



2020 Grant Report

Dear Friends of the Harold Alfond Foundation:

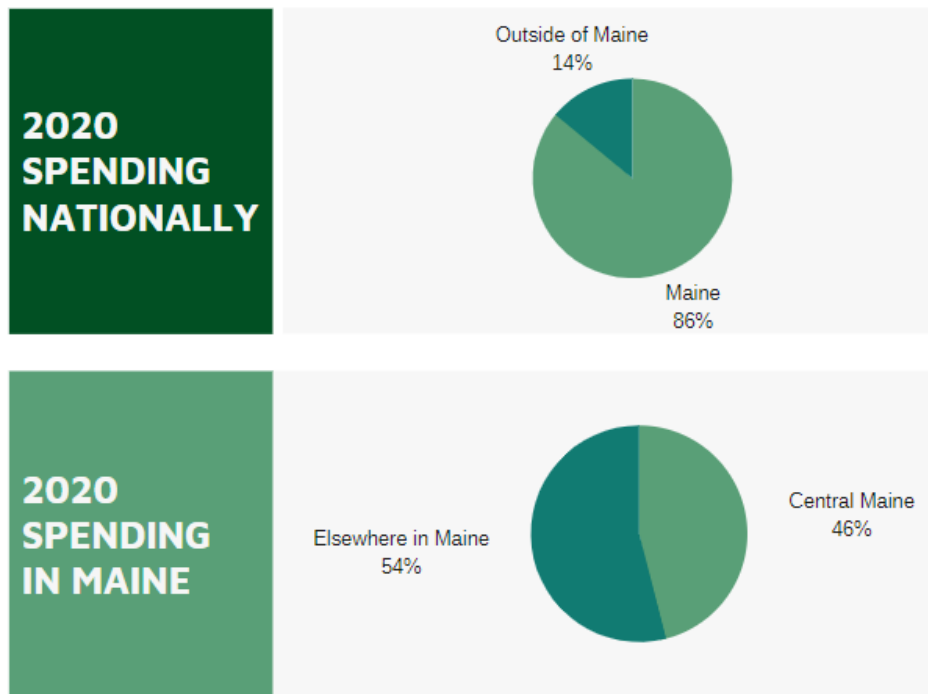
This Grant Report summarizes our work in 2020. We begin as we did last year, acknowledging the challenges of the pandemic, extending our sympathies to those who have lost loved ones, and reflecting on the hardship endured by so many in this most trying of times. As this report is published, however, the pandemic is lifting and there are many reasons to believe there will be a brighter, better, and more prosperous future for our state. In 2020, the Foundation committed to this future with over \$500 million in grants announced and launched—each targeted at building that future. Harold Alfond loved to say, “Don’t tell me, show me.” In 2020, the Foundation heard and acted on Harold’s challenge.

In the following pages, our customary report on the Foundation’s finances is provided, as well as our reasoning behind recent grant investments, why they are important at this moment in time, and how they may help ignite transformation in our state for years to come.

As always, the Foundation is committed to operating in a transparent manner. Accordingly, this letter is only one of the ways that we distribute information about our grantmaking and financial, operational, and programmatic activities. For updates throughout the year and additional information on the Foundation’s work, please visit our [website](#).

Financial Standing and 2020 Grant Funding

In 2020, grants totaling \$51.9 million were paid to 54 organizations, with spending (on a dollar basis) concentrated among 17 recipients. During this year of significant need in Maine, our spending as a percentage of assets (our “spending rate,” in philanthropic terms) rose to 6% or \$8.6 million more in dollars over our grant budget. Geographically, over 86% of funding was paid to Maine institutions. Consistent with Harold Alfond’s long-time commitment to Central Maine, nearly 46% of funding was awarded in this region of the state. Once again, we invested significant dollars (\$22.1 million) in Waterville. In the past 13 years, the Foundation has awarded over \$450 million in grants, primarily to institutions within Maine.



After the payment of all grants and operating expenses, the Foundation closed the 2020 calendar year with assets of \$1.18 billion, up from \$900 million at the end of 2019. The sizable increase was due to a respectable 7.2% return on our investments and the receipt of assets from the estate and trust of Peter Alfond, son of our founder and long-time trustee of the Foundation.

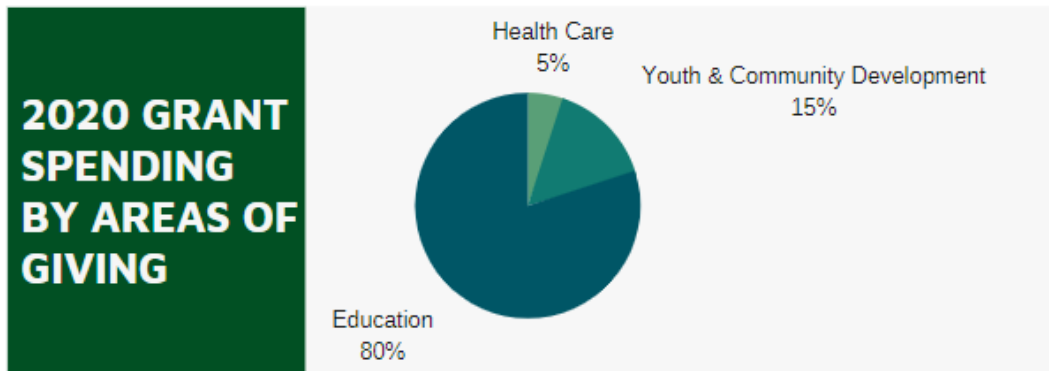
Berkshire Hathaway remains a significant position in our portfolio, and the stock significantly underperformed the market in 2020. Between the ear-popping pandemic market decline and Berkshire's underperformance, the year was marked with volatility. The Foundation's portfolio dropped by nearly 20% in April and then moved its way upwards in fits and starts. As the 2021 year unfolds and this report is published, Berkshire is up over 20% year-to-date, outperforming the market and the remainder of our investments even as they continue to climb. In the short term, such growth is not surprising as the pandemic recedes, economic recovery broadens, interest rates remain constrained by Federal Reserve policy, and government spending breaks records. But the perils of inflation are lurking, and the nation is in uncharted fiscal territory. So, at the Foundation, we are not forecasting the future, but staying focused on doing our best to preserve and grow our investments prudently to meet all current and future grant commitments.

