

MAINE STATE LEGISLATURE

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EDUCATION AND CULTURAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1470, L.D. 2061, Bill, "An Act to Establish the Endowment Incentive Program"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 20-A MRSA §10006 is enacted to read:

§10006. Endowment incentives

1. Endowment Incentive Fund; nonlapsing fund. The Endowment Incentive Fund, referred to in this section as the "fund," is created to provide an incentive for private donations for endowment purposes to and for the benefit of the University of Maine System, the Maine Technical College System and the Maine Maritime Academy by providing matching state funds for certain private donations for specified purposes. Any funds appropriated by the Legislature to carry out the purposes of this section may not lapse and must be carried forward for continued use in the fund.

2. Treasurer of State authority for deposit of state funds; interest earned on fund; disbursement of incentive funds. The Treasurer of State is responsible for the safekeeping and custodial care of the fund until the qualified recipients secure the matching funds and may deposit state funds pursuant to Title 5, section 135. Interest earned on the investment of the fund must be credited to the General Fund. The Treasurer of State is

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2 responsible for disbursement of the fund upon certification by
3 the Chancellor of the University of Maine System, the President
4 of the Maine Technical College System and the President of the
5 Maine Maritime Academy that the criteria established in
6 subsection 3 are met.

7 **3. Administration of endowment; boards of trustees; boards**
8 **of visitors; academic purposes.** The respective boards of
9 trustees of the University of Maine System, the Maine Technical
10 College System and the Maine Maritime Academy shall adopt
11 criteria establishing qualifications for private gifts and grants
12 to be matched from the fund. The criteria may not circumvent the
13 donor's right to choose the qualified recipient or to establish
14 gift conditions. For each institution of higher education in the
15 University of Maine System, the respective institution of higher
16 education president shall recommend qualifications for that
17 institution's endowment fund criteria to the Board of Trustees
18 of the University of Maine System. Each president may direct
19 that institution's board of visitors to review the institution's
20 unique fund raising needs and advise the president on their final
21 recommendations to the Board of Trustees of the University of
22 Maine System. These criteria must provide that only private
23 donations for academic purposes may qualify for matching funds.
24 For the administration of the fund, "academic purposes" means
25 scholarships, professorships or other endowed faculty positions.
26 These criteria must:

27 A. Set standards for those types of gifts that qualify for
28 matching funds;

29 B. Establish minimum and maximum amounts for gifts to be
30 matched from the fund;

31 C. Establish any other qualifications determined by the
32 respective boards of trustees to provide the greatest
33 incentive for encouraging private endowment gifts for
34 academic purposes; and

35 D. Set reporting and accountability standards for the state
36 matching funds for the individual campus development offices
37 and the institutionally related foundations where
38 appropriate.

39 **4. Qualified recipients; institutionally related**
40 **foundations; management of funds.** Qualified recipients of
41 private donations eligible for matching funds are the University
42 of Maine System and each of its institutions of higher education,
43 the Maine Technical College System and each of its colleges and
44

the Maine Maritime Academy, as well as institutionally related foundations qualified under Section 501(c)(3) of the Internal Revenue Code. Qualified institutions and qualified institutionally related foundations have the authority to receive and manage the investment of matching funds and may, at their discretion, hold funds allocated to them. In the absence of any conditions or restrictions to the contrary made by the donor, qualified recipients of private donations eligible for matching funds may combine, pool or merge these funds with other similar gifts and endowment funds.

5. Matching funds available to 3 postsecondary entities.
Upon determination that the criteria established in subsection 3 have been met, the Treasurer of State shall make matching funds available to the 3 entities as follows:

A. For an appropriated amount of more than \$10,000,000:

- (1) University of Maine System 70%;
- (2) Maine Technical College System 25%; and
- (3) Maine Maritime Academy 5%; and

B. For an appropriated amount of \$10,000,000 or less:

- (1) University of Maine System 75%;
- (2) Maine Technical College System 20%; and
- (3) Maine Maritime Academy 5%.

6. University of Maine System; distribution formula. The Board of Trustees of the University of Maine System shall ensure that money from the fund distributed to the University of Maine System is allocated to each of the institutions of higher education in proportion to the respective amounts of education and general funds allocated to the various institutions of higher education.

7. Maine Technical College System; distribution formula. The Board of Trustees of the Maine Technical College System shall ensure that money from the fund distributed to the Maine Technical College System is allocated to each of the colleges in proportion to the respective amounts of education and general funds allocated to the various colleges.

8. Annual audited report. The board of trustees of each qualified institution and qualified institutionally related foundation shall provide an annual audited report to the Governor

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2 and the Legislature on the management and investment of matching
funds disbursed to them.

