

# MAINE'S ECONOMIC OUTLOOK

AGA Maine Chapter meeting

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# Overview

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- Demographics
- Labor force and employment
- Income and GDP
- Macroeconomic outlook
- 10-year economic strategic planning

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# Demographics



# Maine: A Demographic Snapshot

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- 2018 Population Estimate: 1,338,404
  - 42<sup>nd</sup> largest in US
- 2010 – 2018 Population Change: +0.8%
  - 42<sup>nd</sup> in US (ahead of WV, IL, CT, VT, RI, MS, NY, PA)
- 2018 Median age: 44.9 years
  - Oldest in US
- 93.1% White, Non-Hispanic
  - Highest percentage in US



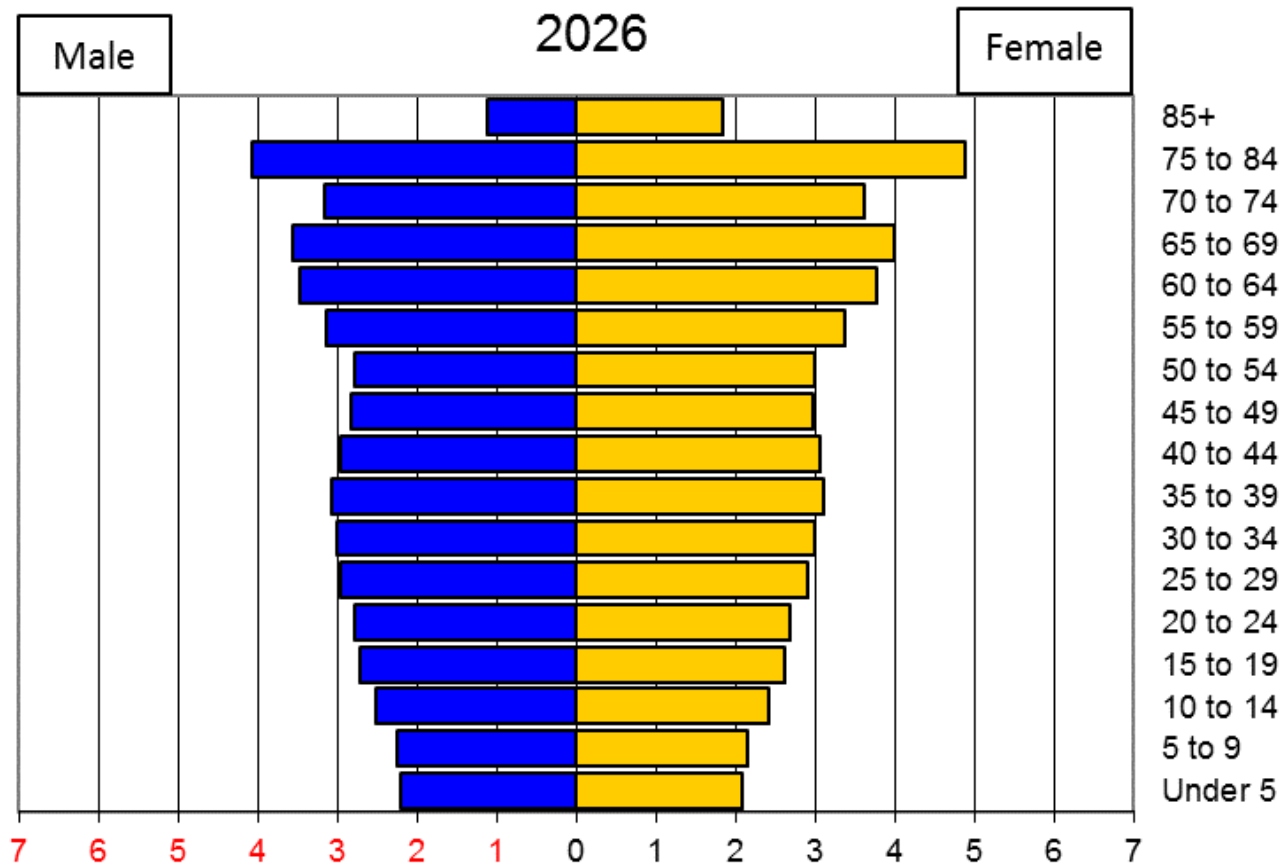
# Improving Population Growth

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- In 2018, Maine's rate of total population increase ranked 34th and the rate of total net migration ranked 19th in the U.S.
- Other states in the U.S. are starting to see their populations age and in-migration slow
- Maine has been at the leading edge and now other states are catching up

