



**Remarks of Gregory W. Powell  
Harold Alfond Foundation**

*Remarks to the Portland Regional Chamber of Commerce  
and  
Announcement of 'Automatic Enrollment' for the Harold Alfond College Challenge*

**Portland, Maine  
March 6, 2014**

Thank you for inviting me to be with you this morning. It is an honor and a pleasure for me to be here with all of you for your monthly breakfast. A special thanks to Bill Becker, President of the Chamber, for that nice introduction; to Bill Williamson, a member of both the Portland Chamber and Alfond Scholarship Foundation boards; and Chris Hall, your CEO, for having me.

Harold Alfond was a businessman first and a philanthropist second. As a businessman, he disliked two things in life equally: Lawyers and Long Speeches. Well, I am a lawyer—so that's always been one strike against me.

And, as for speeches, Harold would always say: "*Greg, keep it short. Remember, when your mouth is in gear, your brain is in park.*"

This morning I have the honor of making a special announcement and to ask for your help. But, before I do that, and with Harold Alfond's fondness for short speeches in mind, let's *briefly* talk about:

- the Foundation and its mission;
- the Foundation's views on education and the importance of an educated citizenry to our economy; and.
- the Harold Alfond College Challenge program, in which we offer \$500 to every Maine baby to save for higher education.

\*\*\*\*\*

The Harold Alfond Foundation was created in 1950 by Harold Alfond, the founder of Dexter Shoe Company. For 57 years, until his death in 2007 at the ripe old age of 93, Harold's Foundation supported charitable causes in the state, particularly in the area of education.

Guiding Harold Alfond's approach to philanthropy was a perspective of our state and its people that still guides the Foundation today.

Harold knew we are a geographically large state with vast undeveloped rural areas. He knew we have a small, but independent, hardworking population without great wealth. And he knew most of our citizens were like him and had not had the opportunity to benefit from higher education.

With these traits of Maine in mind, and from his love of sports, Mr. Alfond recognized that teamwork and partnership were essential elements to build a future of success and excellence in Maine.

In a state of limited financial resources, bringing together people, charities, and organizations of all stripes, including business, to achieve what no one entity could achieve acting alone was the way to a better future. And he knew, because resources were so scarce, that every dollar needed to count.

When Harold Alfond passed away in 2007, he gave nearly all of his wealth to his Foundation, increasing the asset base of the Foundation to more than \$500 million dollars. Harold was mindful of Sir John Templeton's observation that "*if you're giving while you're living, then you're knowing where it's going.*" So, knowing that he would not live to spend all of his money, we worked closely in his final years to provide guidance for future grantmaking—guidance that today calls on us to make large, transformative gifts in the areas of education, healthcare, and youth development—all for the benefit of Maine.

Since Harold Alfond's death, the Foundation has awarded over \$155 million dollars in grants. Over the same time period, with market winds at our back, the Foundation's endowment has grown to a current asset base of \$727 million, helped in no small measure by a 24% return on our capital in 2013. Over the next decade, we will follow Harold Alfond's wishes and expect to award at least another \$300 million dollars. And much of that money will go to education.

\*\*\*\*\*

With that background, I want to talk about the Foundation's interest in education and the vital role we see it playing for the citizens of Maine and our state's economy in the years ahead.

Having never attended college himself, Harold Alfond keenly appreciated the benefits an education can provide and the importance of an educated citizenry to our well being as a society. At the most basic level, he understood that having a good job and doing a good job came first in life, that education is key to getting a good job and that good jobs mean economic prosperity.

*This* idea—the correlation between education, quality work and economic prosperity—is not new.

Over 200 years ago, Ben Franklin extolled the 'economic mission' of education, reminding education scholars that "*Practical skills should be taught above and beyond the usual theology and classical languages.*"

More recently, a Harvard University study has confirmed that educational attainment of our citizens positively impacts family income and economic growth. On this front, Georgetown University researcher and Maine native Dr. Anthony Carnevale has reported that, in the coming decade, 60% of Maine jobs will require workers with some form of higher education. And yet today, more than 60% of Maine residents have no higher education.

This gap—or education deficit, as we call it—between our educational attainment and workforce needs is one of many extraordinary challenges that we see here in Maine and nationally that make the need for a renewed and creative commitment to the economic mission of education more compelling than at any time in our history. What else do we see?

We see, as well described at your breakfasts, that we live in a world economy, more competitive than ever, where the skill and capabilities of our labor force is continually tested—and where the skill and education of our workforce will determine our future leadership in the world.

We see, as described in the State Chamber's most recent *Making Maine Work* report, that our state's workforce has declined in number and skill level as our population has aged, birth rates have declined, and the inflow of skilled workers has been offset by the exodus of young people to more attractive employment markets.

