,623	1.23%
St. Johns River	\$ 175,552	\$ 18,000	\$ 258,498	\$ 1,000,000	\$ 1,452,050	0.79%
St. Petersburg	\$ 5,652,578	\$ 1,082,086	\$ 1,590,050	\$ 2,499,298	\$ 10,824,012	5.92%
Santa Fe	\$ 2,350,605	\$ 710,903	\$ 2,910,262	\$ 250,000	\$ 6,221,770	3.40%
Seminole	\$ 1,369,346	\$ 541,800	\$ 718,493	\$ -	\$ 2,629,639	1.44%
South Florida	\$ 1,295,577	\$ 336,377	\$ 445,276	\$ 60,000	\$ 2,137,230	1.17%
Tallahassee	\$ 768,019	\$ 283,573	\$ 978,913	\$ -	\$ 2,030,505	1.11%
Valencia	\$ 7,155,549	\$ 1,059,392	\$ 1,865,823	\$ -	\$ 10,080,764	5.51%
SBCC Foundation	\$ 150,000	\$ -	\$ 1,000,000	\$ -	\$ 1,150,000	0.63%
System Totals	\$ 102,227,937	\$ 24,315,584	\$ 33,736,875	\$ 22,559,478	\$ 182,839,874	

Source: Division of Community Colleges, Florida Board of Education

NOTES:

(1) The Academic Improvement Trust Fund began in FY 1983-84

(2) The Health Care Challenge Grant began in FY 1990-91

(3) The Scholarship Matching Program began in FY 1996-97

(4) The Facilities Matching Program began in FY 1997-98

Appendix B Table 2a.
Community College System, Expenditures from Matching Gifts Programs
by Program, College and Year

ACADEMIC IMPROVEMENT TRUST FUND					
College	1999-00	1998-99	1997-98	1996-97	1995-96
Brevard	\$ 9,133	\$ 71,587	\$ 30,538	\$ 77,439	\$ 54,040
Broward	\$ 433,941	\$ 294,423	\$ 340,955	\$ 250,728	\$ 306,316
Chipola	\$ 221,459	\$ 164,066	\$ 362,967	\$ 209,713	\$ 82,625
Central FI	\$ 181,442	\$ 131,040	\$ 131,822	\$ 90,368	\$ 80,799
Daytona Beach	\$ 89,381	\$ 205,213	\$ 48,819	\$ 26,699	\$ 11,590
Edison	\$ 305,323	\$ 436,623	\$ 113,305	\$ 156,398	\$ 101,300
Florida @ Jax	\$ -	\$ 297,574	\$ 21,163	\$ -	\$ -
Florida Keys	\$ 56,581	\$ 56,067	\$ 46,816	\$ 41,766	\$ 6,663
Gulf Coast	\$ 29,698	\$ -	\$ -	\$ -	\$ 120,000
Hillsborough	\$ 6,004	\$ -	\$ 2,610	\$ 7,697	\$ -
Indian River	\$ 283,557	\$ 267,135	\$ 243,500	\$ 344,391	\$ 25,000
Lake City	\$ 63,867	\$ 35,782	\$ 27,159	\$ 12,874	\$ 95,712
Lake Sumter	\$ 383,903	\$ 78,272	\$ 40,107	\$ 61,603	\$ 3,649
Manatee	\$ 436,741	\$ 439,542	\$ 165,803	\$ 175,975	\$ 159,014
Miami Dade	\$ 550,029	\$ 745,785	\$ 278,270	\$ 582,662	\$ 626,603
Okaloosa Walton	\$ 796,266	\$ 902,862	\$ 677,628	\$ 673,569	\$ 347,978
Palm Beach	\$ 480,349	\$ 565,967	\$ 206,703	\$ 211,382	\$ 118,072
Polk	\$ 327,134	\$ 160,520	\$ 58,468	\$ 184,772	\$ 66,834
Pasco-Hernando	\$ 238,062	\$ 270,795	\$ 232,702	\$ 203,977	\$ 213,138
Pensacola	\$ 123,325	\$ 35,722	\$ 108,048	\$ 225,716	\$ 40,000
Sante Fe	\$ 145,684	\$ 132,987	\$ 132,711	\$ 133,770	\$ 111,563
Seminole	\$ 58,760	\$ 60,419	\$ 3,752	\$ 36,805	\$ 53,545
South Florida	\$ 116,744	\$ 104,787	\$ 243,789	\$ 148,441	\$ 92,212
St. Johns River	\$ 4,990	\$ 6,196	\$ 869	\$ 1,200	\$ 470
St. Pete Jc	\$ 839,083	\$ 87,998	\$ 332,446	\$ 250,168	\$ 96,272
Tallahassee	\$ 16,957	\$ 64,429	\$ 2,477	\$ 15,526	\$ 15,526
Valencia	\$ 500,109	\$ 437,060	\$ 348,064	\$ 299,329	\$ 302,991
TOTAL	\$ 6,698,522	\$ 6,052,850	\$ 4,201,491	\$ 4,422,969	\$ 3,131,911