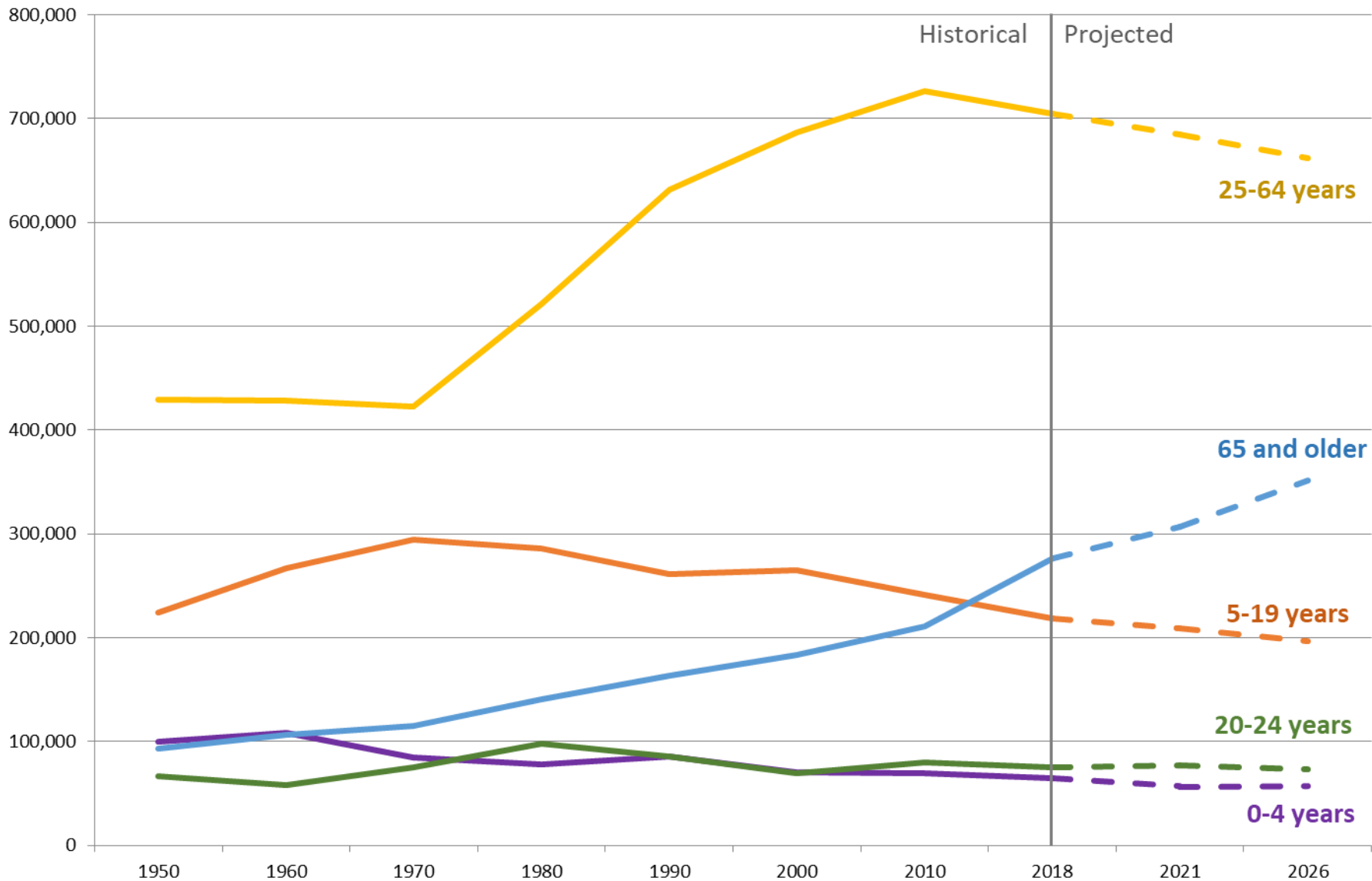
# The Baby Boom Wave

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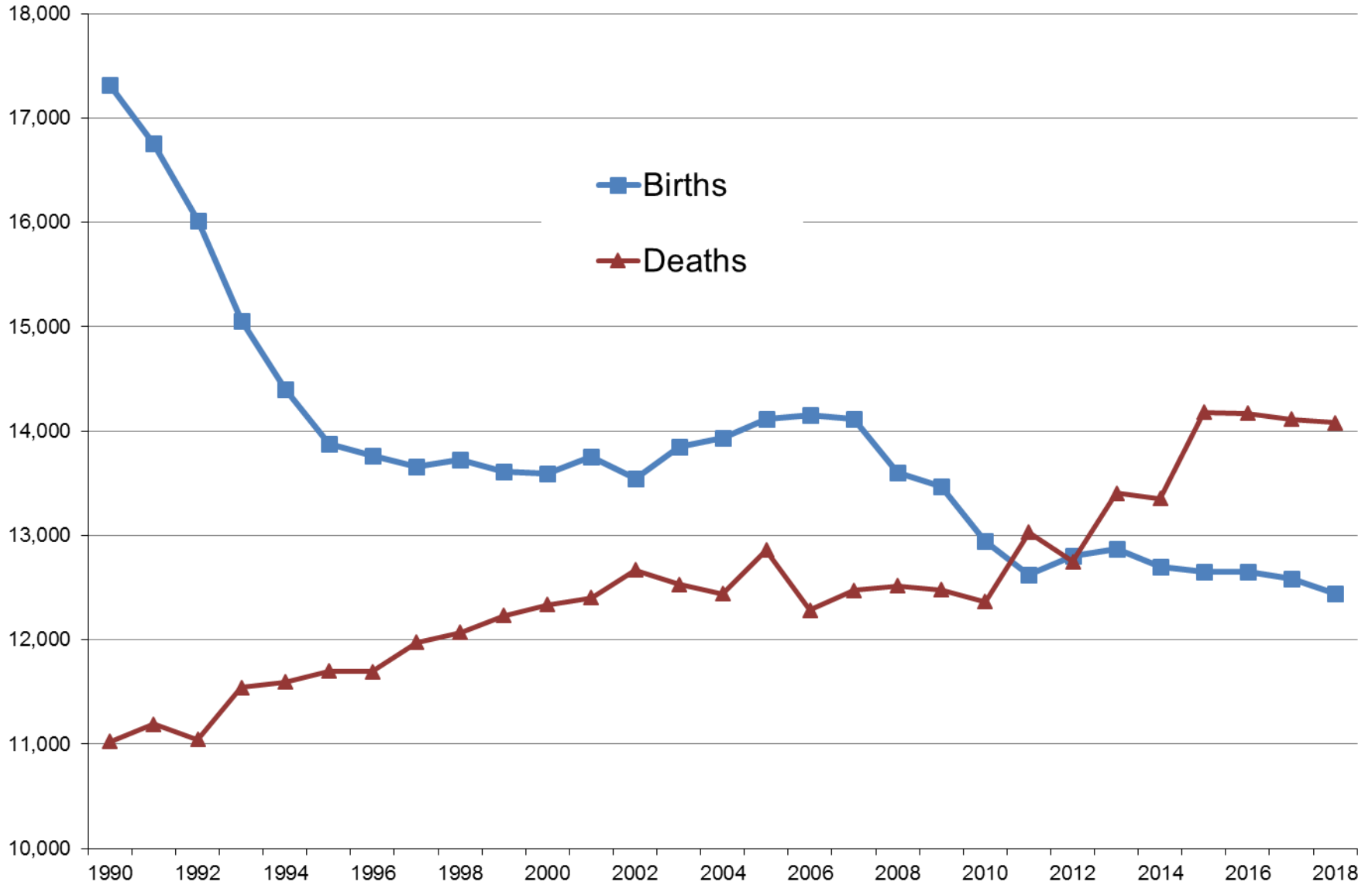