The Foundation ended 2020 with binding grant commitments (money payable to charitable institutions for projects in *future* years) of \$508 million.¹ That figure has dramatically increased since 2019 due to the large multi-year grant commitments announced this past year.

¹ The Foundation's \$508 million of unpaid grant commitments *does not* include the Foundation's commitment to ongoing support of the College Challenge Program beyond one year. It also does not include the Foundation's now terminated backstop of MaineGeneral Medical Center's "Debt Service Reserve Fund" in the approximate amount of \$23 million (see details in the [2011](#) and [2012](#) Grant Reports). As this report is published, MaineGeneral has successfully refinanced its debt and, in the process, released the Foundation's contingent obligation to secure the debt service reserve fund guaranty of the prior financing.

Observations and Current Thinking

The Harold Alfond Foundation's mission is to honor and promote the values of our founder, Harold Alfond, through transformative investments for the benefit of Maine in education, health care, and youth and community development. While our mission statement is broad, it includes three core elements that inform all grant decisions: the values of our founder, his pattern and favored areas of giving, and maximizing impact through strategically transformative investments.²



The Foundation's intentionally expansive perspective enables us to focus opportunistically on investments that address Maine's evolving needs and unique challenges. We recognize that our resources alone are not sufficient to do it all. However, if our resources are strategically invested in projects with quality leadership and teamwork, they can build models which serve as a catalyst for positive, long-standing transformative change. We seek a high return on our philanthropic dollar. In our efforts to promote transformative change, there are three broad investment themes that help describe our recent work: (1) Building Maine's Workforce; (2) Revitalizing the Economy of Waterville, Maine; and (3) Supporting High-Quality Health Care. We expand upon these themes in the sections below.

In past reports, we have discussed the significant long-term challenges facing the American economy and American families, especially those here in Maine. These include low labor force participation, stagnant income levels, and a lack of upward economic mobility and opportunity for disadvantaged middle-income and low-income individuals.³ Today, accelerating technological globalization has restructured our economy and reshaped the skills needed by our workforce. Two-thirds of all entry-level jobs require at least some education or skills training beyond high school⁴, and 60% of the fastest-growing occupations require more than a high school diploma.⁵ Lifelong learning and retraining have become essential. However, half of the U.S. population still has not accessed any education or training beyond high school.⁶ Growing segments of our population are at a disadvantage because they are under-skilled and under-employed. These challenges are more acute in Maine because of our aging population and

² We have written in greater depth about our mission in prior reports. For example, see [the 2019 Grant Report at Page 3](#).

³ You can read the 2019 Grant Report by clicking [here](#) and the 2018 Grant Report by clicking [here](#).

⁴ [Recovery: Job Growth And Education Requirements Through 2020](#), Georgetown University Center on Education and the Workforce, 2013.

⁵ [Fastest Growing Occupations](#), U.S. Bureau of Labor Statistics, 2019.

⁶ [United States: Overview of the Education System](#), Organization for Economic Cooperation and Development (OECD), 2020.

stagnant population growth. Additionally, our economy and labor market, historically anchored by the manufacturing industry, have changed over the last several decades creating further obstacles.

While these challenges for our nation have been with us for decades, we now know progress was being made prior to the pandemic. As recently as February 2020, the national unemployment rate was at the lowest level in a half-century, at 3.5%. Prime-age labor force participation was at the highest point in the last ten years. Income in real inflation-adjusted dollars had increased at a higher rate for lower-end earners, including those without a college degree, than other segments of the labor market.⁷

While this progress was not insignificant on a national level, it is not known how impactful the progress was in Maine, given the state's aging workforce and other demographic challenges. What we do know is that the pandemic was especially hard on lower-income, disadvantaged segments of the labor force, widening economic disparities nationally and here in Maine. The long-term difficulties in Maine for lower income wage earners remain.

Rebounding from the pandemic and combatting our challenges will require that all people have the skills and opportunity to participate in the labor market. Mindful of the Foundation's mission to support education and health care, we have continued to fund education and health care grants that seek both long-term and short-term measures to increase and modernize the talents of our labor force, including segments of our population that are under-skilled, under-employed, and have been hardest hit by the pandemic. Preparing people for employment in the technology, health care, engineering, and computer science fields is especially important as these are sectors of the economy where the U.S has an edge globally and which offer higher wages and the highest potential to spur economic growth. They are also sectors in which there is a shortage of workers needed by Maine employers.⁸

While education and workforce development have been a major focus of our grantmaking for some time, we believe they are more important now than ever as we recover from Covid-19. As noted above, the pandemic has exacerbated our problems. However, it has also set the stage for new opportunity, growth, and development in Maine. Consider:

1. Prior to Covid-19, only a few select large American cities were profiting fully from the growing modern tech economy.⁹ From 2005 to 2017, 90% of new high-tech "innovation sector" jobs created were in just a handful of U.S. cities: Boston, New York, San Diego, San Francisco, San Jose, and Seattle. Other cities and regions were devoid of that tech-driven growth and were being left behind. Since the pandemic, however, such large and dense cities have become less desirable places to live and work. Correspondingly, the rural state of Maine and its lower density cities and towns have

⁷ [Getting back to a strong labor market](#), Federal Reserve Chairman Jerome Powell. February 10, 2021.

⁸ [Maine at 'pivotal point' for STEM workforce development, expert panel says](#), Schriber, Laurie, *Mainebiz*, Feb 12, 2021.