Source: Survey of individual colleges, October 2001

Appendix B Table 2b.
Community College System, Expenditures from Matching Gifts Programs
by Program, College and Year

HEALTH CARE CHALLENGE GRANT					
College	1999-00	1998-99	1997-98	1996-97	1995-96
Brevard	\$ 360,841	\$ 112,107	\$ 255,152	\$ 3,208	\$ 14,473
Broward	\$ 1,761,428	\$ 627,058	\$ 380,326	\$ 292,745	\$ 256,990
Chipola	\$ 3,371	\$ 6,259	\$ 600	\$ 5,951	\$ 2,100
Central FI	\$ 41,610	\$ 43,086	\$ 30,875	\$ 28,279	\$ 10,135
Daytona Beach	\$ 56,969	\$ 124,789	\$ 7,247	\$ 4,437	\$ 34,443
Edison	\$ -	\$ 43,470	\$ 267,805	\$ 108,030	\$ 149,428
Florida @ Jax	\$ 200,195	\$ 3,827	\$ 120,694	\$ 1,398	\$ -
Florida Keys	\$ 44,053	\$ 44,473	\$ 26,916	\$ 37,281	\$ 16,295
Gulf Coast	\$ 79,000	\$ 124,906	\$ 159,906	\$ 84,086	\$ 83,774
Hillsborough	\$ 640	\$ 35,392	\$ 14,342	\$ 6,622	\$ 22,537
Indian River	\$ 382,097	\$ 373,864	\$ 319,647	\$ 193,010	\$ 210,043
Lake City	\$ 14,345	\$ 13,521	\$ 9,828	\$ 37,729	\$ 7,482
Lake Sumter	\$ 18,008	\$ 8,137	\$ 15,166	\$ 10,273	\$ -
Manatee	\$ 260,596	\$ 52,127	\$ 48,372		
Miami Dade	\$ 161,676	\$ 110,787	\$ 38,115	\$ 123,129	\$ 122,724
North Florida	\$ 9,500	\$ 10,500	\$ 8,350	\$ 8,670	\$ 4,049
Okaloosa Walton	\$ 3,004	\$ 10,437	\$ 18,964	\$ 6,061	\$ 4,983
Palm Beach	\$ 233,512	\$ 182,305	\$ 144,304	\$ 109,454	\$ 68,979
Polk	\$ 105,500	\$ 68,158	\$ 57,423	\$ 37,103	\$ 46,772
Pasco-Hernando	\$ 31,814	\$ 24,251	\$ -	\$ -	\$ -
Pensacola	\$ 257,064	\$ 14,566	\$ 29,661	\$ 109,585	\$ 3,466
Sante Fe	\$ 69,951	\$ 38,012	\$ 33,348	\$ 61,252	\$ 22,310
Seminole	\$ 12,882	\$ 365,762	\$ 12,359	\$ 16,922	\$ 8,600
South Florida	\$ 30,188	\$ 21,979	\$ 40,865	\$ 31,852	\$ 19,214
St. Johns River	\$ 2,800	\$ 4,050	\$ -	\$ -	\$ -
St. Petersburg	\$ 61,264	\$ 40,082	\$ 242,566	\$ 22,281	\$ 35,482
Tallahassee	\$ 12	\$ 13,459	\$ 10,343	\$ 38,110	\$ -
Valencia	\$ 21,214	\$ 18,540	\$ 14,764	\$ 12,697	\$ 12,854
TOTAL	\$ 4,223,535	\$ 2,535,903	\$ 2,307,938	\$ 1,390,164	\$ 1,157,134

Source: Survey of individual colleges, October 2001

Appendix B Table 2c.
Community College System, Expenditures from Matching Gifts Programs
by Program, College and Year