# Maine Population Trends by Age

## 1950-2026

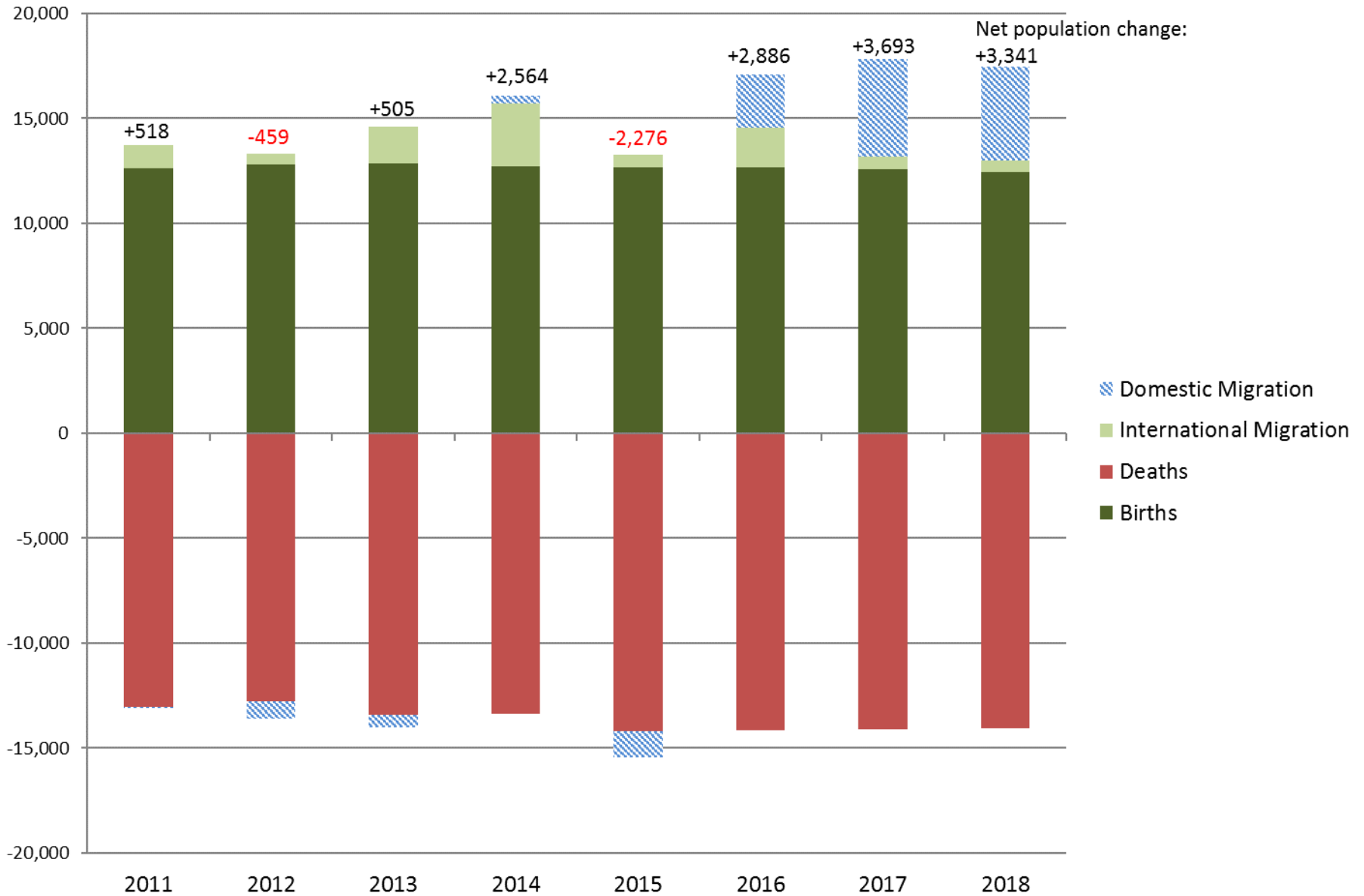


# Births and Deaths per year in Maine





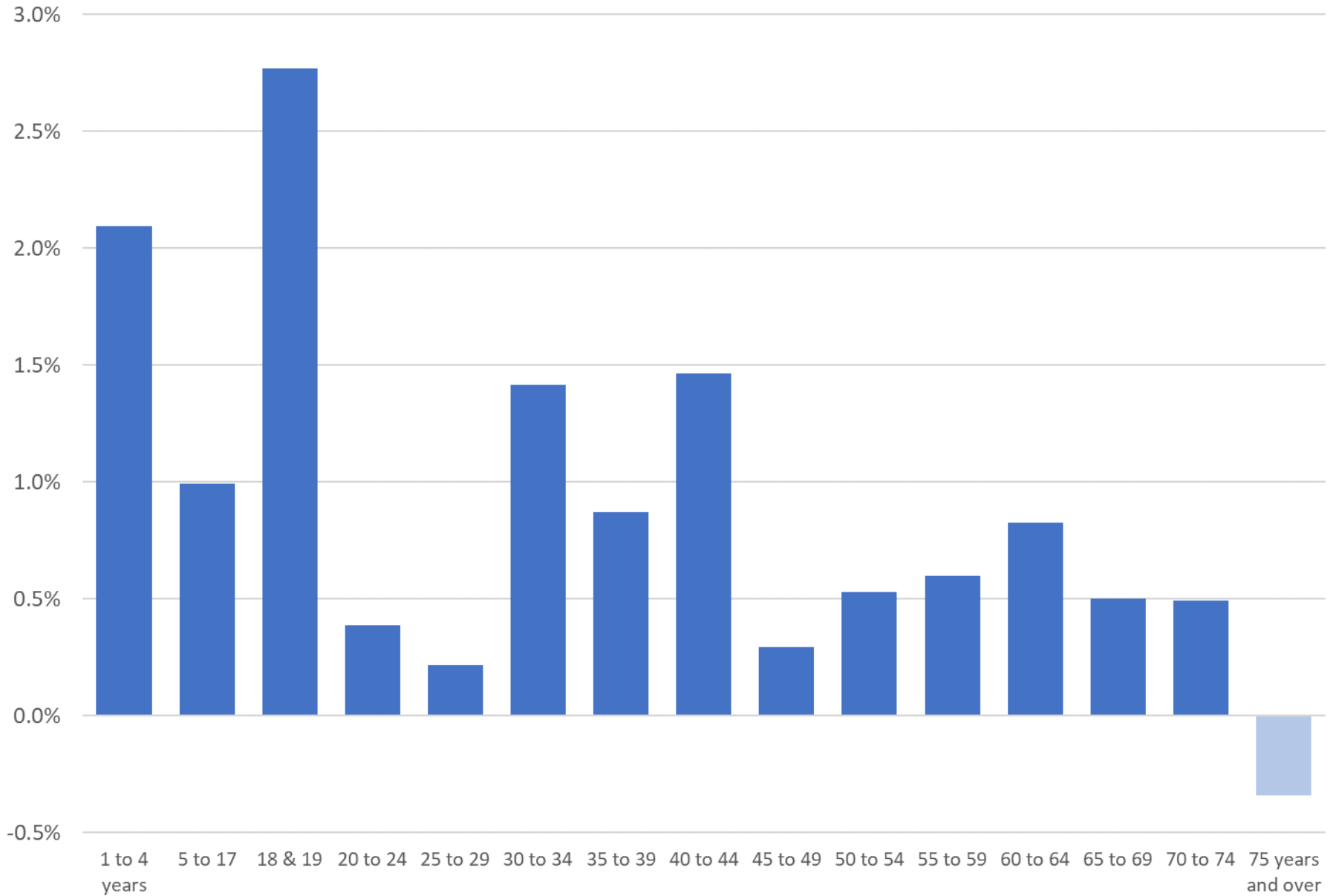
# Components of Population Change, Maine



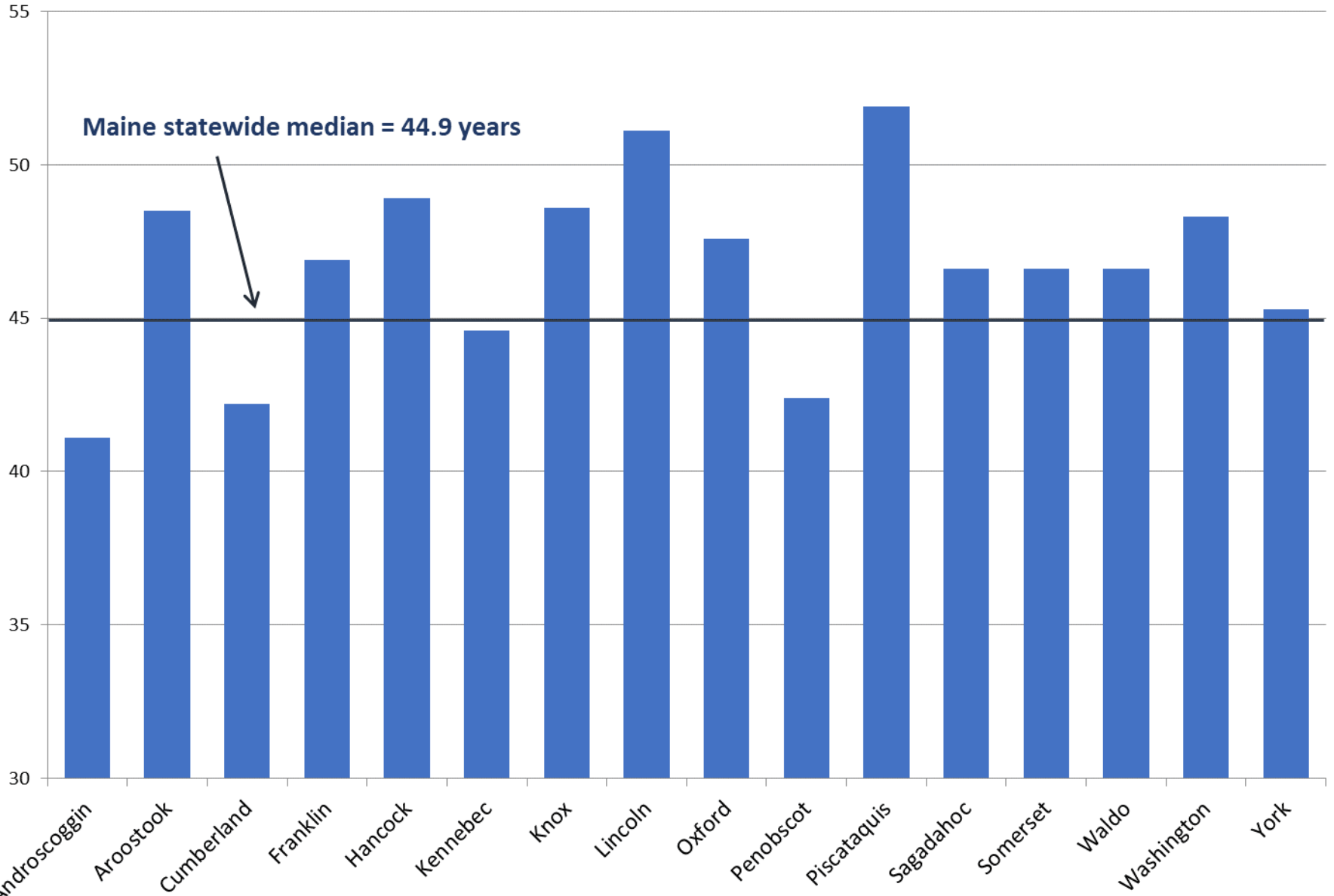
# Where are people moving to/from?

