



## 2021 Grant Report

Dear Friends of the Harold Alfond Foundation:

We are pleased to share our Grant Report summarizing the activities of the Harold Alfond Foundation in 2021.

We begin with an acknowledgement of the significant continuing impact COVID-19 has had on the lives of Mainers. Vaccines and treatments have reduced hospitalizations and more severe illness, but challenges remain as we learn to live with persistent, less-virulent COVID variants. In the spirit of our founder Harold Alfond, the Foundation remains optimistic about the future of Maine and dedicated to his belief that challenges are best overcome, and opportunities best realized, through teamwork.

In the following pages, we share highlights from the past year and our thinking about the Foundation's grantmaking and funding interests going forward.<sup>1</sup>

### Financial Standing and 2021 Grant Funding

In 2021, the Foundation paid \$72.9 million in grants to 56 organizations, with spending (on a dollar basis) concentrated among 17 recipients. Spending as a percentage of assets (our "spending rate," in philanthropic terms) equaled just over 5% of Foundation assets. Geographically, 83% of grants were paid to Maine institutions. Nearly a third of grant funding was allocated to projects with a statewide reach. Thirty-six percent of grants were awarded to institutions in Central Maine, with \$22.7 million invested in Waterville projects alone.

After payment of all grants and operating expenses, the Foundation closed the 2021 calendar year with assets of \$1.58 billion, up from \$1.18 billion at the end of 2020. The significant increase, even after the nearly \$73 million in grant spending, was due in part to a 21% return on our investments.

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<sup>1</sup> The Harold Alfond Foundation is committed to transparency. This report is just 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: [www.haroldalfondfoundation.org](http://www.haroldalfondfoundation.org).

In 2021, Berkshire Hathaway remained a significant position in our portfolio, representing 24% of year-end assets. In contrast to 2020 when Berkshire materially underperformed the market, it returned an impressive 29.5% in 2021, outperforming the S&P 500 Index. Virtually all other assets joined Berkshire in contributing to the Foundation's asset growth this past year. In short, for 2021, the Foundation's portfolio was firing on all cylinders.

That was 2021. As this report is published, the stock and bond markets are in a downslide as inflation has reached historically high levels, interest rates are climbing, labor and supply shortages are rampant, and the tragedy of war in Ukraine has heightened energy supply shortages and endangered world peace. What we described in last year's report as the risks of "lurking inflation" and "uncharted" fiscal and monetary policy have become the realities of 2022. Given these conditions, our portfolio's value is in decline, and it is unlikely to experience the rate of growth in future years that it has in the past decade. As this report is published, the portfolio has declined 9% since year end. That said, the Foundation's portfolio is constructed with a long-term time horizon and is well diversified with high-quality investments which should ensure the Foundation can meet all existing and future grant commitments in the years to come.

The Foundation ended 2021 with binding grant commitments (money payable to charitable institutions for projects in *future* years) of \$449 million.<sup>2</sup> That figure has grown substantially—by over \$345 million—since 2019, due in large part to the significant multi-year grant commitments announced in 2020.

## Foundation Values and Mission

The Harold Alfond Foundation furthers the philanthropic legacy of Harold Alfond by investing in projects with the promise of making enduring contributions to Maine.

Reflective of Harold Alfond's giving during his lifetime, our grant awards fall into three broad areas of giving: **Education, Health Care, and Youth and Community Development**. Of these areas, Education has long been the centerpiece of Foundation funding. In 2021, 82% of all grants awarded were for educational causes. Health Care and Youth and Community Development funding represented 8% and 10% of grants awarded, respectively.

The Foundation aims to make grants that are transformative for Maine by producing positive, long-lasting change. We recognize that to be transformative and to generate the highest returns on our philanthropic investments, we must invest our dollars where we can be most impactful. Toward this end, the Foundation awards coordinated, targeted grants within a set of priority "investment themes" that include: (1) Building Maine's Workforce; (2) Revitalizing the Economy of Waterville, Maine; and (3) Supporting High-Quality, Rural Health Care.

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<sup>2</sup> The Foundation's \$449 million of unpaid grant commitments does not include our commitment to ongoing support of the Harold Alfond College Challenge program beyond one year.

In all that we do, the Foundation is guided by the principles and values most important to Harold Alfond: encouraging teamwork and high-quality leadership; serving young people; promoting the ‘underdog’; inspiring innovation and entrepreneurial action; and partnering with those who have ‘skin in the game,’ often through challenge fundraising matches.

While each of these principles and values are integral to our grantmaking, the promotion of “teamwork” is of special importance to our philanthropic perspective. Harold Alfond was an athlete and avid sports fan all his life. As such, he came to see the value of teamwork as important to maximizing success in philanthropy, just as it is to winning on the playing field. “There is no ‘I’ in the word ‘team,’” he thought. Given Maine’s constrained financial resources and small population size, encouraging teamwork among Maine nonprofit entities with common objectives was a hallmark of his giving. It remains so with his Foundation’s grantmaking today. Our grants often promote teamwork through mergers, consolidations, and partnerships—all of which involve change. Such change can sometimes feel unattractive and even threatening for well-established institutions and their constituencies as they seek to preserve stability and autonomy in the work they do. Yet the benefits of teamwork in the form of partnerships, mergers, and consolidations are many and include:

- Coordinated, concentrated efforts to effectuate needed change;
- Avoidance of redundancy and overlapping programs;
- Economies of scale that lower average overhead and administrative costs;
- Enhanced ability to attract and retain high-quality board and management leadership;
- Avoidance of donor fatigue and conflicting fundraising campaigns; and
- Strategic allocation of scarce resources to maximize impact and excellence.

