



# The Florida Senate

Interim Project Report 2005-103

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Committee on Education Appropriations

Senator JD Alexander, Chair

## PUBLIC POSTSECONDARY CHALLENGE GRANT PROGRAMS

### SUMMARY

There are currently four statutorily established challenge grant programs which exist to encourage private giving to support state universities and community colleges through the promise of state matching funds. Due to the success of these programs, the Legislature has not always been able to appropriate sufficient state funds to match private donations in the years in which they have been received. In some cases, this has resulted in donors retracting their gifts. Some of these programs have evolved over time to reflect changes in legislative philosophy, but additional revisions may be appropriate to reflect recent changes in governance.

*The Community College Facility Enhancement Challenge Grant Program* – Established in section 1011.32, F.S., to provide the opportunity for each community college through its direct support organization to receive and match challenge grants for instructional and community-related capital facilities within the community college. Private funds and any other funds, excluding state & federal funds, are eligible for equal state matching funds. Eligible projects under the program must be survey recommended under the provisions of section 1013.31, F.S., included in the community college five year capital improvement plan, and must receive prior approval from the State Board of Education and the Legislature. The FY 2004/05 legislative appropriation for previously unmatched eligible contributions received under the Community College Facility Enhancement Challenge Grant Program is \$22,402,629.

### BACKGROUND

The public postsecondary challenge grant programs currently authorized in Florida Statutes are:

*The Dr. Philip Benjamin Matching Grant Program for Community Colleges* – Established in section 1011.85, F.S., as a single matching gifts program that encompasses the goals of three predecessor programs (the Academic Improvement Program, the Scholarship Matching Program, and the Health Care Education Enhancement Grant Program). Private contributions and local funds designated for the program are eligible for state match. Donations for scholarships, student loans, or need-based grants are matched at 100%. For all other donations, \$4 in state funds are provided for each \$6 in private or local funds. To be eligible, a minimum of \$4,500 must be raised from private or local sources. The FY 2004/05 legislative appropriation for previously unmatched eligible contributions received under the Dr. Philip Benjamin Matching Grant Program for Community Colleges is \$50,786,235.

*The Trust Fund for Major University Gifts* – Established in section 1011.94, F.S., to provide donors with incentives in the form of matching grants for donations for the establishment of permanent endowments. Donations and state matching funds are used to establish permanent endowments, the proceeds of which may not be expended for construction, renovation, or maintenance of facilities or to support intercollegiate athletics. State funds appropriated as match for this program are deposited in the Major Gifts Trust Fund prior to distribution to individual universities. (This “double budget” methodology is an artifact which has not been revised to reflect the devolution of university accounting and governance to the institution level.) Private donations are matched by the state at the following rates: \$100,000 to \$599,999 – 50%; \$600,000 to \$1,000,000 – 70%; \$1,000,001 to \$1,500,000 – 75%; \$1,500,001 to \$2,000,000 – 80%, and more than \$2,000,000 – 100%. In addition, the Major Gifts Trust Fund is used as a repository for state funds appropriated as match for sales tax exemption matching contributions received pursuant to Section

212.08(5)(j), F.S. The FY 2004/05 legislative appropriation for previously unmatched eligible contributions received under the Trust Fund for Major University Gifts is \$94,880,397.

***The University Facility Enhancement Challenge Grant Program*** – Established in section 1013.79, F.S. as the Alec P. Courtelis University Facility Enhancement Challenge Grant Program. This program provides the opportunity for each university to receive and match challenge grants for instructional and research-based capital facilities. Private funds are eligible for 100% state matching funds. Eligible projects under the program must be included in the university five year capital improvement plan and must receive prior approval from the State Board of Education and the Legislature. As with the Trust Fund for Major University Gifts, the statutes require that state funds appropriated as match for the University Facility Enhancement Challenge Grant Program be transferred into a trust fund prior to distribution to individual universities. The FY 2004/05 legislative appropriation for previously unmatched eligible contributions received under the University Facility Enhancement Challenge Grant Program is \$18,184,146.