2018 State-to-State Migration Patterns			
<i>Moved to Maine from:</i>		<i>Moved from Maine to:</i>	
Massachusetts	5,775	New Hampshire	4,016
New Hampshire	4,731	Massachusetts	3,188
New York	2,909	Florida	2,783
Texas	2,386	Connecticut	1,342
Florida	2,082	California	1,294
Connecticut	1,734	North Carolina	1,235
Pennsylvania	1,393	Maryland	990
Michigan	1,320	Pennsylvania	916
North Carolina	1,049	Colorado	912
Vermont	997	Texas	815

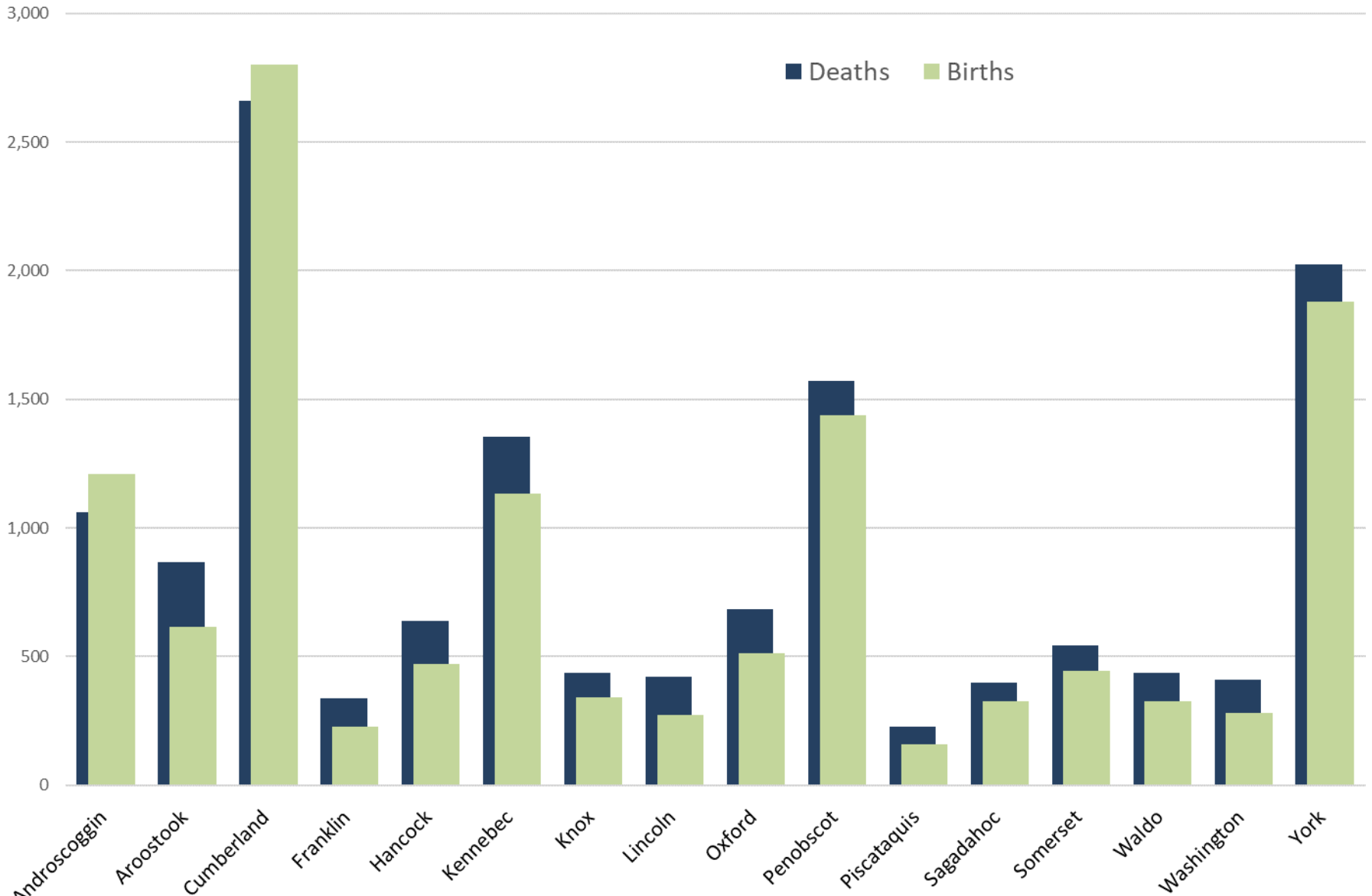
## Annual Domestic Migration Rate by Age, 2018



# Median Age



# Births and Deaths, 2017-2018



# Counties with positive net migration

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## 2010 - 2018

- Cumberland (10,151)
- York (9,412)
- Hancock (1,408)
- Waldo (1,200)
- Lincoln (1,083)
- Kennebec (1,067)
- Knox (911)
- Oxford (840)
- Sagadahoc (533)