Taking advantage of these benefits in today’s global, competitive, and interconnected world is essential for organizations to remain relevant and impactful. And the benefits and success achieved through teamwork, incentivized by Foundation grants over a quarter century, have proven worthwhile, if not compelling.<sup>3</sup> So, in Harold Alfond’s tradition, we look forward to promoting teamwork in our ongoing grants as well as in our grants of the future.

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<sup>3</sup> Examples of thriving nonprofit enterprises where the value of teamwork has been embedded within the Foundation’s grantmaking abound:

- a. The Alfond Center for Health at MaineGeneral in North Augusta consolidated and replaced three aging hospital operations into a new state-of-the-art, 309,000-square-foot regional hospital easily accessible from Interstate 95 for residents of Central Maine and beyond.
- b. The Alfond Youth and Community Center in Waterville was created by a merger of the town’s Boys and Girls Club, YMCA, and City Parks and Recreation Department. It is the only merged YMCA and Boys and Girls Club operation in the country.
- c. The 7 Lakes Alliance, which promotes water quality and conservation of the Belgrade Lakes Region, is the product of two merged conservation organizations in the region.
- d. Waterville Creates! (WC!), a vibrant arts hub in Waterville, resulted from the merger of the Maine Film Center, Common Street Arts (now Ticonic Gallery + Studios), and the Waterville Opera House, in collaboration with the arts programs of Colby College. Colby and WC! are now building a new arts center in downtown Waterville that will feature contemporary art from Colby, film from the Maine Film Center, creative gallery space, and performing arts rehearsal space for the adjoining, historic Waterville Opera House.

## Observations and Current Thinking

As outlined in past reports, Maine has long faced deep economic challenges. These include low labor force participation, stagnant wages, low education and skills attainment, and a lack of upward economic mobility for many low- and middle-income families.<sup>4</sup> While these challenges are not unique to Maine, they have been heightened by our aging population and decreasing birth rates, as well as by the decline of manufacturing industries that were once the backbone of our state's economy. Maine, its people, and its potential for prosperity have increasingly been at a disadvantage in a changing and tech-driven global economy.

The COVID-19 pandemic had the effect of exacerbating Maine's existing challenges, especially for marginalized and low-income Mainers with less education. In April 2020, the state unemployment rate rose from a pre-pandemic 3.2% to 10.6%. The state's labor participation rate also declined.

Since then, recovery from the shock of the early phases of the pandemic has been respectable. Life-saving vaccines and medications, as well as federal stimulus spending, have been of significant help. Here in Maine, the state received more than \$4.5 billion in federal recovery funds, with a significant portion targeted to help the state's workforce.<sup>5</sup> Under the Governor's Jobs and Recovery Plan, nearly \$1 billion is supporting investments in public education, small businesses, job training and skills programs, childcare, affordable housing, broadband, and other initiatives. These investments in Maine and across the country have helped the job market recover more quickly than many predicted. As of April 2022, Maine's unemployment rate had eased its way back down to 3.3%.

On balance, as welcome as this recovery has been, it has not fundamentally changed the negative trajectory of Maine's economic and demographic challenges. The state's labor participation rate continues to decline, primarily due to the state's aging population. Unfilled job openings have climbed to record levels, some 50% higher than the pre-pandemic average.<sup>6</sup> Maine employers are crying out for skilled workers, while prime-age workers are projected to

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- e. The 'Maine MBA' program, the sole AACSB-accredited MBA program in the state, was created by the merger of the University of Maine's MBA graduate program with that of the University of Southern Maine. Headquartered in Portland, the Maine MBA is the second fastest growing online MBA in the nation, according to *Fortune* magazine, having increased from 90 students in 2019 to over 400 students in 2021. In quality, it has risen 15 slots to rank 35 in the nation, according to *Forbes* magazine.
  - f. The Harold Alfond College Challenge or 'My Alfond Grant' is the first-in-the-nation program providing a \$500 grant for higher education to every child born in Maine. It is operated in partnership between the Finance Authority of Maine, the NextGen 529 Plan, the Harold Alfond Foundation, and the Alfond Scholarship Foundation, and overseen by a board with representation from the Maine Community College System, the University of Maine System, the Maine Hospital Association, the Maine Community Foundation, and the Mitchell Institute.

<sup>4</sup> You can read the 2020 Grant Report [here](#), the 2019 Grant Report [here](#), and the 2018 Grant Report [here](#).

<sup>5</sup> Maine Department of Economic and Community Development. "Maine Economic Recovery Grants: Maine's Path to Recovery." <https://www.maine.gov/decd/economic-recovery-grants>

<sup>6</sup> U.S. Bureau of Labor Statistics. "State Job Openings and Labor Turnover Summary." May 18, 2022. <https://www.bls.gov/news.release/jltst.nr0.htm>

decrease by 8%, or some 60,000 people, over the next ten years. At the same time, the segment of Maine's population that is age 65 and older is expected to grow by 45% to 123,000 people.

