



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

Announcement and Launch of the “Alfond Leaders Student Debt Reduction Program”

Waterville, Maine

Tuesday, February 21, 2017

Thank you, President Greene, for those kind words. And a special thanks to Colby and CGI for hosting us here at CGI’s new Waterville home.

There is a lot happening in this town thanks to the outstanding leadership of Colby’s president; our mayor Nick Isgro; CGI’s executive team, led by Dave Henderson, Ned Hammond and Mark Eschle; Thomas College’s president Laurie Lachance; our chamber of commerce; and this town’s businesses and nonprofits. So when Colby and CGI offered to host our announcement of a new statewide program here in Waterville, we jumped at the chance.

The Alfond team is delighted to be here, and we are honored to be joined by my old friend, Waterville native Congressman Bruce Poliquin; Congresswoman Chellie Pingree; FAME CEO Bruce Wagner; WEX CEO Melissa Smith; and so many other leaders of Maine’s business, nonprofit and academic communities to make a special announcement.

But, first, I would like to say a few words about two challenges facing our state—high student debt and meeting the state’s workforce needs.

Let’s start with student debt. Harold Alfond believed having access to credit was a great thing as long as you never used it. And, if you did, you needed to know how you could pay it off—the sooner the better.

He used to say, “debt is like weight: easy to put on, but very hard to take off.”

Now, student debt as an investment in a young person's future can be a very good investment...

If the borrowed amount is prudently linked to future earning capacity;
If the higher education experience builds that capacity into its students; and,
If the economy cooperates and offers the jobs needed to pay off the debt.

But in the past 10 years, these three “ifs” have been tested big time. As our economy emerged from recession, computer technology and use of the Internet have rapidly advanced. The world's economy has become more globalized and, with it, more competitive. The resulting efficiencies of how business is done, and where, have reduced the supply of yesterday's good paying jobs. At the same time, they have changed the skill sets required for the good paying jobs of today—those most needed by business to compete globally. And while this has been happening, the cost of higher education has continued to rise, fed in part by the ample supply of student loan credit.

So, for too many of our young people of this generation, student debt has not been a good investment.

In America today, there is \$1 *trillion*, 300 billion in student debt. This student debt is spread across tens of millions of borrowers. Many are paying high interest rates, are late on payments, have defaulted, or are in danger of defaulting.

The negative impact of high student debt extends far beyond the financial wellbeing of the borrower into the broader economy. Because of high student debt, Americans are less likely to buy homes, start businesses, or choose the career path that's best suited for them.

This is a national challenge. But, here in Maine—a state with 1.3 million people—we have \$4.8 *billion* in outstanding student debt. By some estimates, the average student debt of Maine borrowers is nearly \$30,000, giving us the 7th highest student debt burden in the country. And sixty-seven percent of Maine college graduates have student debt—the 9th highest in the nation.

And, just as our national student debt burden impacts our national economy, so does Maine's student debt hold back our state's economy. When Mainers make their student debt payments each month, they are doing so to lenders *outside* of Maine, and this means fewer dollars staying here. So it is no surprise that, when faced with such high monthly student debt payments, Mainers would look for higher paying job opportunities beyond our state's borders.

The challenge of Maine's student debt burden has not gone unnoticed. Policy makers have been hard at work to address it. Thanks to our state government, a program called Opportunity Maine extends state income tax credits to Maine employers and employees for student debt payments.

Most recently, our partners at the Finance Authority of Maine, led by Bruce Wagner, and working closely with Maine banks and credit unions, have launched a federal student debt consolidation program. Under this program, Mainers can now combine and refinance their student loans to obtain a lower interest rate and lower monthly payment, freeing up much-needed extra dollars for themselves and their families.

These student debt relief programs are critically important and, in the days ahead, we can expect them to provide relief to more and more of our citizens.

But, with \$4.8 billion in student debt here in Maine, there is more work to be done.

This brings us to the second challenge I want to touch on: meeting the state's workforce needs.

Maine faces a workforce shortage, which, like the student debt burden, threatens our economic prosperity now and in the future. The primary cause of our workforce shortage is pretty clear: demographics are not on our side. Birth rates in Maine have been declining or static for well over a decade. Maine now has the oldest population of any state in America. Economist Charles Colgan has estimated that over the next seven years some 200,000 of our citizens will have retired and left the workforce. While employee retirements are deserved and cause for celebration to retirees, not so for our state as a whole. Why? Because our bench is shrinking. Unlike the Patriots, who will keep Jimmy Garoppolo or trade him for a bunch of new players, here in Maine, skilled younger workers are leaving the state for higher paying jobs and we are not recruiting nearly enough new workers into the state to replace them. A recent report noted that a net 14,000 skilled workers left the state between 2014 and 2015 alone.