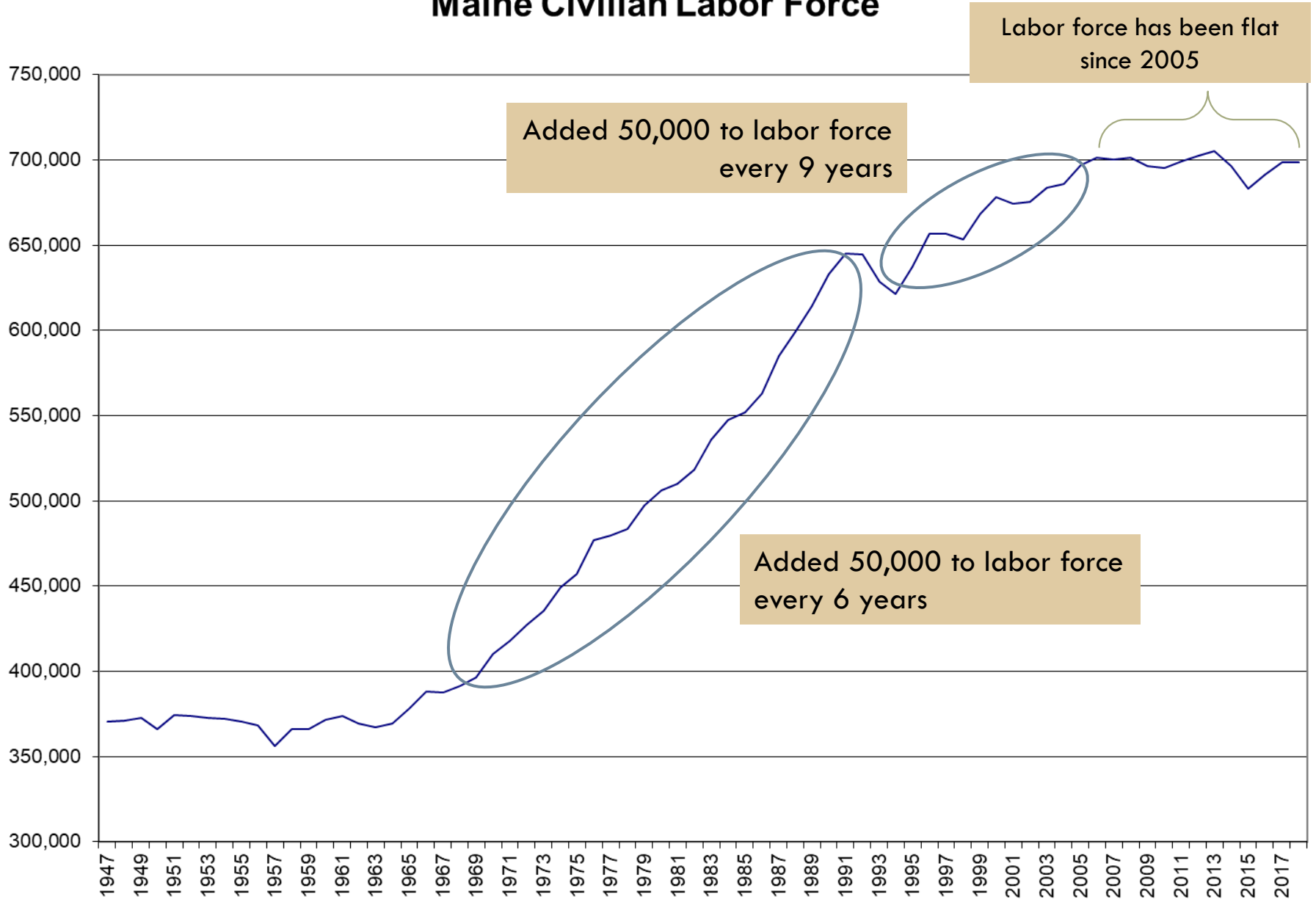
## 2017 - 2018

- York (1,856)
- Cumberland (1,080)
- Kennebec (386)
- Hancock (382)
- Oxford (366)
- Lincoln (304)
- Sagadahoc (288)
- Somerset (273)
- Franklin (155)
- Washington (85)
- Piscataquis (68)
- Penobscot (51)

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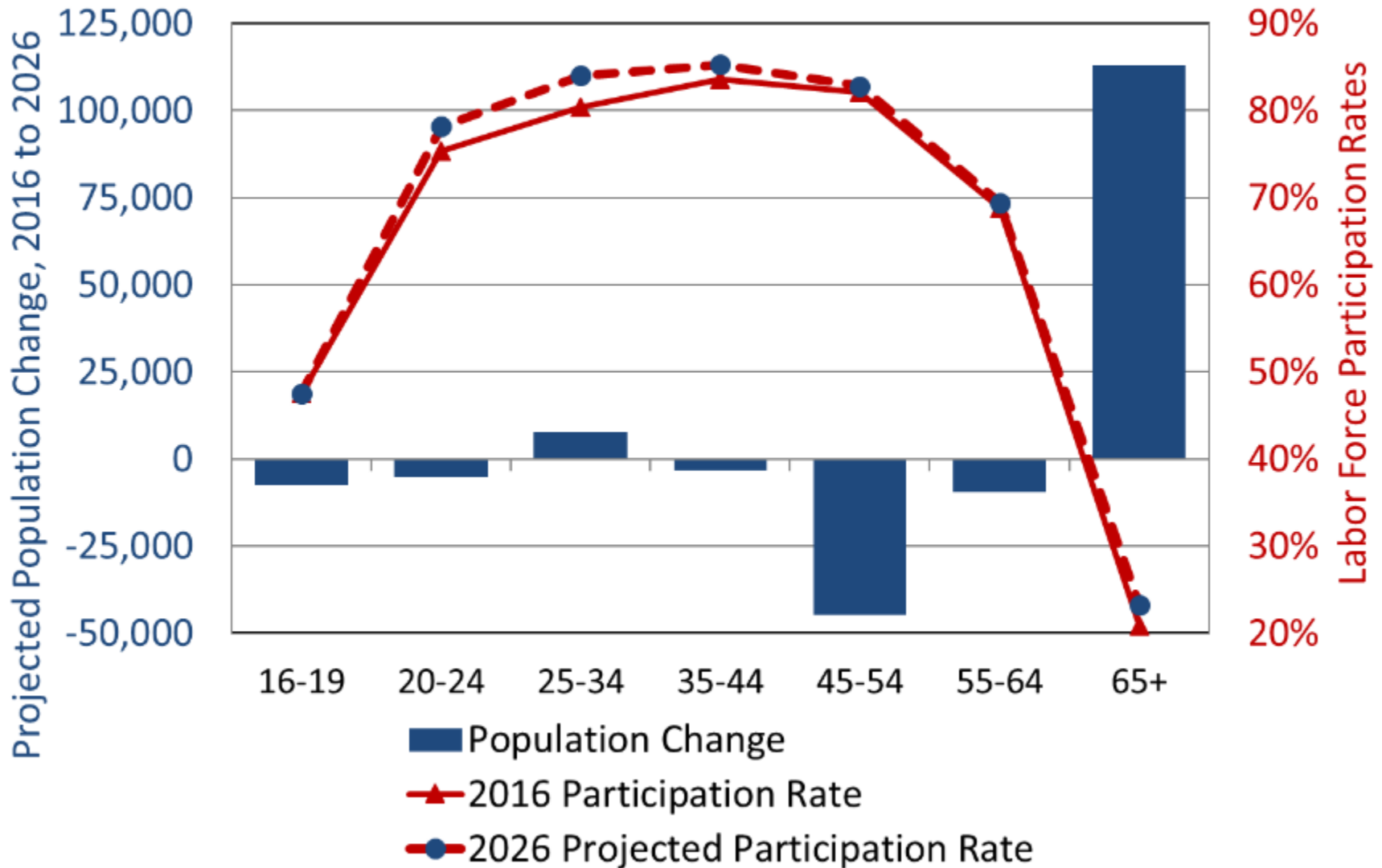
# Labor Force and Employment