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Against this worrisome background, combatting Maine's long-term challenges and fully rebounding from the pandemic requires that our state's working-age citizens have the education, skills, and opportunity to support a growing and globally competitive economy. To this end, grants supporting education and workforce development have been a major focus of the Foundation's grantmaking. They remain a focus going forward as we seek to capitalize on opportunities and trends set in motion by the pandemic. As this report is published, these opportunities and trends are still at work and can be summarized as follows:

- Before the pandemic, the modern tech economy was concentrated in a few large U.S. cities.<sup>7</sup> Since the pandemic, many of these cities have seen population outflows. According to census data, New York, Los Angeles, Chicago, and San Francisco lost more than 700,000 people between July 2020 and July 2021 as people sought less crowded places to live and lower housing costs.<sup>8</sup>
- With companies far more "digital" than ever before, workers are also seeking opportunities to live and work wherever they choose. Employers are adapting to—and, in many cases, encouraging—remote work. The number of remote jobs is expected to increase in the future.<sup>9</sup> With this increase, Maine is well situated to attract workers and their families seeking a better quality of life.
- The pandemic, and the supply chain issues it exposed, has created the imperative to bring overseas pharmaceutical and other life science industries back to the U.S. Maine is well positioned to accommodate many types of manufacturing, but especially the growing biopharma industry, whether coming from Boston or elsewhere.

These trends may well be a bit of wind at Maine's back. Early signs are certainly promising. From July 2020 to June 2021, the state's population grew by 10,000 people, primarily through net in-migration.<sup>10</sup> Maine's 0.7% population increase from 2020 to 2021 was the 14th

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<sup>7</sup> Shearer, Chad; Vey, Jennifer S.; Kim, Joanne. "Where Jobs Are Concentrating and Why It Matters to Cities and Regions." *Brookings*. June 2019. [https://www.brookings.edu/wp-content/uploads/2019/06/2019.06\\_Bass-Center\\_Geography-of-jobs-report.pdf](https://www.brookings.edu/wp-content/uploads/2019/06/2019.06_Bass-Center_Geography-of-jobs-report.pdf)

<sup>8</sup> Gebeloff, Robert; Goldstein, Dana; and Hu, Winnie. "Cities Lost Population in 2021, Leading to the Slowest Year of Growth in U.S. History." *The New York Times*. Mar. 24, 2022. <https://www.nytimes.com/2022/03/24/us/census-2021-population-growth.html?searchResultPosition=9>

<sup>9</sup> Robinson, Bryan. "Remote Work Is Here to Stay and Will Increase Into 2023, Experts Say." *Forbes*. Feb. 21, 2022. <https://www.forbes.com/sites/bryanrobinson/2022/02/01/remote-work-is-here-to-stay-and-will-increase-into-2023-experts-say/?sh=2437170620a6>

<sup>10</sup> There were 6,300 more deaths than births during this time, but this loss was more than offset by a gain of 15,500 residents from other states and 900 from other countries. U.S. Census Bureau, Population Division. "State Population Totals and Components of Population Change." Table NST-EST2021-POP. Dec. 2021. <https://www.census.gov/data/tables/time-series/demo/pepopt/2020s-state-total.html>

highest in the nation and second highest in New England, behind only New Hampshire (0.8% growth).

## Investing in Maine's Future

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

The Foundation committed over \$507 million to Maine institutions in 2020. In 2021, we stayed focused on these initiatives, accelerating grant payments where appropriate and advantageous. We also announced new grants promoting skill-building and training to help increase the size and quality of our state's workforce. Grants continue to be informed by research demonstrating the importance of *any type* of post-secondary education to employment, wages, and lifetime earnings.<sup>11</sup> This includes non-academic training programs and micro-credentials for under-employed and unemployed Mainers for whom a two- or four-year degree is not necessary or practical, and for incumbent workers looking to "up-skill" and advance in their careers.

Simultaneously, mindful of the importance of STEM and other skilled workers to our state's economic prosperity, the Foundation continued to promote programs that create and strengthen graduate and professional education, particularly in STEM fields most poised for economic growth. As always, we did so with the help of committed partners and community supporters—the "teamwork" approach long favored by Harold Alfond.

We hope these efforts will ensure that all Mainers can attain the knowledge and skills needed to meaningfully participate and advance in a changing yet thriving labor market—and that Maine, and all its people, can prosper.

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As noted above, the Foundation awards coordinated, targeted grants in a set of three priority investment themes. In past years' reports, we have described at length recent grants within the two themes of "Revitalizing the Economy of Waterville, Maine" and "Supporting High-Quality, Rural Health Care."<sup>12</sup> Funding levels for grants within these two investment themes are shown at the conclusion of this report and we look forward to elaborating on the progress of these grants in future years.

In this, our 2021 report, the following pages focus on a select number of grants that fall within our third theme of "Building Maine's Workforce." These grants represent a significant,

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<sup>11</sup> Career Outlook, U.S. Bureau of Labor Statistics. "Learn More, Earn More: Education Leads to Higher Wages, Lower Unemployment." May 2020. <https://www.bls.gov/careeroutlook/2020/data-on-display/education-pays.htm>

<sup>12</sup> You can read the 2020 Grant Report [here](#), the 2019 Grant Report [here](#), and the 2018 Grant Report [here](#).



coordinated effort of the Foundation to respond directly to many of the challenges and opportunities for Maine described above.

## Building Maine's Workforce

In 2021, approximately two-thirds of the Foundation's grant spending fell within our "Building Maine's Workforce" theme. This funding stretched across all three major areas of giving, with an emphasis on grants to education institutions, including for skills development and STEM education. Below is a sampling.

- To help address the urgent need to upgrade and modernize the skills of our under-employed and unemployed citizens, the Foundation doubled down on its support for the **Maine Community College System (MCCS)** with a new \$15.5 million grant commitment. This grant, leveraging more than \$30 million in state stimulus and private sector matching dollars, funded the launch of the *Harold Alfond Center for the Advancement of Maine's Workforce*. The Center will train and up-skill more than 24,000 Mainers over the next four years through low-cost, short-term, non-credit training programs. This is a "demand-driven" effort to be responsive to both learners, who want to advance their careers in meaningful ways, and employers, who require skilled workers *right now*. It is also a response to a multitude of problematic trends in higher education—rising college tuitions, low college completion rates, and a mismatch between the skills workers have and the skills employers need, to name a few—all of which disproportionately affect disadvantaged and low-income adults.