⁹ [The case for growth centers: How to spread tech innovation across America](#), Atkinson, Robert D., Muro, Mark, and Whiton, Jacob, *The Brookings Institution*, Dec 9, 2019.

become more attractive. Unprecedented demand for real estate in Maine, residential in particular, provides some support for this observation.¹⁰

2. The pandemic highlighted the national security imperative of bringing more life science and tech industrial capacity back to the United States. This reality, together with growth in Maine's tech economy before the pandemic, suggests a landscape of promising opportunity. As noted in our 2019 report, numerous STEM-oriented businesses, both start-ups and more mature businesses, have found a growing and more prominent place in Maine in recent years. In 2020, newly-launched and expanding STEM academic programs founded in research have nurtured and fed this growth. Finally, notwithstanding the reduced allure of urban life after Covid-19, growth of the tech and life science industries has continued in Boston and spread west and north. This growth, along with other factors described here, may be creating an environment for new businesses to develop and existing businesses to relocate here. A corridor of business growth from Boston to Maine may well be in the works.
3. Perhaps most importantly, Covid-19 has shown that remote work is possible. Many employers are now allowing employees to work remotely. With the prevalence of remote work has come signs of much needed in-migration of workers to Maine. While it is still too early to declare victory, recent data does suggest an inflow of young workers.¹¹ Furthermore, Maine was just one of ten locations in the U.S. to successfully attract new residents to live and work remotely during the pandemic.¹²

The convergence of our state's long-term challenges together with these pandemic-related opportunities create a time of heightened potential. Because of this, we believe that now is the moment to invest deeply and significantly in the future direction of our state.¹³

Seizing on the Moment: Our Investments in Maine's Future

In 2020, the Foundation announced commitments of over \$507 million to Maine institutions. These coordinated investments fund initiatives that aim to increase access to education and well-being, incentivize skilled workers to come to Maine and stay here, and meet workforce needs of the modern economy.

In the spirit of our founder Harold Alfond, partnership continues to drive our new grants. Most investments made in 2020 require a "match," encouraging community and government partners to contribute time and resources. Furthermore, our grantmaking prioritizes projects with teamwork and partnership that foster deeper working relationships with employers,

¹⁰ [Out-Of-State Demand Pushes Maine Real Estate Prices Sky High](#), Bever, Fred, *Maine Public*, October 23, 2020.

¹¹ [A large number of millennials are moving to Maine](#), Flaherty, Roslyn, *News Center Maine*, September 30, 2020.

¹² [The Maine Jobs and Recovery Plan](#), May 4, 2021.

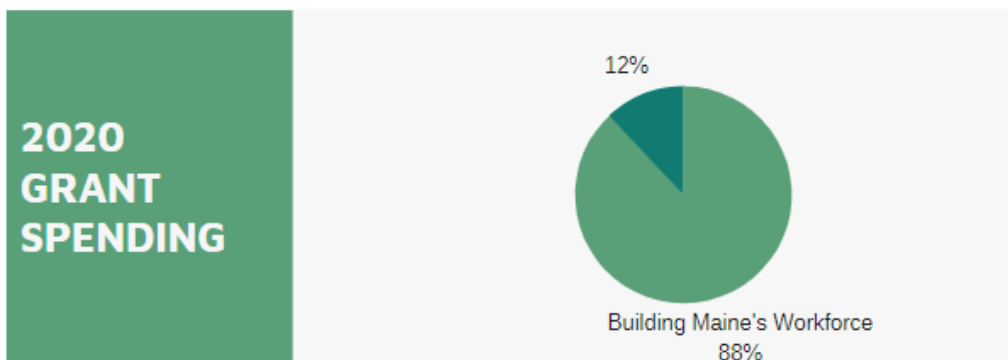
¹³ In May 2021, Governor Janet Mills released [The Maine Jobs and Recovery Plan](#), charting a new path forward for the state with an unprecedented level of new investment in the state's long-term and pandemic-related challenges and opportunities.

businesses, and industry. As we have repeatedly observed, cooperation across the non-profit, private, and public sectors is vital to tackling Maine's challenges.

Altogether, Foundation grant commitments, both ongoing and newly announced in 2020, represent a coordinated strategy to fund initiatives at the intersection of the Foundation's values and focus areas. In so doing, they aim to effect positive transformative change. Some of these commitments are described below under the headings of our three investment themes: (1) Building Maine's Workforce; (2) Revitalizing the Economy of Waterville, Maine; and (3) Supporting High-Quality Health Care. In describing some of our commitments, we hasten to mention that many other of our grantees are hard at work and have our utmost respect and gratitude for the great contributions they make to our state. We look forward to highlighting their work in future grant reports.

Building Maine's Workforce

The most significant portion of our 2020 grants fall within our theme of building Maine's workforce. These grants include a wide range of projects and strategies that increase access to education and skills development, support academic programs and industries poised for growth, and encourage skilled workers to live and work in Maine. Our investments are designed to be holistic and promote opportunity for all Mainers from birth to career, including future workers seeking a college or graduate degree, those with an advanced degree, and workers without higher education.



Our hope is that our coordinated grants help educate, upskill, and prepare people from all backgrounds to advance our economy and quality of life. Consistent with our mission, many of our grants are to higher education institutions or to promote higher education attainment. While we have numerous grants with education partners deeply committed to economic development in their business models, each most deserving and each a vital contributor to our state's well-being, several of our ongoing and recent grantees are discussed below by way of example.

- **MyAlfondGrant:** In 2020, we continued to fund the Harold Alfond College Challenge program, known by Maine families as '**MyAlfondGrant.**' This is our most inclusive initiative, encouraging higher education for all of Maine's children who, in time, will become the educated and skilled workforce so needed by our economy. Established in 2008, the College Challenge awards a \$500 grant to every child born in Maine to be used for education beyond high school. The program, run in partnership with the Alfond Scholarship Foundation and the Finance Authority of Maine, seeks to increase early awareness of the importance of higher education and inspire Maine families to save on their own, including through opening and contributing to the State of Maine's NextGen 529 Investment Plan[®].

In 2020, \$5.8 million in grants were awarded to some 11,696 children. As of the end of 2020, the Foundation has awarded over \$58 million in grants to 117,120 Maine children since program inception in 2008. Maine families have contributed \$113.8 million of their own funds to their children's NextGen accounts—very nearly doubling the amount invested by the Foundation. The Finance Authority of Maine has contributed an additional \$16 million. In total, over \$188 million has been invested for the future higher education of Maine children. Best of all, at the end of the first quarter of 2021, investment returns on that \$188 million have grown total savings for higher education to just over \$279 million.