# Maine Civilian Labor Force

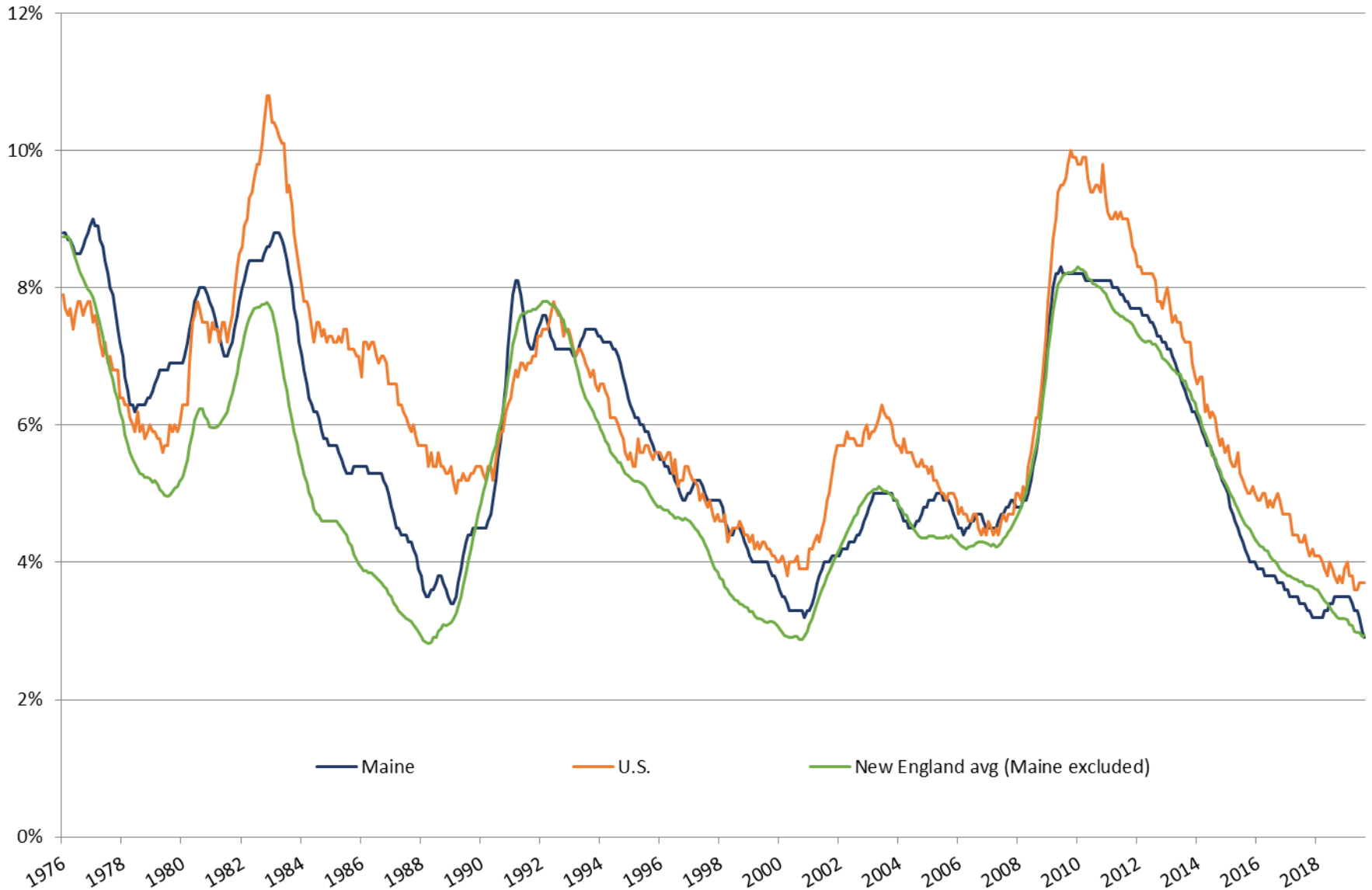




## Projected Population Change and Participation Rates by Age Group in Maine



# Monthly Unemployment Rate (Seasonally Adjusted)



# Regional variations persist in unemployment rates, although all are lower than one year prior

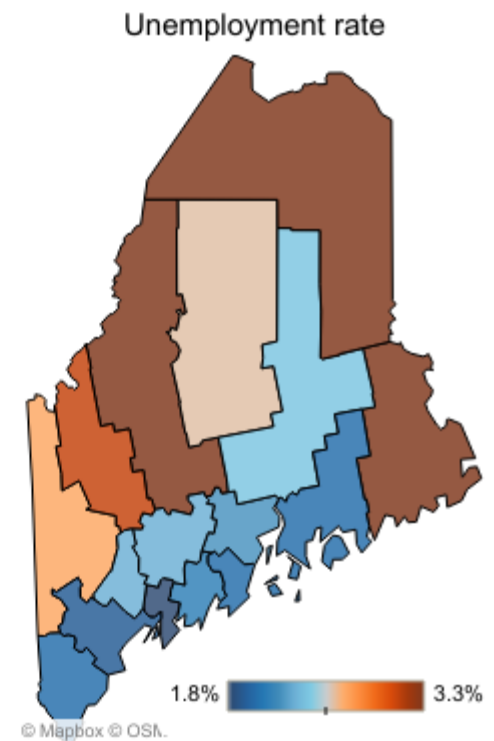
## County Rates (not seasonally adjusted)