4 9. Reduction prohibited. Appropriations to the fund must
6 be in addition to any other funds appropriated to the University
of Maine System, the Maine Technical College System and the Maine
8 Maritime Academy and may not be used to reduce appropriations for
other purposes.

10 **Sec. 2. Appropriation.** The following funds are appropriated
12 from the General Fund to carry out the purposes of this Act.

1998-99

14 **TREASURER OF STATE,**
16 **OFFICE OF**

18 **Endowment Incentive Fund**

20 All Other \$14,000,000

22 Provides funds to establish a nonlapsing
24 fund to match qualified private donations
for academic purposes at the University of
26 Maine System, the Maine Technical College
System and the Maine Maritime Academy.'

28 Further amend the bill by inserting at the end before the
30 summary the following:

32 **FISCAL NOTE**

1998-99

36 **APPROPRIATIONS/ALLOCATIONS**

38 General Fund \$14,000,000

40 This bill includes a General Fund appropriation of
42 \$14,000,000 in fiscal year 1998-99 for the Treasurer of State to
establish the Endowment Incentive Fund as a nonlapsing fund to
44 match certain donations to Maine's public institutions of higher
education. The additional costs associated with administering
46 the fund can be absorbed by the Office of the Treasurer utilizing
existing budgeted resources.

48 The University of Maine System, the Maine Technical College
System and Maine Maritime Academy will incur some minor

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2 additional costs to adopt criteria establishing qualifications
3 for qualified donations to be matched from the fund and to
4 provide annual audit reports relating to the funds disbursed to
5 them. These costs can be absorbed within those institutions'
6 existing budgeted resources.'

8 **SUMMARY**

10 This amendment replaces the bill. The amendment establishes
11 the Endowment Incentive Fund for the University of Maine System,
12 the Maine Technical College System and the Maine Maritime Academy
13 to benefit academic purposes at the various campuses of Maine's
14 publicly assisted postsecondary education institutions. As
15 amended, the bill would encourage private fund raising at Maine's
16 publicly assisted postsecondary institutions by allowing campus
17 donors to multiply the value of their gifts through state
18 matching funds.

20 The amendment includes the following provisions.

22 1. The Endowment Incentive Fund (the fund) is established
23 as a nonlapsing fund, and the Treasurer of State is responsible
24 for the custodial care of the fund and may deposit state funds
25 pursuant to the Maine Revised Statutes, Title 5, section 135; the
26 Treasurer of State is also responsible for disbursement of the
27 fund upon certification that established criteria are met.

28 2. Interest earned on the investment of the fund must be
29 credited to the General Fund.

32 3. For the administration of the fund, "academic purposes"
33 is defined as scholarships, professorships or other endowed
34 faculty positions.

36 4. The respective boards of trustees for the 3 entities
37 shall adopt criteria establishing qualifications for private
38 gifts and grants to be matched from the fund; and for each campus
39 within the University of Maine System, the board of visitors
40 shall advise their respective campus president on the
41 qualifications that are to be included in the final
42 recommendations to the Board of Trustees of the University of
43 Maine System.

44 5. Qualified recipients of private donations eligible for
45 matching funds are the respective institutions of the 3
46 postsecondary entities, as well as institutionally related
47 foundations; and qualified institutionally related foundations
48 have the authority to receive and manage the investment of
49 matching funds and may, at their discretion, deposit funds

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2 allocated to them. Unless otherwise restricted by the donors,
3 qualified recipients may also combine, merge or pool these funds
4 with other similar funds at the system level.

6 6. Matching funds are made available to the 3 publicly
7 assisted postsecondary entities on a percentage basis. The
8 amount of matching funds available to these entities is
9 determined exclusively by the amount of General Fund appropriated
10 to the fund established in this amendment.

12 7. The Board of Trustees of the University of Maine System
13 and the Board of Trustees of the Maine Technical College System
14 shall ensure that the fund distributed to the University of Maine
15 System and to the Maine Technical College System is allocated to
16 each of the colleges in the respective systems in accordance with
17 the formula that the respective board of trustees adopts for the
18 distribution of education and general funds.

20 8. The board of trustees of each qualified institution and
21 qualified institutionally related foundation shall provide an
22 annual audited report to the Governor and the Legislature on the
23 management and investment of matching funds disbursed to them.

24 9. The amendment clarifies that the Treasurer of State is
25 responsible for disbursement of the fund upon certification by
26 the Chancellor of the University of Maine System, the President
27 of the Maine Technical College System or the President of the
28 Maine Maritime Academy that established criteria are met.

30 10. The amendment establishes that the respective boards of
31 trustees for the 3 entities shall also set reporting and
32 accountability standards for the state matching funds for the
33 individual campus development offices and the institutionally
34 related foundations, when appropriate.

36 The amendment also adds a fiscal note to the bill.