## METHODOLOGY

The funding history for each program will be summarized and reported. The programs will be reviewed to identify statutory provisions which are inconsistent with the current governance structure for public postsecondary education. Options for reducing the state's cost for providing match to the programs will also be identified.

## FINDINGS

These programs have been extremely beneficial to community colleges and universities. While they have encouraged significant private investment in public postsecondary education in Florida, individual donations received under these programs have not always been consistent with the highest priority funding needs of the state. Nevertheless, each donation is received with the expectation of state matching funds. As a result, limited state resources are sometimes obligated for issues that might not otherwise

receive legislative attention. In addition, notwithstanding the nature of the individual donations, the overall volume of donations received under these programs sometimes overwhelms the legislature's ability to fully honor qualified matching obligations.

The funding history of contributions and state match by program is presented below:

### ***Dr. Philip Benjamin Matching Grant Program for Community Colleges***

| <b>College</b>         | <b>Contributions</b> | <b>Match</b> | <b>Total</b> |
|------------------------|----------------------|--------------|--------------|
| BREVARD                | 8,397,416            | 6,335,684    | 14,733,100   |
| BROWARD                | 29,822,516           | 23,058,033   | 52,880,550   |
| CENTRAL FLA.           | 10,066,499           | 7,616,150    | 17,682,649   |
| CHIPOLA                | 5,949,752            | 4,860,401    | 10,810,153   |
| DAYTONA BEACH          | 6,864,655            | 5,277,269    | 12,141,924   |
| EDISON                 | 12,452,275           | 9,997,743    | 22,450,018   |
| FLA. CC @ JACKSONVILLE | 5,670,904            | 4,529,246    | 10,200,150   |
| FLA. KEYS              | 2,047,212            | 1,479,018    | 3,526,230    |
| GULF COAST             | 6,109,713            | 4,682,461    | 10,792,174   |
| HILLSBOROUGH           | 2,220,370            | 1,830,391    | 4,050,761    |
| INDIAN RIVER           | 17,627,543           | 13,898,552   | 31,526,095   |
| LAKE CITY              | 3,389,317            | 2,867,407    | 6,256,725    |
| LAKE-SUMTER            | 3,323,924            | 2,569,648    | 5,893,572    |
| MANATEE                | 11,125,343           | 9,397,476    | 20,522,819   |
| MIAMI-DADE             | 31,960,359           | 24,817,587   | 56,777,946   |
| NORTH FLA.             | 1,128,299            | 1,020,868    | 2,149,167    |
| OKALOOSA-WALTON        | 7,559,844            | 5,570,705    | 13,130,549   |
| PALM BEACH             | 10,627,889           | 7,950,831    | 18,578,720   |
| PASCO-HERNANDO         | 10,950,383           | 8,105,282    | 19,055,665   |
| PENSACOLA              | 5,810,549            | 4,632,585    | 10,443,134   |
| POLK                   | 5,184,152            | 4,301,357    | 9,485,509    |
| ST. JOHNS RIVER        | 1,144,079            | 1,016,469    | 2,160,548    |
| ST PETERSBURG          | 14,021,151           | 10,901,704   | 24,922,855   |
| SANTA FE               | 8,058,641            | 6,955,674    | 15,014,315   |
| SEMINOLE               | 4,705,668            | 3,746,792    | 8,452,460    |
| SOUTH FLA.             | 4,026,006            | 3,288,929    | 7,314,935    |
| TALLAHASSEE            | 3,689,652            | 3,190,487    | 6,880,139    |
| VALENCIA               | 14,375,382           | 10,860,822   | 25,236,204   |
| FOUND FOR FLA CCs      | 3,997,804            | 3,928,139    | 7,925,943    |
| SYSTEM TOTAL           | 252,307,295          | 198,687,710  | 450,995,005  |

State funds represent 44% of all funds provided under the Dr. Philip Benjamin Matching Grant Program for Community Colleges since its inception.