As we have said from the earliest days of the program, the \$500 we invest for every Maine child has both practical and aspirational benefits.¹⁴ It is real money in a real account, growing over the long term with the nation's stock market. The value of the \$500 invested by the Foundation for the first cohort of our "universal" babies (those automatically awarded the grant beginning in 2013) is now \$891, a total return of over 70%. The grant also positively impacts the expectations of families for their children's future. Recent surveys have shown that 91% of Maine families are aware of the Alfond Grant. In addition, families whose children have an Alfond Grant are twice as likely to report their expectation that their child will pursue education after high school.

As proud as we are of the program's achievements, it remains a persistent challenge to get more families to save for higher education alongside our \$500 grant, including by opening and contributing to a 529 account. Harold Alfond believed deeply in the power of partnership with "skin in the game." When people have their own money invested, no matter how much in real dollar terms, their level of commitment deepens in a compelling and enduring way. In keeping with this understanding of human nature, a foundational element of our program calls for families to save alongside our \$500 grant and to do so at the earliest of times in their child's life. Our success in

¹⁴ For a related discussion, see: College Accounts at Birth: State Efforts Raise New Hopes, Cohen, Patricia, *The New York Times*, April 27, 2021.

getting families to save is respectable. In percentage terms, the rate of higher education savings by Maine families leads the nation.

That said, only 21% of families with our higher education grant have opened and contributed to NextGen 529 accounts of their own. Worse, the number of families setting up their own 529 accounts each year since we made our \$500 grant award universal has declined to approximately 3,000 per year, leaving up to 9,000 children each year behind for a growing pool of non-saving families. This trend needs to reverse, and serious effort is underway to do just that. In a world where income and wealth inequality are persistent and worsening, we cannot accept declining participation in savings and investment growth by large segments of the population—especially for the future education of our children. We can do better than we are on this front, and we will do better going forward.

- **Maine Community College System:** Acknowledging the vital role that Maine’s community colleges play in our economy, and particularly in serving unemployed or underemployed workers and first-generation students, we continued our funding of the Maine Community College System (MCCS) in 2020. Our \$3.6 million investment in MCCS helped build the infrastructure for, and strengthen the rollout of, new system-wide short-term skills building programs. These programs offer Maine workers the chance to earn targeted industry-specific micro-credentials that lead directly to employment or promotion in a condensed time frame at low cost. The Maine Quality Centers—the System’s short-term workforce training arm—is on pace to double the number of people in training programs this year to 3,600 learners, and triple the number of badges awarded to more than 7,600. Seventy (70) micro-credentials are now offered, up from 37 just last year, many of which support additional industry-recognized certifications in fields like health care, IT, and construction. In each case, industry partners help inform the programming and provide a direct connection to jobs.

As reviewed at the outset of this report, the promise and importance of elevating educational opportunity for under-employed and unemployed workers cannot be overstated. With that in mind, there is no academic institution better positioned than the Maine Community College System to enhance the skills of underemployed workers and to do so by building close relationships with employers who need skilled workers to grow their businesses. In 2021, we will double down on our investment in the MCCS. In so doing, we will be looking to promote and fund deeper partnerships between employers and the MCCS, partnerships where each support the other with effort and money. These collaborations will require employers to clearly communicate their labor force needs and the MCCS to work with employers to create relevant, low cost, short-term training programs for workers that meet those needs.

- **University of Maine System:** Last year, we announced grant commitments of up to \$240 million to the University of Maine System (UMS)—the largest grant ever made to a public institution of higher education in New England and the eighth largest ever made to an institution of public higher education in the United States. UMS will leverage this major investment to raise an additional \$170 million in matching funds over the next ten years, resulting in a \$410 million total investment in Maine’s public university system. Under the outstanding leadership of Chancellor Dan Malloy and Vice-Chancellor Joan Ferrini-Mundy, the Foundation’s grant funds will be allocated to four broad strategic initiatives meant to help strengthen the System’s capacity to meet the educational and workforce needs of Maine. Each of the four is briefly described below.
 - First, \$75 million of the grant supports the launch of a new system-wide unifying **College of Engineering, Computing, and Information Science**. This major initiative will combine the synergies of UMS’s existing Engineering, Computing, and Information Science programs, enable students to take integrated coursework across all UMS campuses, and prepare students for jobs in fields like artificial intelligence, data visualization, and human-machine interaction. It will also create new, world-class teaching and research facilities and grow faculty to raise the quality of the program overall. The goal is to increase access to STEM education statewide, respond to the need for engineers and computer scientists in Maine, and support opportunities for innovation and growth throughout the state. A critical objective of the grant is to build upon the success of existing research programs and elevate research funding. The design and roll out of this initiative is well underway, and we look forward to reporting on the new unified College in future years. More importantly, we look forward to seeing the great impact this new College will have for Maine.
 - Second, the UMS grant will build on our ongoing support of the **Maine Graduate and Professional Center**, where graduate degrees and credentials in law, business, and public policy are offered using cross-disciplinary, experiential, and market-driven programming. We launched the Center initiative four years ago with a \$7.5 million grant as the first university-level graduate program in the country to purposefully facilitate and integrate accredited graduate business, law, and public service education programs under one roof. The Center seeks to prepare students for careers increasingly grounded in all three disciplines and produce the next generation of business and government leaders. Our new grant of up to \$55 million will build upon the existing grant of \$7.5 million and support student scholarships as well as law, business, and policy program development.

Since the launch of the Center, progress has been impressive on multiple fronts thanks to the leadership and collaboration among System faculty, administrators, and staff. The Center has seen the merger of the MBA programs at the University

of Maine in Orono and the University of Southern Maine in Portland. The merged MBA program is now recognized as among the top 50 online business programs in the country. MBA enrollment has skyrocketed by 318% since the launch in 2018 from some 80 to 420 students. With the departure of inaugural Dean Michael Weber, a national search is underway to recruit and hire an equally visionary dean. As a new dean is hired, we are most grateful for the interim leadership of Faye Gilbert.

At the Law School, former Chief Justice of the Maine Supreme Court and UMaine Law alum Leigh Saufley was recruited to the deanship. Taking charge in the middle of a pandemic did not slow Dean Saufley down. Under her leadership, essential funding of the school has been restored and increased, applications are up by 30%, enrollment and LSAT scores are up, and the Bar exam passage rate has increased to 91%. Approval for a new Master of Law program is underway, and JD certificates in Business and Transactional Law will soon be offered. Privacy Law remains a growing and nationally recognized competency.

