Remarks of Gregory W. Powell
Harold Alfond Foundation

Maine Higher Education Council
Augusta, Maine
March 24, 2011

Challenging the Education Deficit in Maine

Thank you Danielle for that warm introduction.

When I received the invitation to join you this morning and say a few words, I felt as honored and privileged as the occasion was unique.

To be with Maine's university and college Presidents---what a privilege, what an honor! But to be with Maine's university and college presidents and NOT be asked for money------Now that is unique. A once in a career experience!

So thank you for inviting me to be with you this morning.

I would like to touch on three topics. First, I want to share a little history about Harold Alfond and how his lifelong experiences in this state shaped and continue to shape his foundation's principles of grant making in education and other areas. Second, applying these principles, I want to explain how we are thinking about the role of education in workforce development, and the foundation's capacity to make the greatest impact with its dollars to increase educational and economic attainment for Maine's people. Finally, I want to describe the kinds of education initiatives we are supporting, their approach to serving the economic mission of higher education and how we hope they are helping to close what I will describe as Maine's education deficit.

But first a caveat and disclaimer. Feeling safe from fundraising this morning, I am more comfortable than usual in admitting my admiration and respect for each of you and the work you do.

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You are the experts. You are our state's leaders in higher education. But the role reversal of you listening to me, instead of me listening to you, is a little unnerving.

So at the conclusion of my remarks, I am genuinely looking forward to hearing your thoughts and critique of the challenges we face in higher education.

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The Harold Alfond Foundation is the oldest and largest charitable foundation in Maine. The Foundation was created in 1950 by Harold Alfond, the founder of Dexter Shoe Company. As a resident of Maine for many years, Harold Alfond knew both the strengths and weaknesses of Maine. He knew we are a geographically large state with vast undeveloped rural areas. He knew we have a small population without great wealth. And he knew most of our citizens were like him and had not had the opportunity to attend college.

With these traits of Maine in mind, and from his love of sports, Mr. Alfond recognized that community teamwork and partnership were essential elements to build a future of success and excellence in Maine. In a state of limited financial resources, bringing people, charities, and organizations of all stripes together to achieve what no one could achieve acting alone was the way to a better future. And he knew, because resources were so scarce, that every dollar needed to count.

These views, of course, were consistent with those of a businessman, who looked at charitable initiatives as investments on which a high return should be sought. In these difficult financial times, the principles that guided Mr. Alfond are more important than ever and they guide us today in our grantmaking.

As some of you know, a hallmark technique of Harold Alfond's grantmaking has always been use of the challenge match. Curiously, this technique may have been invented in 1848 by none other than Abraham Lincoln as honest Abe struggled to deal with repeated requests for money from his step brother, John Johnston.

On Christmas Eve in 1848, Lincoln wrote a letter to his stepbrother and refused his request for $80. Instead, Lincoln offered to match every dollar Johnston earned from working.

I have not been able to research what happened to Lincoln's stepbrother. [I have a feeling it turned out badly.] But I do know how beneficial the matching technique has been for our charitable partners. The idea is not to penalize charities, but to favor partners who are willing to put skin in the game. And for those partners willing to work, the match helps to strengthen their operating and fundraising capacities, incentivize donors to give, and spark a public interest in their missions that will continue long after the campaign has come to a close. Put simply, we don't mind giving our partners a

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fish, but we want them to learn to fish on their own. And the match technique helps accomplish that objective.

Using the matching challenge grant, we fund and are likely to continue to fund charitable initiatives in three broad areas: education, healthcare, and youth development. At the end of last year, the foundation had assets of over $607 million dollars and a little over $70 million dollars in outstanding commitments.

Going forward, we will be looking to distribute at least $27 million dollars annually in satisfaction of those commitments and newfound projects.

Given our capital base and our commitment to high returns, we expect that our grants will be large scale, and that we will be looking to make transformative grants that promote centers of excellence for the people and economy of Maine.

To accomplish these objectives, we expect our grants to meet most all of the following criteria:

First, they should meet a pressing need.

Second, they should promote efficiencies through teamwork and partnership, including public/private partnerships when appropriate.

Third, they should be entrepreneurial.

Fourth, they should have measurable performance goals so that success or failure will be clear to all stakeholders.