September, 2019

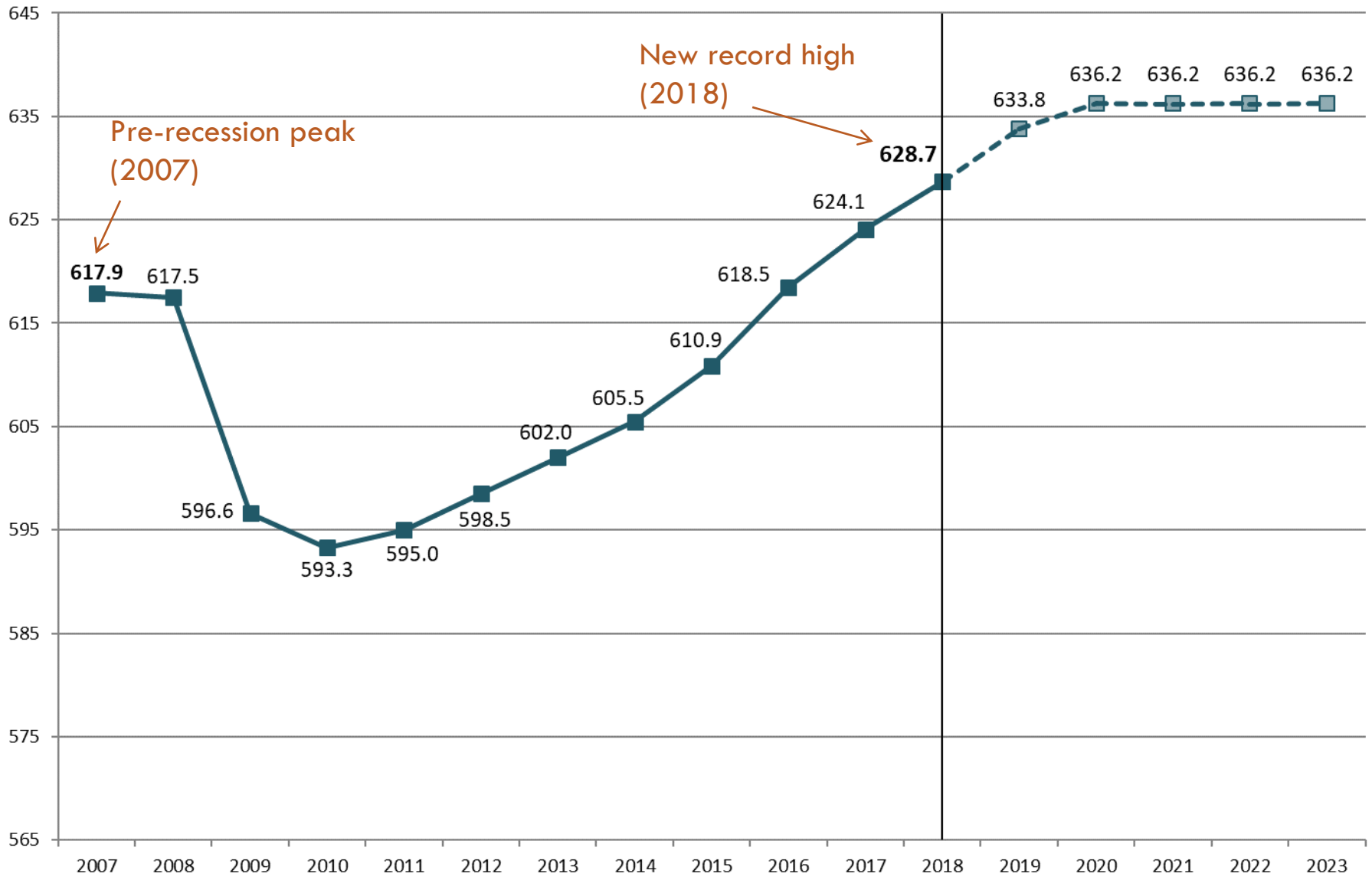
Table  
 Graph

**Map/Graph Display**  
 Unemployment rate  
 One-year change

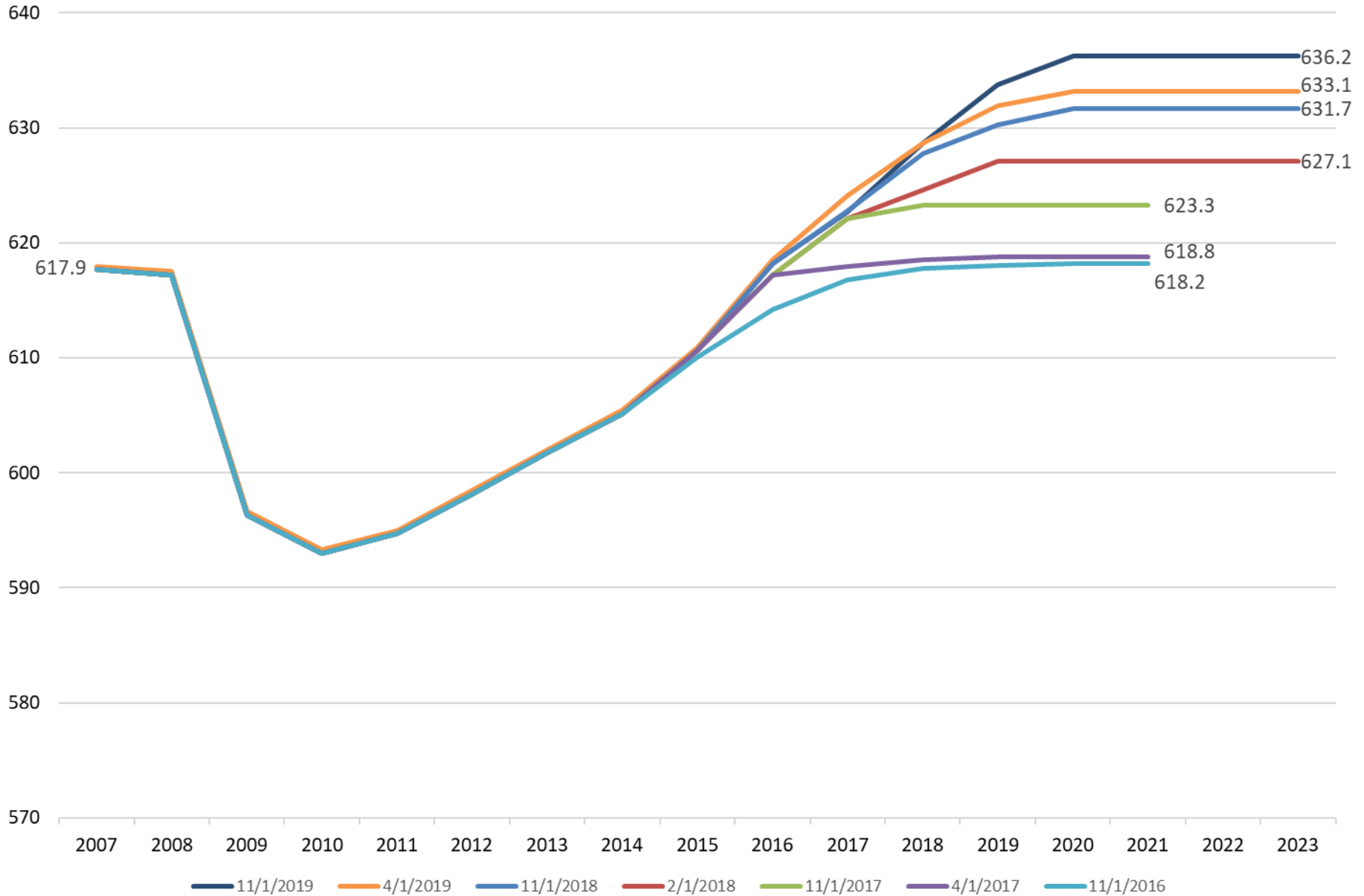
County	Rate	Year ago	One-yr change
Maine	2.3%	2.8%	-0.5
Androscoggin Cty	2.3%	3.0%	-0.7
Aroostook Cty	3.3%	3.9%	-0.6
Cumberland Cty	1.9%	2.4%	-0.5
Franklin Cty	3.1%	3.2%	-0.1
Hancock Cty	2.0%	2.3%	-0.3
Kennebec Cty	2.3%	2.8%	-0.5
Knox Cty	2.0%	2.6%	-0.6
Lincoln Cty	2.1%	2.4%	-0.3
Oxford Cty	2.7%	3.7%	-1.0
Penobscot Cty	2.4%	3.3%	-0.9
Piscataquis Cty	2.6%	3.1%	-0.5
Sagadahoc Cty	1.8%	2.3%	-0.5
Somerset Cty	3.3%	4.1%	-0.8
Waldo Cty	2.2%	2.9%	-0.7
Washington Cty	3.3%	4.0%	-0.7
York Cty	2.0%	2.5%	-0.5



# Total Nonfarm Employment (in thousands) History and CEFC forecast



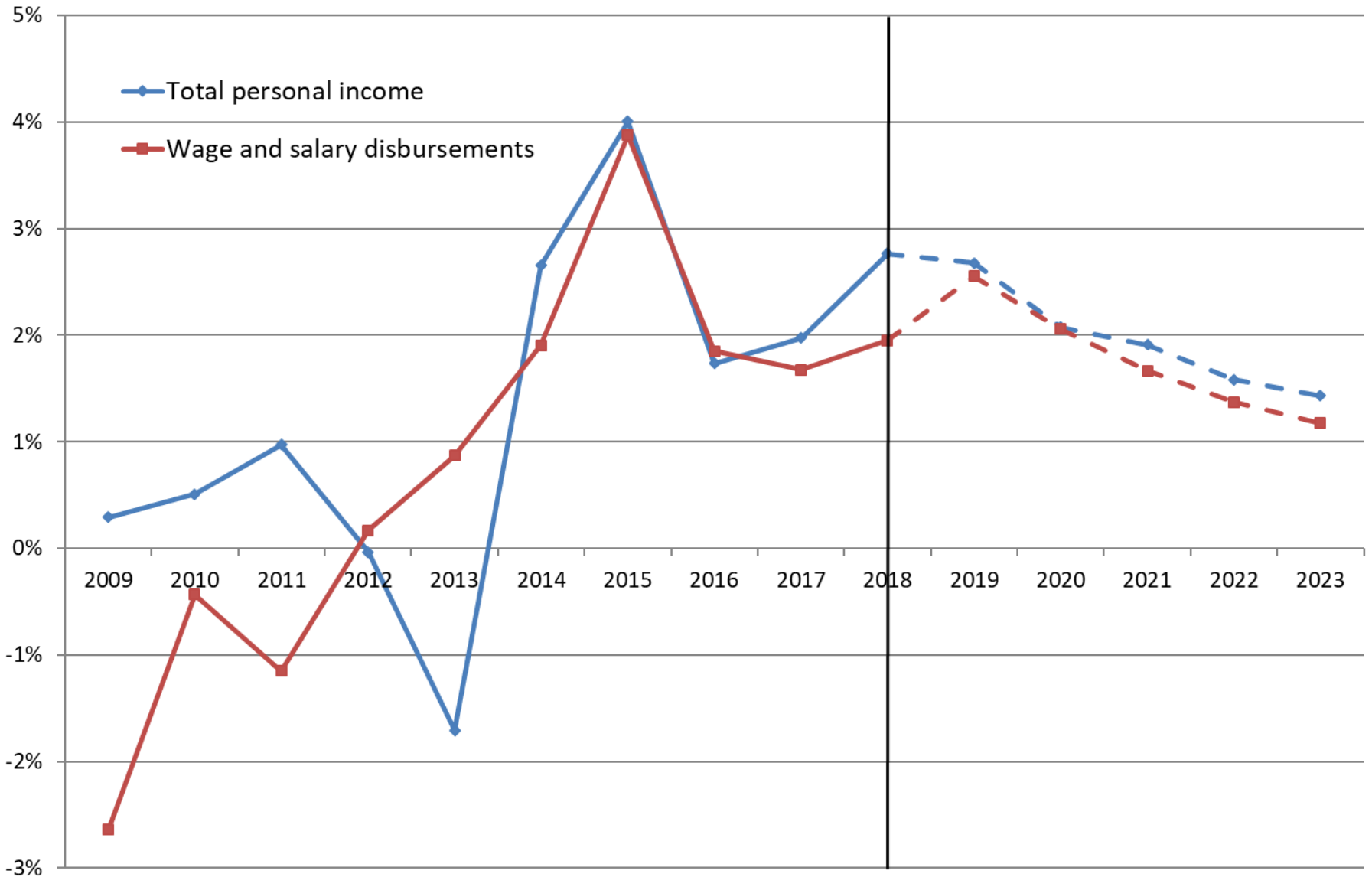
# Revisions to CEFC Forecast of Total Nonfarm Employment (in thousands)