The bottom line is that our state lacks an adequate and ready supply of skilled workers to meet our current and future labor needs. This is especially true of workers in sectors of our economy most poised for growth—science, technology, engineering and math. What we all call “STEM.”

Experts at the Education Development Center predict that, in the coming years, one in seven new jobs will be STEM-related and that these jobs will produce wages that are 58 percent higher than wages for other occupations in Maine. As STEM industries are further transformed by innovation, we believe that demand for these workers will far exceed current predictions.

Looking at the broader economy, we also know that, in today’s business climate, STEM workers are hard to find and, yet, virtually every business needs STEM workers to compete and grow.

So, here we are at the new home of CGI. A great technology consulting STEM firm with a global reach. Ned Hammond and his team at CGI, with help from Thomas, Colby and KVCC, plan to add 200+ STEM jobs, right here in Waterville. And, as I hope we all agree, it is imperative that high-growth businesses *all over Maine*, like CGI, can recruit and keep the high-quality talent they need to prosper and expand.

At the Harold Alfond Foundation, we want to help this happen by funding student debt reduction as an incentive to recruit and retain STEM workers.

To that end, on behalf of the Harold Alfond Foundation, we are here to announce the “Alfond Leaders Student Debt Reduction Program”. Under this program, high-quality STEM workers will be selected to receive student debt reduction payments if they live and work in Maine for 5 years or more. To get this program started, the Foundation has committed \$5.5 million dollars to pay down up to 50% of the student debt of selected STEM workers—up to \$60,000 per STEM worker. Starting today, anyone who has student debt, works in a STEM occupation, is employed by a Maine business, and lives here in the state or will be moving here from away, can apply to the program. Just go to AlfondLeaders.org to find all the details.

In the spirit of Harold Alfond, the Alfond Leaders program will rely on the teamwork and partnership of many—beginning with the outstanding professionals at FAME. As FAME grows its loan consolidation program enabling Maine residents to refinance their existing student loans at lower rates, we thought it was the perfect partner to administer our program and select our “Alfond Leaders”. Lucky for us, FAME agreed. And still luckier for us, FAME put Martha Johnston in charge. Martha is a superstar!

Speaking of superstars, FAME will run our program with the input and counsel of an all-star Advisory Committee, led by WEX CEO Melissa Smith. Will Rogers used to say, “It ain’t bragging if it’s true.” So here is the rest of our Committee’s All-Star line-up:

- Betsey Bieman, CEO of CEI;
- Chris Claudio, CEO of Winxnet;
- John Dorrer, labor economist and workforce expert;
- Chris Emmons, President and CEO of Gorham Savings Bank;
- Chuck Hewitt, COO of The Jackson Laboratory;
- Dana Humphrey, Dean of Engineering at the University of Maine;
- Ben Shaw, CEO of Vets First Choice; and, last but not least,
- FAME’s outstanding CEO, Bruce Wagner.

What a line-up! Many of these folks are here today. And, on behalf of the foundation, I want to recognize and thank them for all they do for our state and for the huge contributions they will make to the Alford Leaders program.

At the conclusion of my remarks, we have two videos for you—one from Governor LePage and another from Senator King. Just after that, it will be our pleasure to hear from CEO Bruce Wagner of FAME.

But before we go there, it has been said that there are two speakers you can do without, especially before lunch. Those who never stop to think, and those who never think to stop. At the risk of being both, let me leave you with this thought.

The mission of reducing Maine student debt and building Maine's workforce is as worthy of our efforts as it is an enormous undertaking. We hope the Alford Leaders program will help on both fronts. But we are mindful that *our* program and others I have mentioned are just the beginning. If Harold Alford were here today, he would lecture a little about putting on weight and taking on debt. But then he would issue a challenge. He would say, "This is a start, but we can't do this alone—we need partners, we need a bigger team." He would be saying, "Don't tell me. Show me."

So, in true Harold Alford spirit, consider the Foundation's announcement to be a challenge—a challenge to the entire state. We ask you to join the effort to reduce Maine's student debt burden and build Maine's workforce.

How?

- Contribute to our STEM fund with FAME, helping us select even more Alford Leaders;
- Work with FAME to create your own fund to address the student debt and workforce needs in other industries or particular parts of the state;
- Spread the word and take advantage of FAME's program to consolidate and lower interest rates on student loans;
- Spread the word and use the Opportunity Maine tax credit program, pay down your employees' debt, and take a tax credit for your business; and,
- Use Alford Leaders as a marketing tool to recruit and retain that critical employee.

Do all of this and more as if our State's future was hanging in the balance. Why?

Because it is!