



Purpose. The Harold Alfond College Challenge (HACC) is an extraordinary legacy gift to the citizens of Maine by the Harold Alfond Foundation, in which every Maine child will have the opportunity to receive a \$500 grant at birth to be placed in a college savings account.

Harold Alfond believed that every child in the 21st century should have aspirations and access to higher education, and that these values should be embedded in Maine culture.

The economic imperative for increasing education attainment is critical:

- Maine's workers are the least educated in New England.
- Maine has the lowest per capita income in the region.
- Maine college graduates have the 8th highest debt in the country.

Yet, over their lifetime, a college graduate will earn, on average, about \$1 million more than someone with only a high school degree.

Goals:

- Enroll all Maine babies in the college savings plan by their first birthday.
- Encourage ongoing contributions by parents, relatives and friends.
- Encourage parents to prepare their children for higher education.

History and Achievements

- A pilot program was conducted in 2008 for newborns at MaineGeneral hospitals in Augusta and Waterville. The learning's from this experience enabled us to launch the program statewide on January 1, 2009.
- In 2008, we created the Alfond Scholarship Foundation (ASF), organized its board of directors, negotiated the administrative agreement between FAME and ASF, secured ASF's non-profit status, set-up internal systems at FAME to administer the program, and engaged a full-time program director.
- Last year – our first full year of operation -- we enrolled 2,100 babies; this year's target is 4,000. Our goal is to enroll 7,000/year by 2014 .Nationally, the newborn enrollment rate is less than 5%. Enrollment is the immediate priority and our most important indicator of success. About 13,000 babies are born in Maine each year.

HACC Partners. Following Harold Alfond's life-long practice of building partnerships for the public good, the HACC relies on the commitment and cooperation of several partners to deliver the program:

- The Harold Alfond Foundation conceived the concept, engaged the key partners, guided the initial launch, monitors progress, and contributes resources to the ASF to fund the contributions to individual accounts as babies are enrolled.
- The Alfond Scholarship Foundation (ASF) was created in January 2008 by the Harold Alfond Foundation (HAF) to provide oversight, promotion, and financial support to the Harold Alfond College Challenge program. The ASF is an independent, non-profit corporation, governed by a 15-member board of directors, six of whom are members of the Compact's board.
- The Maine Compact for Higher Education was asked by the Harold Alfond Foundation to administer the ASF. Through an administrative services agreement, the Compact's executive director serves as the ASF's President and CEO, and spends 70% of his time on the program; the Compact is reimbursed by ASF for its direct expenses. And, the HAF, through the ASF, supports a full-time program manager at FAME.
- The Finance Authority of Maine (FAME) administers and operates the HACC initiative as part of its NextGen 529 College Savings program. FAME is an independent quasi-government agency whose mission includes support for innovative and nationally-recognized programs to support students and businesses.
- Maine hospitals are among the many partners who promote the program to prospective parents and encourage their physicians to do the same.

Section 529 College Savings Plans. The HACC builds on Maine's existing Section 529 college savings plan, called NextGen, and represents a significant commitment of resources by the Finance Authority of Maine (FAME) which administers the program.

Section 529 refers to the IRS tax code, in which earnings grow and withdrawals are Federal and Maine state income tax-free when used for qualified higher education expenses. Assets can be used at any U.S. accredited post-secondary institution including two-and four-year colleges, trade schools and graduate schools.

Parents, grandparents and friends can enroll a newborn in the college savings plan, or make a contribution to an existing plan.

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