**Community College Facility Enhancement  
Challenge Grant Program**

| <b>College</b>            | <b>Contributions</b> | <b>Match</b> | <b>Total</b> |
|---------------------------|----------------------|--------------|--------------|
| BREVARD                   | 1,374,097            | 1,374,097    | 2,748,194    |
| BROWARD                   | 7,059,500            | 7,059,500    | 14,119,000   |
| CENTRAL FLA.              | 1,167,500            | 1,167,500    | 2,335,000    |
| CHIPOLA                   | 1,025,000            | 1,025,000    | 2,050,000    |
| DAYTONA BEACH             | 1,412,865            | 1,412,865    | 2,825,730    |
| EDISON                    | 275,000              | 275,000      | 550,000      |
| FLA. CC @<br>JACKSONVILLE | 8,510,070            | 8,510,070    | 17,020,140   |
| FLA. KEYS                 | 556,013              | 556,013      | 1,112,026    |
| GULF COAST                | 0                    | 0            | 0            |
| HILLSBOROUGH              | 0                    | 0            | 0            |
| INDIAN RIVER              | 7,100,000            | 7,100,000    | 14,200,000   |
| LAKE CITY                 | 0                    | 0            | 0            |
| LAKE-SUMTER               | 4,044,896            | 4,044,896    | 8,089,792    |
| MANATEE                   | 125,000              | 125,000      | 250,000      |
| MIAMI-DADE                | 19,000,000           | 19,000,000   | 38,000,000   |
| NORTH FLA.                | 0                    | 0            | 0            |
| OKALOOSA-<br>WALTON       | 1,800,000            | 1,800,000    | 3,600,000    |
| PALM BEACH                | 158,592              | 158,592      | 317,184      |
| PASCO-HERNANDO            | 0                    | 0            | 0            |
| PENSACOLA                 | 750,000              | 750,000      | 1,500,000    |
| POLK                      | 0                    | 0            | 0            |
| ST. JOHNS RIVER           | 1,510,000            | 1,510,000    | 3,020,000    |
| ST. PETERSBURG            | 12,705,373           | 12,705,373   | 25,410,746   |
| SANTA FE                  | 250,000              | 250,000      | 500,000      |
| SEMINOLE                  | 2,872,425            | 2,872,425    | 5,744,850    |
| SOUTH FLA.                | 312,700              | 312,700      | 625,400      |
| TALLAHASSEE               | 0                    | 0            | 0            |
| VALENCIA                  | 0                    | 0            | 0            |
| FOUND FOR FLA<br>CCs      | 0                    | 0            | 0            |
| SYSTEM TOTAL              | 72,009,031           | 72,009,031   | 144,018,062  |

|                               |             |             |               |
|-------------------------------|-------------|-------------|---------------|
| Florida Gulf Coast University | 6,199,695   | 3,805,002   | 10,004,697    |
| New College of Florida        | 5,745,811   | 3,165,406   | 8,911,217     |
| SYSTEM TOTAL                  | 719,952,406 | 519,902,817 | 1,239,855,223 |

State funds represent 42% of all funds provided under the Trust Fund for Major University Gifts since the program's inception.