The Foundation's 2021 grant commitment to the MCCS builds on our prior 2018 award of \$3.6 million. Those funds enabled the MCCS, in the face of pandemic challenges, to create and deliver 70 micro-credential programs. More than 70,000 Mainers alone completed competency training in COVID-19 preparedness.

Critical to the success of this new grant is the continued build-out of infrastructure to support the MCCS's ambitious goals. On that front, too, great progress is underway. Both our 2018 and 2021 grants supported significant capacity and infrastructure upgrades for the MCCS. With Foundation funds, the MCCS hired key program staff and built a first-of-its-kind information management system for the MCCS to track student and employer engagement from recruitment to application to enrollment and reengagement. This custom database allows the MCCS, for the first time, to track learners across its for-credit and non-credit programs. Funding from the two grants also helped the MCCS purchase higher-education software to support optimal online learning, create badge-based pathways for learners, and obtain real-time labor market information that informs curriculum design and training.

While still early, the MCCS is working with 225 Maine employers and has launched over 200 specialized training programs across high-demand fields like IT, health care, hospitality, manufacturing, construction, and more. The overall initiative focuses on short-term training and credentials for under-employed and unemployed frontline workers; however, it also uniquely provides access to college courses and stackable credit for trainees at low cost, encouraging the pursuit of academic degrees for those who are interested to support further career advancement.

When we reflect on the importance of promoting teamwork in our grantmaking, there is no better example than the Maine Community College System's evolving response to Maine's workforce challenges under the indefatigable leadership of President Dave Daigler. The MCCS's team effort and outreach are growing by the day as President Daigler, the faculty, and staff work together with Maine employers and other academic partners throughout the state to provide under-employed and unemployed Maine people with responsive, job-ready, relevant skills so needed by our economy.

You don't have to go far to hear accolades for the teamwork of our community college system. When we asked the Maine hospitality industry how MCCS was doing, here is what we heard:

*"Whether...by creating curriculum from scratch to satisfy training goals, researching which existing academics best fit, or converting existing ... programs to utilize alternate classroom instruction, [Maine's Community Colleges] are working with us to solve the issues ... MCCS has always been receptive to hearing our ideas, crafting solution options, and then funding these solutions. They are a great partner to work with."*

Teamwork is alive and well at the Maine Community College System.

- While favoring large-scale initiatives, the Foundation also recognizes the potential for smaller-scale projects to inform and drive workforce development and change. On this front, in 2021, the Foundation awarded \$1 million to the **Maine Math and Science Alliance** (MMSA) to support the introduction of early computer science education in rural Maine schools. The MMSA will use the funds to train 100 Pre-K through eighth-grade teachers to integrate computer science (CS) lessons into existing coursework, providing foundational CS exposure and knowledge to over 10,000 young students statewide. This project aims to both address the lack of CS coursework in many Maine elementary school classrooms and provide students with early exposure to CS concepts that we hope piques their interest in rewarding and important career fields.

The MMSA project marks the Foundation's second foray into K-12 CS education. As discussed in our 2019 report, we are also supporting the CyberPanthers program at



Waterville High School, in partnership with the **Center for Curriculum Redesign (CCR)** and **Waterville Public Schools**. CCR is building and piloting a four-year CS curriculum for grades 9 through 12, focused on in-demand CS skills and with an emphasis on important soft skills, such as an ability to work collaboratively. In 2021, the Foundation awarded an additional \$1.45 million to the CyberPanthers program to support the program's continued delivery and expansion.

While taking different approaches, the MMSA and CyberPanthers initiatives both create much-needed STEM learning opportunities for Maine students. We hope many such initiatives follow as we reflect on the unfortunate fact that Maine is far behind the rest of the nation in providing computer science education to our youth.<sup>13</sup>

- As noted in last year's report, the Foundation has awarded an unprecedented \$240 million in grant funding to the **University of Maine System**. These funds, supporting a range of initiatives, were awarded in accord with the System's strategic plan of unification and with the System's assurance of strong executive leadership going forward. This is a major effort that will span over a decade, but good progress is already being made under the strong leadership of Chancellor Dannel Malloy. Our funding falls into four broad categories.
  - First, in 2020, the Foundation committed \$75 million of our \$240 million grant to the **Maine College of Engineering, Computing, and Information Science (MCECIS)**. This commitment requires a dollar-for-dollar match by the System. In total, \$150 million will be invested in engineering, computing, and information science programs *statewide* over the next decade. The System has spent the past year engaging a wide range of stakeholders across campuses to build an innovative governance and programmatic framework for the college. It will leverage the System's unified accreditation model to enable students to take coursework across all campuses. In so doing, the System will educate more students in important STEM fields and encourage new opportunities for research and innovation for Maine's economy.

The promise of this new college and its early-stage planning received an enormous boost with the recent announcement that the University of Maine (UMaine), located in Orono, has been awarded the prestigious R1 Carnegie Classification. The R1 designation signifies top-notch research activity and is the highest possible tier a doctoral research university can achieve in the Carnegie Classification. Only 3.7% of the nation's 3,982 degree-granting, post-secondary institutions have earned this classification. The University's R1 designation not only recognizes the

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<sup>13</sup> Code.org, CSTA, & ECEP Alliance. (2020). "2020 State of Computer Science Education: Illuminating Disparities." <https://advocacy.code.org/stateofcs>

excellence of UMaine’s existing academic research work, but also holds great promise for expansion and funding of that work to the benefit of the System as a whole.