At the Muskie School, still more progress is being made. Fall enrollment (still underway) for the Masters in Public Health (MPH) program is showing a 64% increase from 2019 to 2021. Summer enrollment for the Masters in Policy, Planning and Management (MPPM) program is up by 32% from 2019 to 2021. Enrollment numbers for the Fall MPPM program are also expected to be large, as the program will be offered fully online for the first time ever. The undergraduate Public Health degree program was launched in 2019 and is off to a strong start, doubling enrollment after one year and feeding the MPH program pipeline.

True to the mission of the Center, under the dedicated leadership of Maine Center Ventures CEO Terry Sutton, all three schools are working closely to develop attractive cross taught/cross-disciplinary curriculum offerings designed to train a new generation of Maine leaders. And further true to the Center's mission, Terry and the Center's board and academic leadership are working hard to tailor academic offerings to meet the evolving needs of Maine's business, law, and public policy communities.

- The third strategic initiative of the Foundation's grant is the allocation of \$20 million to launch new **student success and retention initiatives**, including scholarship support to incentivize talented and disadvantaged students to attend and stay within the University System. As we have described in prior writings, there is no greater loss than a student who enters the higher education system, incurs substantial debt, and then withdraws from school before earning a degree. This result is not only tragic for the student but damaging to the credibility and financial stability of higher education institutions.

Pandemic-related drops in college applications, especially among low-income and first-generation students, make these student success and retention initiatives ever more important. Pilots are planned for fall 2021 featuring research and experiential programs and internships designed to give students a direct personal connection with faculty and staff mentors. They are being offered tuition free and for credit!

- Finally, in keeping with the Foundation's long-standing support of athletics, \$90 million of the Foundation's grant will be awarded to upgrade, enhance, and equitize the **athletic facilities** at the University of Maine through a master facilities plan developed under the experienced leadership of Athletic Director Ken Ralph. UMaine's athletics program has been challenged by subpar facilities and gender equity shortfalls for years. The Foundation's funds will support a cost-effective facilities plan which produces the greatest value to the University community as a whole and will do so with prominent and equitable recognition of the needs of the University's deserving division one athletes—both men and women. Of course, our grant funds are to be matched by Black Bear alums and supporters. Matching our athletic grants is nothing new to Black Bear fans. Time and time again, they have stepped up, and we are confident they will rise to the occasion once again. Go Black Bears!
- **The Roux Institute at Northeastern University:** In 2020, the Foundation also committed \$100 million to the Roux Institute, Northeastern University's new graduate school, research center, and innovation hub in Portland. This investment supports scholarships, graduate education programming, and research capabilities for Maine residents studying artificial intelligence, computer and data science, digital engineering, and the advanced life sciences.

This commitment is intended to spur innovation, build talent, and drive economic growth in Portland and throughout the state. To date, the Institute's education programs have served 275 Mainers, with 181 learners enrolled in graduate certificate and degree programs. An additional 94 students are completing custom courses designed with and funded by their employers. World-class faculty are joining the Institute. In the next ten years, we expect the Institute's annual enrollment to climb to 2,700 students, with hundreds of partners across the country and in Maine.

A few extra words are in order on our grant to Northeastern University, a new member of the Maine higher education community. We start with words of admiration and gratitude to Barbara and Dave Roux who founded the Institute with a bold vision for graduate education and a \$100 million commitment of their own to that vision. Philanthropic partners like Barb and Dave are a rarity, and once the Foundation learned of their plan, we were inspired to match their commitment with a \$100 million investment of our own.

As the Rouxs pursued their vision, they had the foresight to seek out President Joseph Aoun and the terrific team of leaders he has assembled at Northeastern University. There is much one could say about Northeastern, but we should like to focus on how its history and development of work-based experiential learning made it the perfect partner for the Roux's vision for Maine—and for the Harold Alfond Foundation. For over 20 years, the Foundation has thought that employers and academia needed to align more closely in what is taught and how. We have thought that different models of higher education were essential to meet changing times, as well as the diverse ways people learn, closely connecting the classroom with the workplace.

Over 60% of the population has not accessed traditional higher education. We have theorized this was due not only to cost, but also to the form and relevance of education offered. Mirroring this thinking, many of our grantees have increasingly developed and offered higher education experiences for learners who are motivated to take on the challenges of higher education by a visible connection between their education and employment.¹⁵ As the pioneer of co-op education beginning 120 years ago, Northeastern is a leader in higher education today, recognizing the value of deploying experiential, employment-relevant education models. To equip learners with the skills needed to thrive in our modern, global tech world, education must include prominent, relevant, experiential learning which is multi-dimensional and nurturing of human creativity. All to educate and grow a workforce that is, as President Aoun calls it, “Robot-Proof.”¹⁶

At the Roux Institute, the educational model at work is poised to reach an exciting new level of engagement between academia and employers. With our other grantee partners designing and deploying similar experienced-based education models, Maine's workforce and economy have a great future.

- **FocusMaine:** Building a skilled workforce is one side of the coin. Promoting employment opportunities and creating jobs is the other. FocusMaine works to create and support jobs in the state's most globally competitive sectors and collaborates with a network of partners statewide to transform Maine's talent and assets into opportunity and prosperity. In 2020, we continued our support of FocusMaine and announced a follow-on grant of \$5.18 million to expand FocusMaine's statewide programs accelerating job growth in the life sciences, aquaculture, and agriculture.

Partnership and team building is at the heart of FocusMaine's work creating jobs. For example, FocusMaine conducted research with the Maine Aquaculture Association and the Gulf of Maine Research Institute on how to develop the occupational skills that

¹⁵ This encompasses many of the Foundation's grantees, including the University of New England, Husson University, Thomas College, and the Maine Community College System.

¹⁶ *Robot-Proof: Higher Education In the Age of Artificial Intelligence*, MIT Press, 2017.

aquaculture businesses need. The Gulf of Maine Research Institute then used this research to partner with the Maine Community College System to build micro-credential and for-credit programs that will support the aquaculture industry and promote its growth. As another example, FocusMaine recently began a collaboration with the Roux Institute to work on biopharma strategic planning, business development, joint programming, and workforce development. As part of this partnership, FocusMaine launched a survey of Boston biopharma businesses to understand their challenges and how Maine can be part of their solution.

