

Major Gift Regulation
Issues discussed during the 12/3/07 conference call
with university foundations

1. Page 2 – item (2) (a) (3) – at the request of one of the universities, we expanded on support of libraries and instruction and research to include funding for scholarships, etc.

2. Page 2 – item (2)(b) – concern was expressed regarding the contrary nature of UMIFA (1010.10 F.S.) and the Major gift statute (1011.94 F.S.) on the use of the corpus. Some institutions felt this sentence in the regulation protecting the corpus should be deleted. Other institutions indicated that they have rules preventing using the corpus at any time.
 - a. Response: based on a review by the BOG General Counsel of the two statutes, there is a difference in the treatment of the endowments. However, it is clear in the major gift statute that to participate in the program and to receive state matching funds only the proceeds should be used. Thus, there is a state statute that governs the use of the endowments associated with the Major Gift matching program and this language would govern these particular endowments. In further discussions with legislative staff, they agree that the requirements of the statute governing the Major Gift Program should be followed for endowments receiving a state match under this program.

3. Page 2 – item (c)(3) – some universities requested additional language be added that allowed proceeds from vacant Eminent Scholar Chairs to be used for other purposes (libraries or instruction and research).
 - b. Response: discussions were held with BOG Academic Staff. It has been decided that the proceeds from vacant Chairs should be utilized as outlined in the chair agreement between the donor and the university. If flexibility is not in the current agreement, the university would need to contact the donor for any modifications necessary to the agreement. We would suggest that in future Chair agreements sufficient flexibility be included in the agreement to allow the university to utilize some of the proceeds for other appropriate (library or instruction & research activities) purposes if the Chair remains vacant for a lengthy period of time.

4. Page 3 – the bundling provision in the old CM has been removed – some universities have expressed concern about the removal of the bundling cap. This could lead to increased costs in the program. Most universities, however, were glad that the provision was removed.

- c. Response: The bundling provision will remain out of the regulation for the time being and will be discussed with CAFA on 12/19.
5. Page 3 – item (f) – all universities expressed concern regarding donations being converted to cash before being eligible for state match. This is inconsistent with IRS guidelines on determining the charitable value of donations. This could also make it confusing to donors. For example, if a stock donation valued under IRS guidelines at \$102,000 was given to the university on Monday and the university sold the stock on Wednesday for \$95,000, then under the new regulation the university could not apply for state match.
- d. Response: this sentence will be deleted and we will use the language in the current CM so that we maintain consistency with IRS guidelines and current practice.
6. Page 4 – item 4(a) – concern was expressed by all universities about using the date of the pledge agreement as the anniversary date. In some cases, donors sign agreements with the expectation that the first donation may not be for several months. This could cause some donors not to sign agreements. Additional discussion centered around the process for handling university pledge agreements that were longer than 5 years.
- e. Response: the anniversary date will be established as the date the match is submitted.
7. Page 4 – item 4(d) – discussion was held regarding pledge agreements that the donor is unable to adhere to due to circumstances beyond their control. Interest was expressed in adding language to the effect of ‘delayed due to circumstances beyond the donor’s control’ thus giving the donor some additional time to complete the pledge agreement.
- f. Response: determining what is beyond the donor’s control could become sticky. This could almost be any circumstance. We believe this sentence should remain as is and if problems arise with the donor then the university should restructure or amend the pledge agreement.
8. Page 5 – item (5) (a), the second 2. a. – the language regarding ‘attesting to the appropriateness’ is vague.
- g. Response: an attempt will be made to clarify the language regarding the intent to request a state match.
9. Page 6 – item (5)(e) – instead of ‘canceled checks’ wording will be ‘copies of checks’.
10. Page 6 – item (5)(f) – there was some confusion regarding when the CPA should be utilized for verification of donations with multiple donors.
- h. Response: additional clarification will be included that this would be a part of the annual audit process and that a separate CPA just for multiple donors is not needed.

11. General - a question was raised regarding confidential donor information that was submitted for state match.

- i. Response: We spoke with the BOG General Counsel who indicated that we would maintain the confidentiality of donors and donor information. All information submitted to us would be redacted if requested through a public records request.