With the University of Maine System’s unified accreditation and UMaine’s R1 designation, faculty at other System campuses will have the opportunity to partner with UMaine researchers, expanding their own research along with the reach and impact of the flagship’s well-established research infrastructure.

While the new MCECIS initiative is still in its early stages, the value and promising potential of collaboration between the STEM programs of the University of Maine and University of Southern Maine as well as other System campuses cannot be overstated. Behold the power and promise of teamwork!

- Second, as reported in 2020, the Foundation furthered its support of the **Maine Graduate and Professional Center** (the “Maine Center”), allocating up to an additional \$55 million of the \$240 million System grant for the project. The Maine Center project is the country’s first-ever, university-level graduate initiative to integrate accredited business, law, and public service education programs *under one roof*. Until recently, this “under one roof” description has been an aspirational plank of the initiative, recognizing the unique value to students and faculty from different disciplines when co-locating and collaborating in person. As we publish this report, the System has now secured new leased academic space at 300 Fore Street in the heart of Portland’s Old Port and Maine’s economic center. This fall, 300 Fore Street will become the new home to the UMaine Graduate School of Business, Maine Law School, Muskie School of Public Service programs, and other System partners focused on innovation and economic development. An example site “partner” will be the new UMaine College for Engineering, Computing, and Information Sciences. The presence of MCECIS at 300 Fore Street offers even more opportunities to integrate STEM disciplines with law, business, and public policy professional and graduate degree programs. We look forward to reporting on progress within, and emanating from, the new Maine Center home.

In the meantime, as this report is published, the accomplishments of the Maine Center and its partners in law, business, and public policy have continued to advance on multiple fronts. A sample of recent achievements include:

- The development and launch of over 45 new cross-disciplinary courses;
- The launch of the Maine Center Internship Program, now in its third year, supporting MBA, law, and public policy students in paid internships at businesses and organizations throughout Maine;

- The recruitment of Dr. Norm O'Reilly as the new Dean of the UMaine Graduate School of Business;
- The launch of five new MBA concentrations, in subject areas informed by academic programs from different schools and departments within UMaine and the University of Southern Maine;
- A more than 300% increase in total MBA enrollment since 2019;
- Recognition of Maine's MBA program as the second fastest growing online program in the nation (*Fortune*) and 35<sup>th</sup> best online program (*Forbes*)—a 15-slot jump since 2020;
- A 23% increase in applications to the Law School since 2020;
- Ascension of the Law School to #114 in the *US News and World Report* rankings (up by 10 places); and
- A 9% increase in new enrollments in the Muskie School's Master of Public Health and Master of Policy, Planning, and Management since 2019.

On a final note, we would be remiss to omit comment on Maine Center leadership. The System and the Foundation have been fortunate to have Terry Sutton at the helm of Maine Center Ventures (MCV), the nonprofit tasked with advancing the Maine Center mission. Under her leadership, the Maine Center's public mission, employer partnerships, and interdisciplinary programming all expanded. With a generous gift from Bobby Monks and Bonnie Porta to top off the campaign, the System raised \$7.5 million to support MCV and Maine Center operations. As Terry wraps up her CEO tenure on June 30, we extend our thanks for her outstanding service. And still additional thanks to the many donors, led by Bobby and Bonnie, whose gifts to the Maine Center successfully met the matching challenge requirement of the Foundation's first grant.

- In support of the third component of the Foundation's \$240 million grant, the Foundation has committed \$20 million for **student retention and success initiatives**. The importance of this portion of our grant to all universities in the System cannot be overstated. The harm caused by students dropping out of higher education, both to the students themselves and the System, is immense. To date, a pilot Research Learning Experience (RLE) program has been launched on the UMaine and the University of Maine at Machias campuses. Since last fall, the program has provided 250 first- and second-year students with experiential learning opportunities in 31 course areas, such as 3D printing, geology, and business planning. Students spend a semester engaged directly in their chosen course area through an open-ended, inquiry-based format that incorporates teamwork and communication skill building. Prior to the semester, RLE students also participate in week-long intensive academic and cohort-building experiences, which include peer mentors and field trips.

The RLE pilot seeks to solidify early engagement of students in experiential-based academic programs and, thereby, materially improve student retention and success. So far, program data is promising. RLE participants were half as likely to withdraw from UMaine in the first six weeks of the semester compared to first-year students who did not participate. The Foundation has accelerated grant funds to the System to expand RLE programming at the other campuses. Given the drop in college enrollment during the pandemic, especially among lower-income students, a combination of initiatives and approaches, like this one, are vitally important to help Maine students enroll and *stay* in college. We look forward to sharing updates on the System's progress with its student retention and success initiatives in future reports.

- Finally, the Foundation has committed \$90 million to upgrade **athletic facilities** at UMaine, home to the state's only Division I athletic program. This component has special historical significance for the Foundation: Harold Alfond was a long-time supporter of UMaine Athletics. Over time, the Foundation has continued to support athletics at UMaine, including through annual 'Alfond Fund' matching awards for all athletic program operations. We believe that quality athletics and a modern infrastructure to support them are key to the University attracting and retaining students—a necessity for meeting the state's long-term workforce needs.