FocusMaine has ambitious job creation goals for the state over the next ten years. In just three years, it has already created several hundred new Maine jobs, despite the downturn of the pandemic. Additionally, over the last five years, it has placed 1,900 interns in Maine internships through the Maine Career Catalyst Internship Program. Over 90 Maine businesses now participate in the Internship Program.

Our continued investment in FocusMaine acknowledges the strong link between FocusMaine's job growth efforts and Maine's higher education community, as well as the need to create good jobs in high-potential sectors of Maine's economy.

- **Alfond Leaders Student Debt Reduction Program:** Our Alfond Leaders program, offered in partnership with the Finance Authority of Maine, is a student debt reduction initiative designed to recruit and retain young talented STEM professionals in Maine. The program pays half of the student debt, up to \$60,000, for selected STEM professionals who move to or stay in Maine for at least three years and work in a STEM occupation. Since the program began in 2017, nearly 200 professionals have been selected as Alfond Leaders. They are selected by an outstanding advisory committee chaired by WEX CEO Melissa Smith. The program is administered by the dedicated staff of the Finance Authority of Maine. The Leaders are a median age of 31, compared to the statewide median age of 44. All the selected Alfond Leaders have a bachelor's degree and 49% of Leaders have a graduate degree.

As this report goes to press, the program is poised to pay down the student debt of its third cohort of awardees. Under the current federal and state tax laws, these valued workers will have to pay income tax on the debt payment funds as if the payments were earned income of the workers instead of Foundation charitable grants. This tax levy works against the program's purposes. Legislation has been introduced at the state and federal levels to correct this inequity but has not yet been enacted—all to the detriment of the program and the incentives it seeks to offer.

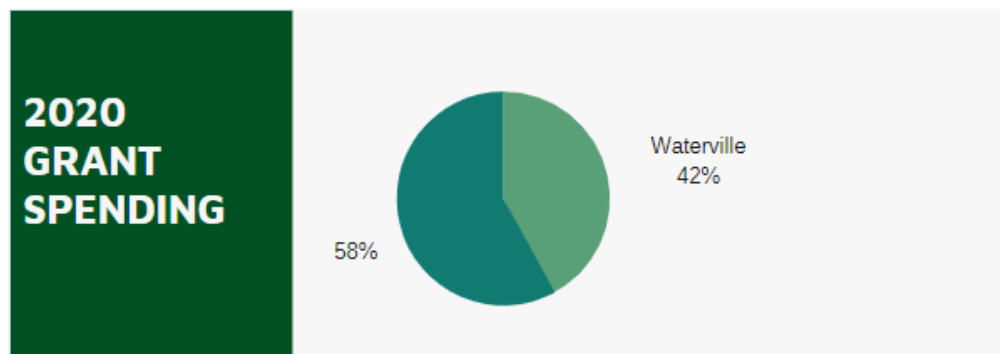
Tax unfairness aside, the Alfond Leaders program remains a valued strategy of the Foundation. The program incentivizes talented STEM professionals to reside in Maine, providing qualified candidates for businesses and bolstering the state economy.

Even in its modest current form, economic benefits to the state are impressive. Alfond Leaders represent a substantial economic footprint in the Maine economy. Based on a previous study, we estimate that the economic activity related to their work supports approximately 413 jobs statewide, \$34 million in earnings, \$108 million in sales (output), and \$61 million in gross state product (GSP). Over the six-year period of their award, their contributions will represent \$360 million in Maine's GSP.

In aggregate, the investments described above are designed to help serve Mainers at all points in their lives, build a well-rounded workforce, spur innovation and opportunity, and support the potential of our people and our state.

Waterville Economic Revitalization

While the Foundation makes investments throughout Maine, much of our work has been focused on the city of Waterville. Waterville, the home of Bibby and Harold Alfond for much of their lives, was once a thriving town sustained by paper and textile manufacturing. Like so many other American cities in recent decades, however, Waterville's vitality declined as manufacturing jobs were lost to the global economy. Consistent with Harold and Bibby Alfond's lifetime of giving to Waterville, the Foundation continues to fund initiatives in Waterville with strong local leadership that create opportunities for education and industry, build a sense of place, and leverage existing assets for community revival.



In 2020, we made more than \$22 million in grants to Waterville. True to our mission of support for education and community development, our grants were to academic and cultural organizations.

- **Colby College:** Colby has been a long-term partner in driving Waterville's economic revival with its own major commitments to the city's revitalization under the outstanding leadership of President David Greene. Our grant commitments to the College recognize the vital importance of the College to the town and the town to the

College. Over \$100 million has been awarded to Colby for projects on campus and on Main Street. These projects include new construction of:

- the spectacular Harold Alfond Athletics and Recreation Center, the most state-of-the-art and comprehensive NCAA DIII facility in the country;
 - buildings on Main Street, housing tech firm CGI and other businesses;
 - the Bill & Joan Alfond Main Street Commons, with lead funding by Bill and Joan Alfond and the Bill and Joan Alfond Foundation;
 - the Lockwood Hotel, with its new Front and Main Restaurant; and
 - an arts studio rehab at 18 Main Street, with lead funding by Peter and Paula Lunder of the Lunder Foundation.
- **Waterville Creates!:** Building on Colby's dedication to revitalizing Waterville, we also announced a further \$11 million grant to support construction of the Paul J. Schupf Center for the Arts on Waterville's Main Street. The Schupf Center will border City Hall and Castonguay Square and will become the new hub of the town's visual, film, and performing arts. As this report is published, ground has been broken and construction is underway. True to our way of doing business, community fundraising is closing in on the Foundation's match requirements. Colby alumni have joined countless community members to raise the remaining funds needed to complete this \$18 million project. The finish line is within sight, so if you see Waterville Creates! Capital Campaign Chairman Jim LaLiberty or Executive Director Shannon Haines approaching you on the street, be prepared to write a check!
 - **Thomas College:** In 2020, we awarded a grant of \$13.5 million to Thomas College. The grant recognizes the critical role the College plays in workforce development, both locally and statewide. Key components of our grant include the deepening of academic and employer partnerships through the Harold Alfond Institute of Business Innovation, the launch of new academic programs in leading-edge fields, enhanced student retention programs, and expanded affordability initiatives. The Foundation's grant was the largest in Thomas's history and helped catapult the institution to a successful finish of its *Guarantee the Future* campaign. The campaign generated more than \$30 million in philanthropy, well over its \$27 million goal.