**University Facility Enhancement Challenge Grant  
Program**

| <b>University</b>                | <b>Private Contributions</b> | <b>State Match</b> | <b>Total</b> |
|----------------------------------|------------------------------|--------------------|--------------|
| University of Florida            | 76,086,919                   | 76,086,919         | 152,173,838  |
| Florida State University         | 29,925,131                   | 29,925,131         | 59,850,262   |
| Florida A&M University           | 5,967,012                    | 5,967,012          | 11,934,024   |
| University of South Florida      | 21,148,198                   | 21,148,198         | 42,296,396   |
| Florida Atlantic University      | 34,566,152                   | 34,566,152         | 69,132,304   |
| University of West Florida       | 2,975,547                    | 2,975,547          | 5,951,094    |
| University of Central Florida    | 28,151,271                   | 28,151,271         | 56,302,542   |
| Florida International University | 14,788,846                   | 14,788,846         | 29,577,692   |
| University of North Florida      | 4,707,519                    | 4,707,519          | 9,415,038    |
| Florida Gulf Coast University    | 17,041,230                   | 17,041,230         | 34,082,460   |
| New College of Florida           | 223,613                      | 223,613            | 447,226      |
| SYSTEM TOTAL                     | 235,581,438                  | 235,581,438        | 471,162,876  |

**Trust Fund for Major University Gifts**

| <b>University</b>                | <b>Private Contributions</b> | <b>State Match</b> | <b>Total</b> |
|----------------------------------|------------------------------|--------------------|--------------|
| University of Florida            | 300,056,689                  | 206,795,673        | 506,852,362  |
| Florida State University         | 110,726,129                  | 84,415,030         | 195,141,159  |
| Florida A&M University           | 28,235,861                   | 15,956,310         | 44,192,171   |
| University of South Florida      | 109,941,034                  | 85,187,576         | 195,128,610  |
| Florida Atlantic University      | 57,286,621                   | 45,352,111         | 102,638,732  |
| University of West Florida       | 18,571,621                   | 13,546,478         | 32,118,099   |
| University of Central Florida    | 29,191,401                   | 20,982,519         | 50,173,920   |
| Florida International University | 30,210,723                   | 23,865,912         | 54,076,635   |
| University of North Florida      | 23,786,823                   | 16,830,800         | 40,617,623   |

In order to provide an idea of how eligible institutions perform relative to one another in these challenge grant programs, the following two charts compare total contributions and state matching funds provided by each program from inception through FY 2003/04 (including FY 04/05 matching appropriations) on a per-student basis. This comparison is based on actual FY 2003/04 full time equivalent enrollment. A more appropriate comparison could be obtained by dividing total funds for each program by the total annual enrollment numbers for each institution for the years during which the programs were in existence.

**Cumulative Total Contributions & Match Per FY  
2003/04 FTE Student for Community College  
Challenge Grant Programs**

| <b>College</b>      | <b>Operating<br/>Challenge<br/>Grants</b> | <b>Facility<br/>Challenge<br/>Grants</b> | <b>Total</b>      |
|---------------------|---|--|-------------------|
| BREVARD             | \$1,398.50                                | \$260.87                                 | \$1,659.37        |
| BROWARD             | \$2,331.35                                | \$622.46                                 | \$2,953.81        |
| CENTRAL FLA.        | \$3,604.29                                | \$475.95                                 | \$4,080.24        |
| CHIPOLA             | \$6,413.62                                | \$1,216.26                               | \$7,629.87        |
| DAYTONA BEACH       | \$906.74                                  | \$211.02                                 | \$1,117.76        |
| EDISON              | \$3,100.06                                | \$75.95                                  | \$3,176.01        |
| FLA. CC @ JAX.      | \$494.85                                  | \$825.71                                 | \$1,320.55        |
| FLA. KEYS           | \$4,007.53                                | \$1,263.81                               | \$5,271.34        |
| GULF COAST          | \$2,281.31                                | \$0.00                                   | \$2,281.31        |
| HILLSBOROUGH        | \$244.75                                  | \$0.00                                   | \$244.75          |
| INDIAN RIVER        | \$2,632.77                                | \$1,185.85                               | \$3,818.62        |
| LAKE CITY           | \$2,561.29                                | \$0.00                                   | \$2,561.29        |
| LAKE-SUMTER         | \$2,747.20                                | \$3,770.94                               | \$6,518.14        |
| MANATEE             | \$3,194.06                                | \$38.91                                  | \$3,232.97        |
| MIAMI-DADE          | \$1,043.85                                | \$698.62                                 | \$1,742.47        |
| NORTH FLA.          | \$2,252.80                                | \$0.00                                   | \$2,252.80        |
| OKALOOSA-WALTON     | \$2,465.37                                | \$675.93                                 | \$3,141.30        |
| PALM BEACH          | \$1,188.41                                | \$20.29                                  | \$1,208.70        |
| PASCO-HERNANDO      | \$3,814.80                                | \$0.00                                   | \$3,814.80        |
| PENSACOLA           | \$1,205.43                                | \$173.14                                 | \$1,378.57        |
| POLK                | \$2,031.55                                | \$0.00                                   | \$2,031.55        |
| ST. JOHNS RIVER     | \$573.96                                  | \$802.27                                 | \$1,376.23        |
| ST. PETERSBURG      | \$1,595.51                                | \$1,626.75                               | \$3,222.26        |
| SANTA FE            | \$1,300.88                                | \$43.32                                  | \$1,344.20        |
| SEMINOLE            | \$739.74                                  | \$502.78                                 | \$1,242.52        |
| SOUTH FLA.          | \$2,104.84                                | \$179.96                                 | \$2,284.79        |
| TALLAHASSEE         | \$715.37                                  | \$0.00                                   | \$715.37          |
| VALENCIA            | \$1,173.09                                | \$0.00                                   | \$1,173.09        |
| <b>SYSTEM TOTAL</b> | <b>\$1,514.45</b>                         | <b>\$483.61</b>                          | <b>\$1,998.06</b> |