With Foundation funds, work is now underway on new fields for soccer, field hockey, and softball. These efforts will be followed by a major enhancement to the Alfond Arena and construction of a new multi-purpose building, the latter enabling the return of basketball for women and men to the Orono campus. Overall, the Foundation's support for UMaine athletic facilities will promote gender equity and make the state's flagship university a premier destination for intercollegiate athletics and student activities. With Athletic Director Ken Ralph overseeing this ambitious project, we know the Foundation's dollars are in great hands.

- As previously reported, the Foundation has committed \$100 million in support of the **Roux Institute**, Northeastern University's new graduate school and research center. The Institute, located in Portland, focuses on the disciplines of AI, computer and data science, digital engineering, and the advanced life sciences and medicine. Our funding is primarily supporting student scholarships. We made our second payment in 2021 and could not have been happier to do so. In just its second academic year of operations, the Roux Institute had more than 325 enrolled students, pursuing certificates or master's degrees in cutting-edge STEM fields. The Institute provides students with relevant, experiential education. Through direct student engagement with the business community, the Institute is creating a pipeline of talent for Maine STEM employers. It is also leading research supporting the launch of new

entrepreneurial businesses. Ten startup companies participated in Roux’s inaugural Techstars Accelerator, an intensive 13-week program to grow high-tech businesses.

There are many reasons to be excited about the Roux Institute and its promise for Maine’s economy. At the top of the list is how the Institute is attracting talent to Maine. Thirty-one percent of the 70 jobs created by the Roux Institute have been filled by people who relocated to Maine, including faculty and researchers from Johns Hopkins University, the University of Michigan, Virginia Tech University, and Tableau Software.<sup>14</sup> The faculty and research professionals recruited to Maine by the Institute are nothing short of “rock stars.” And the students are equally impressive—each of the 325 with their own special story, each a pioneer, and each offering great promise for the advancement of Maine’s STEM economy.

- The Foundation has long supported scholarships to help reduce the costs of—and thereby increase the access to—higher education for Maine’s students. But scholarships and other forms of financial aid have not always been available to those pursuing college degrees or are simply not enough to cover the full costs. The cost of higher education is especially high for degrees in STEM fields, such as engineering. (While future earnings may be enough to justify the costs, the high price tag is often a burden to starting or finishing a degree.) Today, student debt remains a barrier to growing a skilled Maine workforce. In fact, nearly 200,000 working Mainers have student debt totaling almost \$6 billion. You can be educated, have a great job, and love living in Maine, but if you are saddled with debt, the lure of higher-paying jobs in other states may be hard to resist. Likewise, if you live outside of Maine and have high student debt, it may be hard to justify a move to Maine where salaries are often lower.

To help address this problem, the Foundation created the **Alfond Leaders Student Debt Reduction Program**. As discussed in prior reports, the program aims to keep talented STEM professionals in Maine by paying half of their student debt—up to \$60,000—if they move to or stay in Maine for at least three years. In so doing, the program helps Maine businesses find the talent they need to grow.

Since the program’s 2017 inception, with the help of our Advisory Committee of business and community leaders and our dedicated program partner, the Finance Authority of Maine (FAME), the Foundation has committed over \$6 million to pay down the student loan debt of 215 awardees called “Alfond Leaders.” The Leaders’ work across industries, representing over 150 companies, in areas such as

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<sup>14</sup> Just a few notable new faculty hires include: Aileen Huang Saad (Roux Director of Life Science and Engineering programs) from the University of Michigan; Jack Lesko (who leads the engineering research program at Roux) from Virginia Tech; Melanie Tory (who leads the Data Visualization research program at Roux) from Tableau Software; and Rai Winslow (Roux Director of Life Science and Medicine Research) from the Johns Hopkins University School of Medicine.

engineering, data science, natural resources, aquaculture, and cybersecurity. Compared to the Maine average, Alfond Leaders are younger, more educated, and higher paid. Each has earned at least a bachelor's degree, and all work in STEM fields. Leaders represent a substantial economic footprint in the Maine economy, and they are having a significant economic impact in Maine, in the form of jobs supported, earnings generated, and taxes paid to state and local governments. The Leaders' work supports 460 jobs statewide, generates \$38 million in earnings each year, and has a total annual fiscal impact of \$2.9 million statewide. In short, they are the workers our state cannot afford to lose. And we need more of them!

As this grant report is published, the Foundation's program has progressed on multiple fronts. FAME has deployed the Foundation's funds to retire some \$1.4 million in student debt of Alfond Leaders. All qualifying Leaders are here in Maine working in STEM occupations. With enactment of Governor Mills' supplemental budget, our state government enhanced and broadened the reach of the Opportunity Maine tax credit and took action to correct the unfair treatment of the Foundation's debt payments as taxable income to our Alfond Leaders.

As we consider the future of this program and how we might improve its impact and operation, we are grateful for the work and thoughtful feedback we have received from the Advisory Committee and FAME. However, we remain impatient with the federal government's delay in following the lead of our state government, which had the good sense to stop taxing our selected STEM workers on Foundation funds deployed to pay down their student debt. As the federal government contemplates student debt forgiveness on a massive scale, its taxation of workers for a charitable foundation's payment of their debt is as unfair as it is ironic.

- In 2021, the Foundation awarded **FocusMaine** a bonus of \$1.7 million in recognition of its success and in support of its work across the agriculture, aquaculture, and biopharma fields over the next two years. In total, the Foundation has committed more than \$12 million toward FocusMaine's mission to create jobs and increase Maine's workforce capacity in these fields, the state's most globally competitive sectors.