And finally, our grant projects should be financially viable, in that the project being funded is on good financial footing and has a clear, realistic plan for moving forward with quality management and board leadership.

We believe that projects meeting these criteria are those most worthy of support **because** they have the greatest potential of generating a high return on the dollar.

With that background in mind on our methodology, let's turn to the foundation's interest in education.

Over the course of his lifetime, Harold Alfond provided millions of dollars to a wide variety of Maine charitable institutions, but funding education has long been the foundation's principal focus. In 2010, education grants accounted for nearly 70% of our grant making.

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The Foundation's historical preference for supporting education stems from Mr. Alfond's love of athletics and his great admiration for the *ideal* of education – the opportunities education provides young people and the importance of an educated citizenry to our well-being as a society. At the most basic level, he understood that having a good job and doing a good job came first in life and that education is key to getting a good job.

This idea---the correlation between education and quality work--- is not new. With varying degrees of emphasis, it has been considered an important mission of educators to prepare students for the workforce.

Dr. Anthony Carnevale, a Georgetown University economist and nationally recognized expert on education and the workforce, has described the economic mission of educators in these words:

> *The inescapable reality is that ours is a society based on work. Those who are not equipped with the knowledge and skills necessary to get and keep good jobs are denied the genuine social inclusion that is the real test of full citizenship. Those denied the education required for good jobs tend to drop out of the mainstream culture, polity, and economy…Hence, if secondary and postsecondary educators cannot fulfill their economic mission to help grow the economy by preparing youths and adults to become successful workers, then they also will fail in their cultural and political mission to create good neighbors, good citizens, and lifelong learners. Increasing the economic relevance of education should, if done properly, extend the ability of educators to empower Americans to work in the world, rather than retreat from it.*

We are persuaded by Dr. Carnevale's description of the economic mission of education, and hope you share our perspective.

That said, we see extraordinary challenges today that make the need for a renewed and creative commitment to the economic mission of education more compelling than at any time in our history.

As we see it, there are at least two basic parts to our challenges that relate directly to higher education.

First, not enough of our citizens go on to higher education and complete it.

And second, the workforce needs of our current economy and the economy of our future require higher education.

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This gap or "education deficit" between economic workforce needs and educational attainment is significant. Consider the statistics.

In Maine, by 2018, at least fifty-nine percent of all jobs will require some college attainment.

Yet today only one third of Maine's population have higher education degrees. And less than 40% of graduating high school students apply for and complete associate or bachelor's degrees, according to studies by the Mitchell Institute and the Maine Compact for Higher Education.

So to meet workforce needs of the future, we estimate that at least another 20% of our population must access and complete higher education.

While I have no studies to back me up, we fear these statistics may understate the problem when you consider the accelerating growth of emerging economies like China and the attendant increased competition and lower cost of labor this dynamic brings.

There are certainly many reasons for this higher education deficit, but there are at least three that stand out to our way of thinking:

1) Young people struggle to cover the cost of higher education;
2) Parents and their children often fail to see the importance and relevance of a traditional college education to their lives; and,
3) Our system of education needs to offer a more diverse spectrum of educational pathways for our citizens --- pathways that more clearly connect higher education and success in the job market.

At the Harold Alfond Foundation, we are approaching this education deficit from two perspectives – in effect attempting to bookend the education deficit problem with both long term and short term strategies.

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First, through the Harold Alfond College Challenge, we are executing a long term strategy of encouraging families to start saving for college at the birth of every child.

Our long-term strategy offers college scholarship grants of $500 to every baby born in Maine. To receive our $500, parents simply have to open a Maine 529 account for their child before the child's first birthday. There are three basic objectives of the program.

- First, to start families saving for college early --- at the birth of every child.

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- Second, to encourage all families to contribute and grow college savings as their children grow and as their finances permit; and,
- Third, to help every family prepare every child for higher education by using the tax advantaged 529 plan savings system as an educational platform to motivate and inform families about the value of higher education.

Arguably, the third and final objective is the most important element of our program's strategy. All of us get brokerage or investment statements and I don't know about you, but I pay attention to the bottom line value of the account value as the markets ebb and flow.