Thomas, a small private college, is an important model of higher education, especially in Central Maine, for at least three reasons. First, the College recruits first generation Maine students into higher education by offering a high-quality, yet intimate, learning environment. Second, it provides a unique job placement guaranty to graduates, helping to make it a major supplier of skilled employees for Central Maine businesses. And, third, through the Harold Alfond Institute for Business Innovation and other programs, Thomas directly strengthens the Waterville business community with internship, certificate, and professional development programs and entrepreneurial "ecosystem" support events and networking opportunities.

Thomas College is a true gem. It also has a great leader in President Laurie Lachance, who, when she is not leading Thomas, is working with other Maine leaders and Governor Mills to chart an inspiring plan for Maine's recovery and future.

Expanding Access to High-Quality Health Care

Our interest in the state's well-being extends beyond economic opportunity to include health care. Health care has long been an interest of the Foundation as exemplified by our investment in construction of the Harold Alfond Center for Cancer Care and the 640,000 square-foot Alfond Center for Health at MaineGeneral in Augusta.¹⁷ Most recently, we have focused on initiatives that increase access to high-quality health care delivery in Maine with a concern for Maine's rural communities and combatting Maine's greatest health challenge: cancer. Harold Alfond, while battling cancer himself, received treatment in Maine, shaping his commitment to excellence in cancer care for all people in the state. Our focus on cancer care remains a priority, and our interest in rural health care includes supporting high-quality and accessible care statewide. Here are three examples we draw from our work in 2020:

- **The Jackson Laboratory (JAX):** In 2020, we announced a follow-up grant of \$11,924,000 to JAX to further the scope of the Maine Cancer Genomics Initiative. The Initiative is a statewide collaboration of JAX scientists and community oncologists bringing innovative cancer genomic testing, education, and drug access infrastructure to Maine. Every oncology practice in the state is a program partner. Initially driven by the need for greater availability of cancer genomic testing in Maine, the Initiative has become a model for community precision oncology, or personalized cancer care, in a rural setting. Precision oncology uses analysis of a patient's normal genetics and the specific mutations found in their tumors to guide more targeted treatments. The grant also supports the enhancement of the "genomic tumor boards," specialized teams of oncologists, researchers, and clinicians from around the world who convene in person and by videoconference to review individual patients' test results and design treatment plans. To date, over 1,600 Maine patients have enrolled in the genomic testing program, and all of Maine's oncology physicians are participating in the project.
- **MaineHealth and MaineGeneral Medical Center:** In 2017, the Foundation committed \$10 million to MaineHealth and MaineGeneral Medical Center to develop an integrated, patient-centered cancer network to coordinate high-quality oncology services throughout state. The project's main goal is to optimize diagnosis and treatment for Maine's cancer patients as close to home as possible and to efficiently

¹⁷ In 2010, the Foundation announced a \$35 million grant to MaineGeneral Medical Center in support of its effort to build a new regional hospital in North Augusta and convert the Thayer hospital in Waterville into an enhanced outpatient center. In 2011, we also made an additional program-related investment, or "PRI," to MaineGeneral in the amount of \$23 million. The PRI supported the public debt financing of the new hospital. In early 2021, the hospital's debt was refinanced and the Foundation's surety bond obligations were released.

coordinate that care using navigators. The service line's growth and success continued in 2020 with the hiring of additional world-class doctors and surgeons while offering patient navigation, genetic counseling, clinical trials, and supportive care services to Maine patients. MaineHealth and MaineGeneral Medical Center were also able to realize cost savings and operational efficiencies through adoption of cutting-edge administrative technologies as a result of our grant. Finally, this program has led to a deeper collaboration with Massachusetts General Hospital, with a formal patient care coordination model being piloted in 2021.

- **The University of New England:** Last year, we also announced a new \$30 million commitment to the University of New England (UNE) to establish the Institute for Interprofessional Education and Practice and construct a new facility for the relocation of the UNE College of Osteopathic Medicine from Biddeford to Portland. Wonderfully led by President James Herbert, UNE is Maine's largest health care educator and home to Maine's only medical school and Northern New England's only dental college. This project will bring medical students together with students studying to be nurses, dentists, physician assistants, physical and occupational therapists, social workers, and pharmacists on UNE's Portland campus. It will also accommodate the growth of undergraduate enrollment on the University's Biddeford campus. Overall, this project will increase the number of qualified wellness and health care professionals ready to work in communities throughout Maine. The Foundation's grant to UNE has many attributes, but at least two are of keen interest to the Foundation.

First, the Institute is all about teamwork—a love of Harold Alfond and an enduring principle of the Foundation's giving preferences. With a shortage of health care workers statewide, UNE's interprofessional education model demonstrates how health care professionals of all disciplines can deliver quality health care, with fewer errors and with greater efficiency, by working together in teams. Second, educating more health care workers and retaining them here in Maine is not only vital to health care quality, but is part and parcel of our interest in building Maine's workforce. At UNE, our grant is a two-for-oner!

Looking to 2021 and Beyond

Building on, and in fulfillment of, our \$508 million in grant investments, the Foundation expects to spend \$70 million in grants in 2021. Much of our focus will be on initiatives that provide accessible education, health, and opportunity for Mainers from all walks of life contributing to long-term prosperity and promise for all.

While our work is cut out for us, we are optimistic about what lies ahead. Throughout this past year, the people of Maine came together to withstand and combat the pandemic. They did so with innovation, teamwork, and an extraordinary work ethic. These qualities undergird our optimism for Maine's future as we work with our grantees to take advantage of this opportune moment for progress and new growth in our state. Our trustees and staff are honored and grateful to be a part of this work.

We close this report with a special tribute and word of thanks as we think about our work in the years ahead.