Because of FocusMaine and its partnerships, and despite the pandemic, Maine has added over 995 new biopharma, aquaculture, and agriculture jobs since 2017. Maine wages in these sectors have also experienced strong growth, outperforming the nation across all sectors. Additionally, 2,400 students from Maine and across the country have participated in the 'Maine Career Catalyst,' a program in partnership with Educate Maine where young people get to experience the benefits of working and living in Maine.



FocusMaine's success is due, in large part, to the leadership of its inaugural President Kim Hamilton, who will step down from her position at the end of June. With Kim at the helm of FocusMaine, our state's agriculture, aquaculture, and biopharma industries are positioned for growth, and we have a pipeline of young talent to support these industries. Kim has leveraged the Foundation's commitment to raise an additional \$4.4 million to support the organization's efforts. Much of this during the pandemic! We express our gratitude to Kim for her exceptional leadership and all that she has set in motion for our state.

- Lastly, through our long-term, signature **Harold Alfond College Challenge**<sup>15</sup> program, we continue our strategy to strengthen Maine's workforce and economy. In 2021, we awarded grants of \$500 for the benefit of 11,951 newborns in Maine for a total of \$5,975,500 in new grant awards. These grants plus their investment earnings over the next 18 years are intended to help cover the grantees' higher-education costs. Since the College Challenge's 2008 inception, the Foundation has awarded a total of \$66,130,042 in grants to 132,250 Maine children.<sup>16</sup> With a market gain of \$42,206,280 over that time, the Foundation's total contribution is now valued at \$108,336,322. The value of the \$500 invested by the Foundation for the first cohort of "universal" babies is now \$900: a total return of over 80%.

This program is run in partnership with the Alfond Scholarship Foundation (ASF) and FAME. In addition to the automatic grants of \$500 for every Maine baby, the program engages and seeks to raise the aspirations of Maine families around the importance of higher education for their children—and of saving for it through the State of Maine's NextGen 529 Investment Plan®.

Research has demonstrated the importance (and aspirational power) of college savings: low- and moderate-income children with college savings of just \$500 or less are three times more likely to enroll in college and four times more likely to graduate than a child with no college savings account.<sup>17</sup>

Harold Alfond believed that children are our future, but he also believed in the value of grantee partners having "skin in the game," or their own financial commitment to success. With this value in mind, we encourage parents and caregivers to save alongside us by opening a NextGen account for their child so college savings can grow

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<sup>15</sup> The College Challenge is also known by Maine families as the 'My Alfond Grant' program.

<sup>16</sup> As of March 31, 2022.

<sup>17</sup> Elliott, William & Song, Hyun-a & Nam, Ilsung, 2013. "Small-Dollar Children's Savings Accounts and Children's College Outcomes by Income Level." *Children and Youth Services Review*, Elsevier, vol. 35(3), pages 560-571. <https://ideas.repec.org/a/eee/cysrev/v35y2013i3p560-571.html#:~:text=A%20low-%20and%20moderate-income%20child%20who%20has%20school,policy%20implications%20that%20are%20also%20discussed.%20Suggested%20Citation>

tax free. On this front, we are delighted to report that Alfond grantee families have contributed some \$160,181,716 of their own funds to their children's NextGen accounts. With a market gain of \$54,028,012, the total value of families' contributions is now \$214,209,728. FAME, through its generous matching grant program, has contributed an additional \$22,753,932. As of the date of this report, total contributions and investment returns have grown total Alfond grant higher-education savings to just over **\$345 million**.

This is an awesome figure, but, amazingly, it's not enough! Of the nearly 132,000 Maine children with Alfond grants, only about a third have NextGen 529 savings accounts in their name, and only a portion of families with accounts are regularly saving alongside our grant.

With the oldest Alfond grantees now in eighth grade, and thousands of grantees behind them, we need "all hands on deck." It is imperative that Maine families make college savings a priority; that employers promote higher-education savings among their employees, including by making payroll deductions available and offering matching incentives; and that policy makers support enhancements to 529 law, making it easier for families to save and broadening the kinds of educational offerings to which 529 savings can be applied. Such a team effort will enable the College Challenge to meet its ultimate promise—to increase Maine's higher-education attainment: a necessity to building Maine's workforce!

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### In Memory of Trustee David Flanagan

We conclude this year's grant report with a tribute to our friend David Flanagan. David passed away last October from pancreatic cancer. He was a dedicated, thoughtful, and extraordinary trustee of the Foundation. His wide-ranging experience and profound understanding of Maine and its people advanced the Foundation's mission in countless ways. Especially significant were David's contributions to our investments in health care and education, including the development and implementation of major grants to MaineGeneral Health, to Maine's Community Colleges, and to the University of Maine System.

A life-long resident of Maine, David was committed to improving the lives of the people in this state, and that dedication is underscored by his service on some 20 boards. His devotion to Mainers and their challenges is probably best exemplified by the long-time commitment of David and his wife Kaye to the **Children's Center** in Augusta, an organization serving children with special needs and their families. In June 2021, during David's last board meeting, the Foundation approved a \$1 million grant to the Children's Center in tribute to David and Kaye. This grant is supporting an expansion of the Center, creating space to serve the more than 100 children

currently on a waitlist for services. The grant honors the decades-long commitment of David and Kaye to the organization and to improving the lives of young children in Kennebec Valley.

We are fortunate to have had David's friendship and commitment to the Foundation. His lifetime of service to Maine epitomizes our mission and will continue to inspire our giving.

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### Looking to 2022 and Beyond

In 2022, we expect to pay over \$80 million in grants. A large portion of these grants will support previously approved projects. Over the next decade, we will look to invest some \$850 million in Maine, seeking always to remain faithful to the values of Harold Alfond and the love he and his wife Bibby had for this state.