Well, in our College Challenge program, each quarterly account statement prominently displays account value but in addition, it includes specially crafted messages designed to encourage parents to save on a disciplined basis and otherwise take steps to prepare their children for higher education---like read to your child.

Today, the account balance information is on the same page as our message. If you are looking for the dollar amount, it's very hard to miss our message. And that's the point. The money becomes a draw, a hook to grab a parent's attention and over time, vest them financially and psychologically in a commitment to college for their child.

So how are we doing with our program? We have a long way to go but we are seeing good progress. Prior to our program launch, less than 4% of Maine parents were setting up 529 plan accounts.

Today, a little over two years since our statewide launch, over 8,000 accounts have been set up for Maine newborns --- which is about 40% of eligible Maine babies.

And of the 8,000 accounts created since the program's inception, over 25% of those accounts have received additional contributions from parents or other family members. Finally, as an unexpected bonus, in one of every four new accounts, parents set up accounts for siblings.

Only time will tell how successful we are, but one thing is certain. There is little to no downside of this program since every dollar contributed must by program design go for higher education---whether it's for a four year degree or a certificate program.

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This brings us to the Foundation's shorter-term strategies to reduce the education deficit and increase educational attainment. Here, we are using our grant making to partner with educational

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institutions that have models designed to better attract students and serve the 60% of our population who have been left behind in our higher education system.

Before I provide some examples of our work, I want to further describe our thinking in this area.

It seems clear that a one-size-fits-all model of encouraging young people and adults to achieve a four-year college degree is at best unrealistic and at worst harmful. The Mitchell Institute report notes that only 65% of graduating high school seniors enroll directly in 2 year or 4 year colleges. Similar statistics indicate that we need to do more to help kids graduate from high school, transition to higher education and remain in higher education long enough to earn a degree.

A recent Harvard University report recommends that we offer "multiple pathways" to educational attainment that might include: giving young people more choice at the secondary and pre-secondary school levels of their educational track; providing young people opportunities for work-based, real world learning earlier in their educations; more closely linking education with employment opportunities; and encouraging young people to pursue technical and career degrees and certificates, which can be completed at a faster rate and at a much cheaper cost.

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So, how are we allocating the assets of the Foundation to increase educational attainment and close the education deficit?

Two of our more recent grants are good examples. First, late last year we announced a major grant to the University of New England. This grant includes $3million dollars to support t the school in developing an inter-professional healthcare education initiative that will help enhance the education of its students through clinical training opportunities provided in partnership with Maine's leading healthcare practitioners.

Second, we recently announced a major grant to construct an academic center and library at Thomas College. Thomas has taken a bold marketing approach to attract its students, many of whom are the first in their families to attend college. It promises them a job upon graduation. To do this, the College works closely with area employers, most notably through an internship program, in order to guarantee job placement.

While we continue to look for transformative grant opportunities in all areas of education, we are particularly excited about the Thomas and UNE grants given their focus on offering more clear-cut connections to workforce needs of our economy and in so doing, attracting students to higher education who might otherwise fall by the wayside.

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In the weeks ahead we hope to launch an initiative that helps attack Maine's education deficit at both the college and secondary school level. This effort includes, on the higher education level, expanding educational opportunities tied to workforce needs. And on the secondary education level, it means connecting curricula to workforce themes and helping to bridge the gap between high school and college for highly challenged segments of the state's youth population.

Guiding this initiative will be Harold Alfond's philanthropic principles, most notably his emphasis on partnerships, entrepreneurial leadership and return on investment. So stay tuned!

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Well, There comes a time in every speaker's life when he looks out over his audience and sees every face filled with appreciation, expectation and unalloyed pleasure. It's shortly after the words "so, in conclusion."

So, in conclusion, two parting thoughts.

First, I look forward to reversing my role as speaker and listening to your thoughts and comments on the challenges facing education in Maine.

And second, please know that our foundation trustees are deeply grateful for the leadership, effort and wisdom you, as Maine's leaders in higher education, bring to the challenges we face. You are on the front lines of education today and have so much to offer in how we best educate our citizens, young and old.

While the foundation's resources are considerable, we will never be able to fund all worthwhile initiatives.

But we can honor and respect the work you do and wish you great success. You are doing God's work, and, as citizens, we thank you.

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