**Cumulative Total Contributions & Match Per FY  
2003/04 FTE Student for University Challenge  
Grant Programs**

| <b>University</b>           | <b>Major Gifts</b> | <b>Facility<br/>Challenge<br/>Grants</b> | <b>Total</b> |
|-----------------------------|--------------------|--|--------------|
| University of Florida       | \$15,383.40        | \$4,618.61                               | \$20,002.01  |
| Florida State University    | \$7,612.00         | \$2,334.62                               | \$9,946.61   |
| Florida A&M University      | \$5,046.50         | \$1,362.80                               | \$6,409.29   |
| University of South Florida | \$7,892.28         | \$1,710.74                               | \$9,603.02   |
| Florida Atlantic University | \$7,366.59         | \$4,961.77                               | \$12,328.36  |

|                                  |                   |                   |                   |
|----------------------------------|-------------------|-------------------|-------------------|
| University of West Florida       | \$5,733.33        | \$1,062.32        | \$6,795.64        |
| University of Central Florida    | \$1,887.87        | \$2,118.47        | \$4,006.34        |
| Florida International University | \$2,568.72        | \$1,404.98        | \$3,973.70        |
| University of North Florida      | \$4,735.64        | \$1,097.71        | \$5,833.35        |
| Florida Gulf Coast University    | \$3,016.19        | \$10,275.09       | \$13,291.27       |
| New College of Florida           | \$15,497.77       | \$777.78          | \$16,275.55       |
| <b>SYSTEM TOTAL</b>              | <b>\$7,221.14</b> | <b>\$2,744.14</b> | <b>\$9,965.28</b> |

## RECOMMENDATIONS

If the Legislature is interested in reducing the state's annual liability for matching costs associated with these programs, it may wish to consider:

- reducing state matching rates;
- increasing the minimum threshold a donation must meet to qualify for state match;
- matching only contributions from private donors;
- limiting matching programs to issues of critical state importance;
- establishing maximum match limits for individual gifts;
- limiting the maximum annual state match an institution may receive on a per-student basis.

In addition, the Legislature may want to eliminate the practice of "double budgeting" for the Trust Fund for Major University Gifts and the University Facility Enhancement Challenge Grant Program. While this change will not result in a cost savings, it will eliminate a practice which results in overstating state appropriations. Also, since the state universities have devolved to local accounting systems, it may be more appropriate to provide state matching funds through direct grant and aid appropriations as is done for community colleges.