Investing in Maine is a privilege and an honor for our trustees and staff. It is also a grave responsibility. In discharging that responsibility, we are as mindful of the state's challenges as we are of the opportunities to benefit Maine that this moment in time presents. As teamwork was a preeminent value of Harold Alfond and remains so for the Foundation today, we are also enormously grateful to the many people and organizations who are working with us to build a more prosperous future for Maine.

On the following pages, the entirety of the Foundation's 2021 grants and future grant commitments are summarized.

Sincerely,



Gregory W. Powell  
Chairman of the Board

## Harold Alfond Foundation – 2021 Grantees

<i>Areas of Giving and Organization</i>	<i>Amount</i>	<i>Theme</i>
<b>Education</b>		
Alfond Scholarship Foundation ( <i>My Alfond Grant</i> )	\$7,016,309	◆
American University in Bulgaria	10,000	
Brunswick Community Education Foundation	3,000	
Bucknell University	2,000	
Bunker Hill Community College Foundation	2,500	
Cathance River Education Alliance	5,000	
Center for Curriculum Redesign	1,287,000	◆●
Colby College	12,502,500	◆●
Educare Central Maine	250,000	◆
Educate Maine	1,500	
The Foundation for Maine's Community Colleges	4,500,000	
Jobs for Maine's Graduates	1,081,716	◆
Kents Hill School	500,000	
Maine Mathematics and Science Alliance	328,315	◆
Massachusetts Institute of Technology	5,000	
Northeastern University (Roux Institute)	4,000,000	◆
Rollins College	12,000,000	
Thomas College	3,686,348	◆●
University of Maine Foundation	7,500,000	
University of Maine System	5,000,000	◆
University of New England	500,000	◆❖
<b>Health Care</b>		
Belgrade Regional Health Center	15,000	
Jackson Laboratory	1,500,000	❖
Kennebec Behavioral Health	2,000	
Maine Medical Center	20,000	
MaineGeneral Health	2,287,100	❖
MaineHealth	1,712,900	❖
Mercy Hospital	10,000	
Mid Coast Hospital	20,000	
Spectrum Generations	1,200	
<b>Youth and Community Development</b>		
7 Lakes Alliance	125,000	
Alfond Youth and Community Center	1,608,750	
Aroostook Mental Health Services (Teen Leadership Camp)	2,500	
Beth Israel Congregation (Bath)	2,000	

Beth Israel Congregation (Waterville)	50,000	
Boston Symphony Orchestra	5,000	
The Cahoon Museum of American Art Inc.	20,000	
The Center for Grieving Children	10,000	
Children’s Center Early Intervention and Family Support	10,000	
City of Waterville	2,290,000	
FAME Leaders, Inc. ( <i>‘set-aside’ for Alfond Leaders program</i> )	143,957	◆
Foundation for a Strong Maine Economy	10,000	
FocusMaine	1,288,194	◆
Friends of Quarry Road	246,790	
Gulfshore Playhouse	25,000	
Maine Children's Home for Little Wanderers	65,000	
Maine Working Communities Challenge (MCF)	100,000	◆
Maine Irish Heritage Center	5,000	
Maine Public Broadcasting Network	20,000	
The Nature Conservancy of Maine	5,000	
Paul Taylor Dance Foundation	30,000	
The Pioneer Institute	25,000	
Seeds of Peace	25,000	
Susan L. Curtis Foundation	14,700	
United Way of Mid Maine	12,500	
Waterville Creates!	1,015,000	●
<b><i>Total Foundation Funding in 2021</i></b>	<b>\$72,903,779</b>	

**Investment Themes**

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

**Harold Alfond Foundation – Outstanding Grant Commitments***As of 12/31/21*

<b><i>Areas of Giving and Organization</i></b>	<b><i>Amount</i></b>	<b><i>Theme</i></b>
<b>Education</b>		
Alfond Scholarship Foundation ( <i>My Alfond Grant</i> )	\$7,181,782	◆
Carrabassett Valley Academy	500,000	
Center for Curriculum Redesign	955,000	◆●
Colby College	9,000,000	◆●
Educare	250,000	◆
Foundation for Maine's Community Colleges	12,014,487	◆●
Governor's Academy	1,000,000	
Husson University	2,000,000	◆●
Jobs for Maine's Graduates	581,716	◆●
Kents Hill School	500,000	
Maine Mathematics and Science Alliance	717,438	◆
Northeastern University (Roux Institute)	95,000,000	
Rollins College	17,000,000	
Thomas College	10,558,652	◆●
University of Maine Foundation	500,000	◆
University of Maine	88,000,000	
University of Maine System	147,500,000	◆
University of New England	29,500,000	
<b>Health Care</b>		
Jackson Laboratory	10,424,000	❖
<b>Youth and Community Development</b>		
Alfond Youth and Community Center	2,949,652	
Children's Center for Early Intervention and Family Support	1,000,000	
Coastal Maine Botanical Gardens	4,500,000	
FocusMaine	4,332,476	
FAME Leaders, Inc. ( <i>Alfond Leaders</i> )	1,157,567	●
Maine Children's Home for Little Wanderers	35,000	
Maine Working Communities Challenge (MCF)	200,000	◆
Waterville Creates!	1,500,000	●
Waterville Development Corporation	200,000	●
<b><i>Total Foundation Outstanding Commitments</i></b>	<b>\$449,057,770</b>	

**Investment Themes**

Building Maine's Workforce ◆

Waterville Economic Revitalization ●

High-Quality Cancer Care ❖