We see higher education in its traditional forms as unaffordable to too many of our citizens—yet 'higher ed', given the factors we have just listed, is no longer a luxury, it's a necessity.

And we see higher education as being under financial strain as disruptive web-based technologies are emerging and evolving, testing the value proposition of the traditional four-year residential model.

But with challenges come opportunities. And so, with these challenges in mind, we see a future rich with opportunity—a future in which there is a cultural change. Maine families increasingly understand the importance of higher education to their children’s lives and to our state’s future, and, with escalating costs, the importance of savings for higher education.

We see a future in which there are new, alternative pathways to and forms of higher education that are more affordable, better suited, and more attractive to the 60% of our population having not benefited from higher education in the past.

And we see a closer, more beneficial collaborative relationship between educational institutions and the business sector, so we can be assured that the workforce needs of our economy are met.

This brings us to the Foundation’s long-term signature strategy to help meet these challenges and to take advantage of the opportunities they create—the Harold Alfond College Challenge.

\*\*\*\*\*

With the College Challenge program, we and our partners have sought to raise aspirations for and improve access to higher education for Maine’s young people by offering a \$500 grant to every Maine resident baby for college. Under our program, the definition of college is broad.

The \$500 grant can be used for higher education in many forms—everything from an Ivy League education to a welder’s certificate. The program was launched as a pilot in 2008 and went statewide in 2009.

The Harold Alfond Foundation funds the program, which, in turn, is led and operated by the Alfond Scholarship Foundation. This Foundation is led by a super CEO, Colleen Quint, and has a fantastic board.

The program is administered by the Finance Authority of Maine, which works closely with Bank of America’s Merrill Lynch to manage the State’s Section 529 ‘NextGen’ College Investing Plan<sup>®</sup>, where all the \$500 grants are invested.

This team is complemented by the statewide promotional efforts of hospitals, pediatricians' offices, colleges, universities, businesses and charitable and educational organizations.

As you can see from the slides up on the screen, we have a great team of partners, and many of its leaders are here with us this morning.

We are enormously grateful to and proud of our partners. And on behalf of the Harold Alfond Foundation, I want to thank them all for their outstanding work.

The College Challenge is a first in our nation's history; it is the only program in the nation which offers a college account to every child.

Our program has three concrete objectives: (1) to offer all Maine babies a \$500 investment grant to grow and be used for their higher education; (2) to use quarterly summaries for the accounts as a means of communicating, informing and motivating families to prepare their children for success; and (3) to encourage college savings by families themselves early in their children's lives.

As we look back over the past five years, we see terrific progress has been made through the creativity, hard work and commitment of our partners.

Since 2008, 23,000 Maine children have received our \$500 grant—that's \$11.5 million dollars. With market gain, the Alfond grants now total over \$15.6 million dollars.

To qualify for our grant, each of those 23,000 families have filled out an application and opened a NextGen 529 account before the child's 1<sup>st</sup> birthday. While no contributions from the families have been required, 30% of families have, in fact, made their own contributions to the accounts, for a total now valued at \$16.4 million dollars.

Between our grants and the savings of families, that is \$32 million dollars in savings in 5 years' time.

Comparing the nearly 23,000 enrolled children to the annual state birth rates over this period, we have increased the percentage of college savings accounts for children in the 0-6 year old age bracket 10 times over the national average for all children up to 18 years of age.

We have also made good progress on our educational messaging.

Every quarter, the families of the 23,000 Maine babies receive our personalized account summaries. As you can see from the sample on the screen, our quarterly summary shows—in a manner designed to be much more attractive and engaging than your typical investment account statement—just how the investment account is doing. Both theirs and ours. While the account summary draws the parents’ attention to the money saved and its return, it also provides specially-crafted messages in one of several themes: Finances, Literacy, Science & Math, and Health. The statement you see on the screen offers tips in the area of finance. As the child ages, the educational messaging changes to stay relevant and age appropriate.

And, best of all, as we move to paperless communications, we expect our ‘message with the money’ account summaries to provide a powerful communication platform with families as Internet and web technologies become more far-reaching and interactive.

But even as we and our partners reflect on what has been accomplished, we are just getting started.

As Harold Alfond used to say, “*You ain’t seen nothing yet.*” We know that much, much more needs to be done.

In fact, while our program in Maine leads the nation in college savings, only 40% of families of eligible children are actually signing up and accepting our grant.

Over the past six years, we have worked hard to increase enrollment using targeted marketing strategies designed to encourage families to sign up. And signing up has required parents to affirmatively act, or ‘opt in’, by filling out and submitting an SEC-regulated account application, which can be intimidating to even the most sophisticated person, and it has required them to act in the year following birth of their child when life can be particularly demanding for families.