SCHOLARSHIP MATCHING PROGRAM					
College	1999-00	1998-99	1997-98	1996-97	1995-96
Brevard	\$ 450,042	\$ 296,314	\$ 123,001	\$ -	\$ -
Broward	\$ 286,742	\$ 159,626	\$ 121,615	\$ 51,311	\$ -
Central Florida	\$ 142,443	\$ 319,279	\$ 94,812	\$ 51,780	\$ -
Chipola JC	\$ 181,601	\$ 191,837	\$ 500	\$ -	\$ -
Daytona Beach	\$ 221,296	\$ 132,178	\$ 15,920	\$ 53,235	\$ -
Edison	\$ 397,380	\$ 344,840	\$ 264,290	\$ 231,885	\$ 222,956
Florida at Jax	\$ 114,583	\$ 98,659	\$ 101,949	\$ 91,437	\$ -
Florida Keys	\$ 32,238	\$ 7,666	\$ 5,155	\$ 5,356	\$ -
Gulf Coast	\$ 367,757	\$ 318,420	\$ 280,606	\$ 267,731	\$ 218,290
Hillsborough	\$ 102,661	\$ 49,312	\$ 35,000	\$ 46,988	\$ -
Indian River	\$ 245,262	\$ 408,720	\$ 14,313	\$ 11,172	\$ -
Lake City	\$ 149,130	\$ 89,225	\$ 87,640	\$ 105,562	\$ -
Lake-Sumter	\$ 189,673	\$ 152,081	\$ 112,108	\$ 103,736	\$ -
Manatee	\$ 418,923	\$ 194,148	\$ 178,595	\$ 81,714	\$ 123,637
Miami-Dade	\$ 579,789	\$ 1,396,527	\$ 523,474	\$ 283,922	\$ 489,349
North Florida	\$ 82,916	\$ 94,502	\$ 54,247	\$ 1,500	\$ 8,501
Okaloosa-Walton	\$ 31,049	\$ 22,093	\$ 25,680	\$ 10,269	\$ 7,760
Palm Beach	\$ 124,067	\$ 120,836	\$ 79,500	\$ -	\$ -
Pasco-Hernando	\$ 10,250	\$ 3,526	\$ 2,139	\$ -	\$ -
Pensacola	\$ 74,399	\$ 24,285	\$ 8,076	\$ -	\$ -
Polk	\$ 16,675	\$ 3,536	\$ -	\$ -	\$ -
St. Johns River	\$ 105,614	\$ 116,876	\$ 65,990	\$ 7,150	\$ -
St. Petersburg	\$ 107,743	\$ 45,083	\$ 16,875	\$ 2,000	\$ 7,350
Santa Fe	\$ 152,164	\$ 60,023	\$ 54,582	\$ 39,002	\$ 1,337
Seminole	\$ 267,632	\$ 176,726	\$ 76,564	\$ 65,672	\$ -
South Florida	\$ 74,602	\$ 18,492	\$ 14,766	\$ 16,493	\$ -
Tallahassee	\$ 58,464	\$ 15,490	\$ 15,799	\$ 4,596	\$ -
Valencia	\$ 136,411	\$ 39,930	\$ 32,502	\$ 10,565	\$ 5,826
TOTAL	\$ 5,121,506	\$ 4,900,230	\$ 2,405,697	\$ 1,543,076	\$ 1,085,006

Source: Survey of individual colleges, October 2001

Appendix B Table 3
Community College System, Recent History of Expenditures
By Program, Expenditure Category and Year

ACADEMIC IMPROVEMENT TRUST FUND					
Expenditure Category	1999-00	1998-99	1997-98	1996-97	1995-96
Faculty Salary and Benefits	\$ 240,339	\$ 237,016	\$ 250,375	\$ 257,529	\$ 220,016
Support Staff (OPS, Admin. Asst)	\$ 1,350	\$ 11,933	\$ 8,138	\$ 7,531	\$ 370
Equipment and Supplies	\$ 1,397,212	\$ 1,403,574	\$ 629,851	\$ 1,165,674	\$ 597,314
Travel and Entertainment	\$ 38,168	\$ 36,692	\$ 18,129	\$ 14,805	\$ 24,632
Scholarships	\$ 2,852,763	\$ 2,472,518	\$ 1,871,519	\$ 1,765,320	\$ 1,589,351
Other	\$ 2,168,690	\$ 1,891,117	\$ 1,423,478	\$ 1,212,110	\$ 700,229
TOTAL -- AITF	\$ 6,698,522	\$ 6,052,850	\$ 4,201,491	\$ 4,422,969	\$ 3,131,911
HEALTH CARE CHALLENGE GRANT					
Expenditure Category	1999-00	1998-99	1997-98	1996-97	1995-96
Faculty Salary and Benefits	\$ 364,911	\$ 182,120	\$ 351,180	\$ 139,584	\$ 239,392
Support Staff (OPS, Admin. Asst)	\$ 262,478	\$ 228,836	\$ 228,481	\$ 155,838	\$ 157,452
Equipment and Supplies	\$ 1,709,907	\$ 468,059	\$ 662,796	\$ 377,346	\$ 84,153
Travel and Entertainment	\$ 26,259	\$ 27,282	\$ 7,788	\$ 14,451	\$ 5,658
Scholarships	\$ 1,179,561	\$ 750,624	\$ 415,731	\$ 491,440	\$ 423,974
Other	\$ 680,420	\$ 878,982	\$ 641,962	\$ 211,430	\$ 246,505
TOTAL - Health Care	\$ 4,223,535	\$ 2,535,903	\$ 2,307,938	\$ 1,390,089	\$ 1,157,134
SCHOLARSHIP MATCHING PROGRAM					
Expenditure Category	1999-00	1998-99	1997-98	1996-97	1995-96
Scholarships	\$ 5,121,506	\$ 4,900,230	\$ 2,405,697	\$ 1,543,076	\$ 1,085,006
TOTAL EXPENDITURES	\$ 16,043,563	\$ 13,488,983	\$ 8,915,126	\$ 7,356,134	\$ 5,374,052

Source: Survey of individual colleges, October 2001