

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 90

H.P. 77

House of Representatives, January 11, 1999

An Act to Establish the Endowment Incentive Fund.

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative BAKER of Bangor.
Cosponsored by Senator CATHCART of Penobscot and
Representatives: BRENNAN of Portland, GOOLEY of Farmington, JABAR of Waterville,
RICHARD of Madison, STEVENS of Orono, WATSON of Farmingdale, Senators: AMERO
of Cumberland, MILLS of Somerset.

Be it enacted by the People of the State of Maine as follows:

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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 "endowment 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, referred to in this section as "postsecondary entities," 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 the endowment fund; disbursement of endowment funds. The Treasurer of State is responsible for the custodial care of the endowment fund and may deposit state funds pursuant to Title 5, section 135. Interest earned on the investment of the endowment fund must be credited to the respective postsecondary entity or its qualified institutionally related foundation. The Treasurer of State is responsible for disbursement of the endowment fund, upon certification by the Chancellor of the University of Maine System, the President of the Maine Technical College System and the President of the Maine Maritime Academy, that the criteria established in subsection 3 are met.

3. Administration of endowment fund; boards of trustees; boards of visitors; academic purposes. The respective boards of trustees of the postsecondary entities shall adopt criteria establishing qualifications for private gifts and grants to be matched from the endowment fund. For each university in the University of Maine System, the respective university president must recommend qualifications for that institution's endowment fund criteria to the Board of Trustees of the University of Maine System. Each university president may direct that university's board of visitors to review the institution's unique fund-raising needs and advise the president on the board of visitors' final recommendations to the Board of Trustees of the University of Maine System. The endowment fund criteria must provide that only private donations for academic purposes may qualify for matching. For the administration of this endowment fund, "academic purposes" is defined as scholarships, professorships or other endowed faculty positions, the repair of classrooms or

laboratories and the acquisition of equipment for classrooms and laboratories. These endowment fund criteria must:

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

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

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

4. Qualified recipients: institutionally related foundations; management of endowment funds. Qualified recipients of private donations eligible for matching funds are the University of Maine System and each of its universities, the Maine Technical College System and each of its colleges and the Maine Maritime Academy, as well as institutionally related foundations qualified under the Internal Revenue Code, Section 501(c)(3). Qualified institutionally related foundations may 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 gift and endowment funds.

5. Matching funds available to postsecondary entities. Upon determination that the criteria established in subsection 3 have been met, the State Treasurer shall provide that matching funds be 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%.

2 6. University of Maine System: distribution formula. The
3 Board of Trustees of the University of Maine System shall ensure
4 that money from the endowment fund distributed to the University
5 of Maine System is allocated to each of the universities in
6 proportion to the respective amounts of education funds and funds
7 appropriated to the General Fund allocated to the various
8 universities.

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10 7. Reduction prohibited. Appropriations to the fund must
11 be in addition to any other funds appropriated to the University
12 of Maine System, the Maine Technical College System and the Maine
13 Maritime Academy and may not be used to reduce appropriations for
14 other purposes.

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

17
18 **2000-01**

19
20 **TREASURER OF STATE**

21
22 **Endowment Incentive Fund**

23
24 All Other \$14,000,000

25 Provides funds to establish a nonlapsing
26 fund to match qualified private donations
27 for academic purposes at the University of
28 Maine System, the Maine Technical College
29 System and the Maine Maritime Academy.
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33 **SUMMARY**

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35 This bill establishes the Endowment Incentive Fund for the
36 University of Maine System, the Maine Technical College System
37 and the Maine Maritime Academy to benefit academic purposes at
38 the various campuses of Maine's publicly assisted postsecondary
39 education institutions. The bill encourages private fund raising
40 at Maine's publicly assisted postsecondary institutions by
41 allowing campus donors to multiply the value of their gifts
42 through state matching funds.

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44 The bill requires the following.

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46 1. The Endowment Incentive Fund is established as a
47 nonlapsing fund. The State Treasurer is responsible for the
48 custodial care of the fund and may deposit state funds pursuant
to the Maine Revised Statutes, Title 5, section 135; the

2 Treasurer of State is also responsible for disbursement of the
3 Endowment Incentive Fund upon certification that established
4 criteria are met.

6 2. Interest earned on the investment of the Endowment
7 Incentive Fund must be credited to the respective publicly
8 assisted postsecondary institution or its qualified
9 institutionally related foundation.

10 3. For the administration of the Endowment Incentive Fund,
11 "academic purposes" is defined as scholarships, professorships or
12 other endowed faculty positions, the repair of classrooms and
13 laboratories and the acquisition of equipment for classrooms and
14 laboratories.

16 4. The respective board of trustees for each publicly
17 assisted postsecondary institution shall adopt criteria
18 establishing qualifications for private gifts and grants to be
19 matched from the Endowment Incentive Fund; and for each campus
20 within the University of Maine System, the board of visitors
21 shall advise their respective campus president on the
22 qualifications that are to be included in the final
23 recommendations to the board of trustees.

24 5. Qualified recipients of private donations eligible for
25 matching funds are the respective institutions of the 3 publicly
26 assisted postsecondary institutions, as well as institutionally
27 related foundations; and qualified institutionally related
28 foundations have the authority to receive and manage the
29 investment of matching funds, and may, at their discretion,
30 deposit funds allocated to them. Unless otherwise restricted by
31 the donors, qualified recipients may also combine, merge or pool
32 these funds with similar funds at the system level.

34 6. Matching funds must be made available to the 3 entities
35 on a percentage basis according to the amount appropriated from
36 the General Fund.

38 7. The Board of Trustees of the University of Maine System
39 shall ensure that the Endowment Incentive Fund distributed to the
40 University of Maine System is allocated to each of the
41 universities in the system in accordance with the formula that
42 the board adopts for the distribution of education and general
43 funds.
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