These targeted strategies have also come at increased marketing costs leading us to ask what Harold Alfond would want to know: Are we making the best use of every dollar to accomplish our enrollment objectives? Our Take Rate may get better—but at what marketing cost? And will we ever make it to 100%, where we need to be?

In many ways, as my friend Pete Vigue of Cianbro has reminded me, getting families to ‘opt in’ for college savings is very much like the experiences many of you have had in offering your employees the chance to participate in retirement plans. Getting folks to just take that essential initial step is difficult and inefficient.

So we have given our enrollment challenges a lot of consideration—and so have others.

Research conducted by Washington University has shown that many of the families who have not participated in our program are very likely the families that would benefit most from it. These families likely have lower incomes, have not gone to college themselves, are unfamiliar with the investment world and are not saving for their retirement, let alone for their children's higher education.

And in other research—ongoing research—there is compelling evidence that in low-income families, the mere presence of a college savings account, regardless of amount and regardless of whether the family could afford to contribute, elevates the aspirations and outlook of parents for their children's future.

As will come as no surprise to you as businessmen and women, having 'a piece of the rock' changes the way people look at the world and their future in it.

This research and common sense tell us that if we are to elevate the future prosperity of our citizens and our economy, then the College Challenge program must reach all children. These children need us and we need them.

When we launched this program, we asked, "Why not offer every Maine baby a \$500 college savings grant?" Of course we should, was our answer.

But last summer, as we reflected on all that we had accomplished and pondered what more we could do, we asked a new and exciting question.

The question was not whether to *offer* such a grant, counting on parents to opt in, the question was, "**Why not simply give every Maine baby a \$500 college savings grant?**"

In response, we and our partners worked long and hard to figure out just how we can do just that.

And so, this morning, we are here to share our answer.

The College Challenge is '*opting out of opting in*'. Going forward, every baby born in Maine will *automatically* be given a \$500 college savings grant.

Parents will no longer be required to accept our offer and 'opt in' to the program, though they will have the right to 'opt out'.

Our great partner, FAME, now led by CEO Bruce Wagner and with assistance and great enthusiasm from Elizabeth Vanderweide and her team, will use state birth records to trigger the set-up of new Alfond grants automatically, with no application needed from parents.

By going ‘Automatic’, the Foundation will more than double its financial outlay for the program. We expect to reach close to 12,000 Maine babies every year at a cost of \$6,000,000 dollars per year. The bigger the checks we write, the better.

And, best of all, in so doing, we will be planting the seed for higher education aspirations and access for all of Maine’s children.

Now planting seeds is one thing, but growing them is another.

With our new Automatic strategy, the first two goals of our program are essentially accomplished, because every baby is automatically awarded \$500 and every family receives our quarterly messages to promote their child’s success.

But our third objective, to promote family savings, needs help and greater community engagement to progress. And that is where so many of our business and non-profit partners have stepped up to help and where we hope you come in.

This morning, we are pleased to welcome more business and community partners to our program. And before the morning is over, we hope to recruit all of you here!

At your tables, there is material describing steps you can take to join our efforts.

As you will see, there are numerous ways to help—many at little or no cost. And to figure out which is best for you and your company, I invite you to ask your colleagues what they are doing or just give our terrific CEO, Colleen Quint, a call.

\*\*\*\*\*

There comes a time for every speaker when he looks out over his audience and sees nothing but looks of unalloyed pleasure and joy. It’s usually after the words, “In Conclusion”.

So, in conclusion, let me leave you with this thought. Today is Harold Alfond's 100th birthday. Speaking of birth certificates, the proof is behind me! Harold Alfond launched the College Challenge program in the final autumn of his life. And, while he would never know the children to benefit from the College Challenge program, he knew their lives would be better for it—and he knew our state would be better, too.

He could imagine, as we do here this morning, a struggling single mom in rural Maine, the cries of her newborn in the air, and wonder what that child's future could be if given a chance in life.

Harold liked to say "*Don't tell me. Show me.*"

And so, if he were here with us this morning, as we announce our new strategy to give every Maine newborn a \$500 college grant, he would say to all of us, "*Don't tell me. Show me*".

In the days ahead, the Harold Alfond Foundation and our great partners intend to show Harold and the nation that every child deserves a chance in life.

But, ladies and gentlemen, we need your help. The College Challenge is a big train headed to the future. The train has a great crew and is growing in size. And in each town and city all across this state, we are making stops to bring aboard more children, more families and more partners. Where are we going? We are going to 100% on Harold Alfond's 100<sup>th</sup> birthday. Our train is headed to a better future for Maine. Our future is full of challenges, but ripe with opportunities.

So come join the College Challenge. Jump aboard our train. We need you all.

Thank you for sharing your time with me this morning.