Peter G. Alfond: A Tribute and Word of Thanks

Peter Alfond, youngest son of our founder Harold Alfond, passed away from malaria at the all-too-young age of 65. Peter was a highly-valued member of the Foundation's Board of Trustees for more than two decades. He was also an accomplished business executive, philanthropist in his own right, and beloved son, brother, father, uncle, and friend. Above all else, he was a man who lived his life with creativity, a curiosity for the world, a passion for healthy living, and an abiding love of family, friends, and the people of Maine and Puerto Rico. Peter believed deeply in philanthropy and the philanthropic principles of his father's legacy. And so, after his death, the Harold Alfond Foundation became a beneficiary of Peter's estate and trust. Through 2020, the Foundation's receipt of assets from Peter's estate and trust totaled \$300 million. Additional assets are expected in 2021. Peter's extraordinary life and his contributions to the Harold Alfond Foundation is an enduring gift to Maine: one that will benefit Maine people for generations to come. As we pay tribute to his life and friendship, we remain deeply grateful to Peter for his past and now future contributions to the Foundation's work.

On the following pages, our 2020 grants and future grant commitments are summarized.

Sincerely,



Gregory W. Powell
Chairman of the Board

Harold Alfond Foundation – 2020 Grantees

<i>Areas of Giving and Organization</i>	<i>Amount</i>	<i>Theme</i>
Education		
Alfond Scholarship Foundation (<i>MyAlfondGrant</i>)	\$6,939,240	◆
American University in Bulgaria	\$10,000	
Brunswick Community Education Foundation	\$5,000	
Cathance River Education Alliance	\$5,000	
Center for Curriculum Redesign	\$893,000	◆●
Colby College	\$17,000,000	◆●
Educare	\$250,000	◆●
Foundation for Maine's Community Colleges	\$1,200,000	◆
Gloucester Maritime Heritage Center	\$10,000	
Husson University	\$2,000,000	◆
Jobs for Maine's Graduates	\$1,081,716	◆
Kents Hill	\$1,000,000	◆
Maine Maritime Academy	\$750,000	◆
Northeastern University	\$1,000,000	◆
Rollins College	\$7,000,000	◆
St. Joseph's College	\$524,142	◆
Thomas College	\$781,166	◆●
University of Maine Foundation	\$500,000	◆
University of Maine System	\$1,000,000	◆
University of Massachusetts Amherst	\$1,000	◆
Health Care		
Belgrade Regional Health Center	\$15,000	❖
Kennebec Behavioral Health	\$2,000	❖
Maine Medical Center	\$28,000	❖
MaineGeneral Health	\$487,100	❖
MaineHealth	\$1,712,900	❖
Mid Coast Hospital	\$20,000	
Youth and Community Development		
7 Lakes Alliance	\$100,000	
Alfond Youth Center	\$1,758,860	●
Aroostook Teen Leadership Camp	\$2,500	
Beth Israel Congregation - Bath	\$2,000	
Beth Israel Congregation - Waterville	\$50,000	●
Boston Symphony Orchestra	\$40,000	
Cahoon Museum of American Art	\$25,000	

Center for Grieving Children	\$10,000	
Children’s Center Augusta	\$10,000	
Coastal Maine Botanical Gardens	\$1,500,000	
Eagles Nest Foundation	\$2,500	
FAME Leaders, Inc. <i>(set aside for Alfond Leaders program)</i>	\$285,723	◆
FocusMaine	\$1,288,630	◆
Full Plates Full Potential	\$100,000	
Good Shepherd Food Bank	\$1,010,000	
Hawthorne Community Association	\$5,000	
Maine Children's Home	\$153,000	●
Maine Community Foundation	\$100,000	
Pioneer Institute	\$12,500	
Spectrum Generations Meals on Wheels	\$1,200	●
Susan Curtis Foundation	\$14,700	
The First Amendment Museum Augusta	\$5,000	
The Maine Irish Heritage Center	\$5,000	
The Nature Conservancy, Maine Chapter	\$5,000	
United Way of Mid Maine	\$12,500	
Waterville Creates!	\$1,000,000	●
Waterville Development Corporation	\$200,000	●
Waterville Opera House	\$15,000	●
Total Foundation Funding in 2020	\$51,929,376	

Investment Themes

- Building Maine’s Workforce ◆
- Waterville Economic Revitalization ●
- High-Quality Health Care ❖

Harold Alfond Foundation – Outstanding Grant Commitments¹⁸*As of 12/31/20*

Areas of Giving and Organization	Amount	Theme
Education		
Alfond Scholarship Foundation (<i>MyAlfondGrant</i>)	\$7,177,340	◆
Center for Curriculum Redesign	\$792,000	◆●
Colby College	\$41,500,000	◆●
Carrabassett Valley Academy	\$500,000	
Educare	\$500,000	◆●
Foundation for Maine's Community College System	\$1,000,000	◆
Governor's Academy	\$1,000,000	
Husson University	\$2,000,000	◆
Jobs for Maine's Graduates	\$1,663,432	◆
Northeastern University - The Roux Institute	\$99,000,000	◆
Rollins College	\$29,000,000	
Thomas College	\$14,245,000	◆●
University of Maine and UM Foundation	\$96,000,000	◆
University of Maine System	\$152,500,000	◆
University of New England	\$30,000,000	◆❖
Health Care		
Jackson Laboratory	\$11,924,000	❖
MaineHealth	\$1,712,900	❖
MaineGeneral	\$287,100	❖
Youth and Community Development		
7 Lakes Alliance	\$125,000	
Alfond Youth Center	\$3,058,252	●
City of Waterville	\$2,290,000	●
Coastal Maine Botanical Gardens	\$4,500,000	
FocusMaine	\$3,895,768	◆
Maine Community Foundation	\$300,000	◆
Maine Children's Home for Little Wanderers	\$85,000	
Waterville Creates!	\$2,500,000	●
Waterville Development Corporation	\$200,000	◆●
Total Foundation Outstanding Commitments	\$507,775,792	

¹⁸ This list does not include the Foundation's commitment to backstop MaineGeneral Medical Center's "Debt Service Reserve Fund" in the approximate amount of \$23 million. As noted, MaineGeneral has successfully refinanced its debt and, in the process, released the Foundation's contingent obligation to secure the debt service reserve fund guaranty of the prior financing.

Investment Themes

Building Maine's Workforce ◆

Waterville Economic Revitalization ●

High-Quality Health Care ❖