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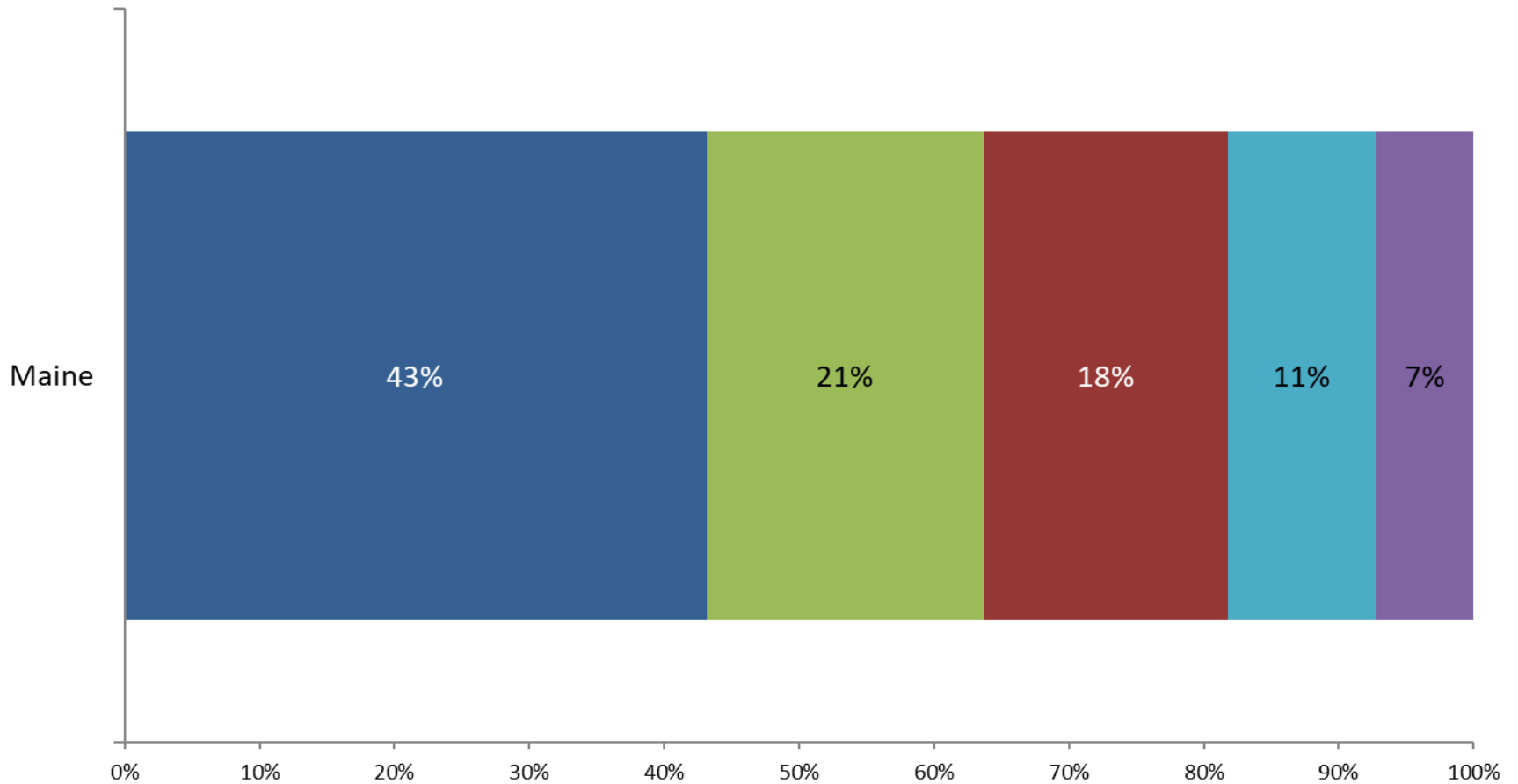
# Income and GDP

# Percent Change in Real Personal Income, Maine 2009-2018 and forecast to 2023



# Major Components of Personal Income, 2018

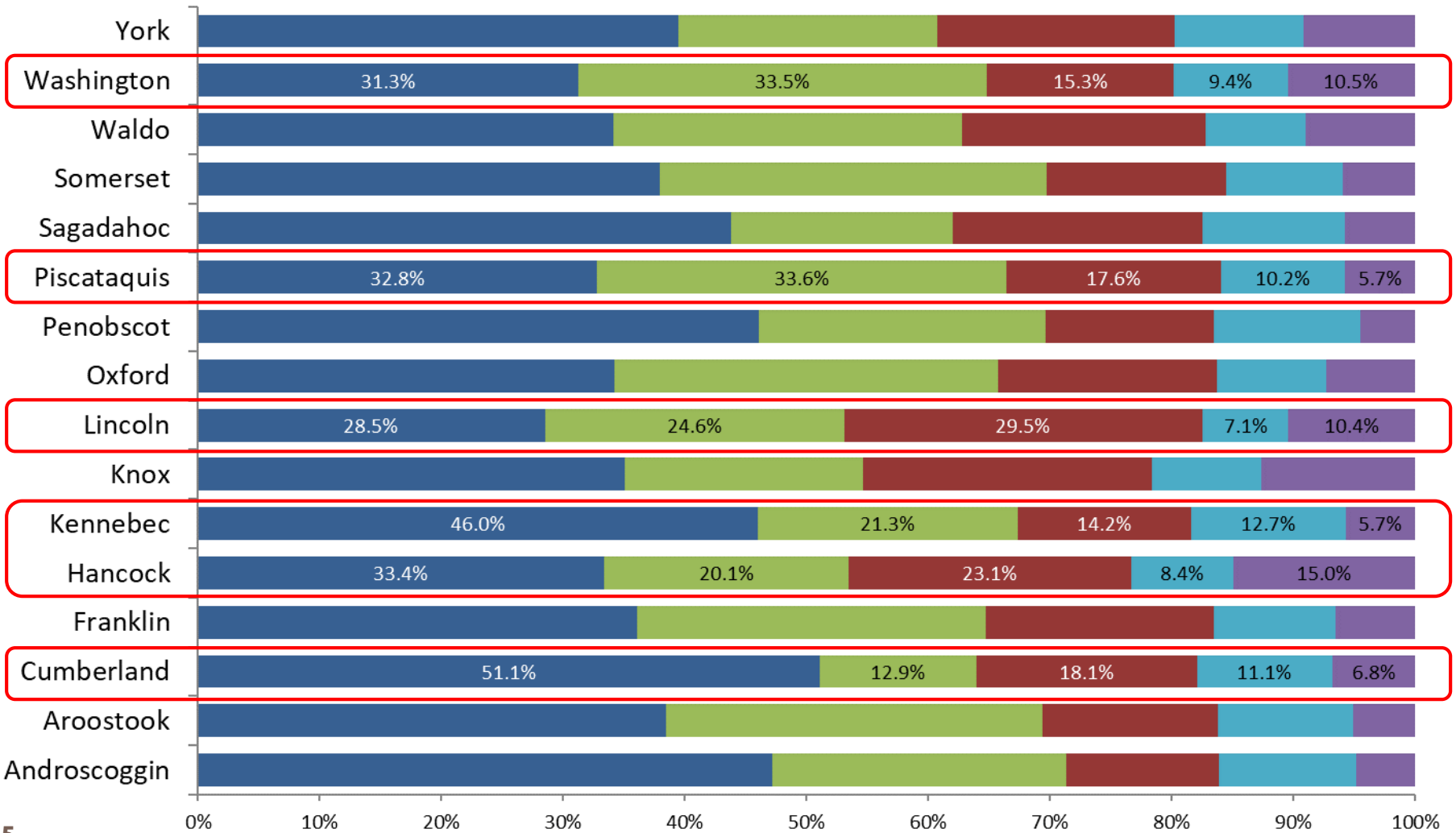
- Wages and salaries
- Personal current transfer receipts
- Dividends, interest, and rent
- Supplements to wages and salaries
- Proprietors' income





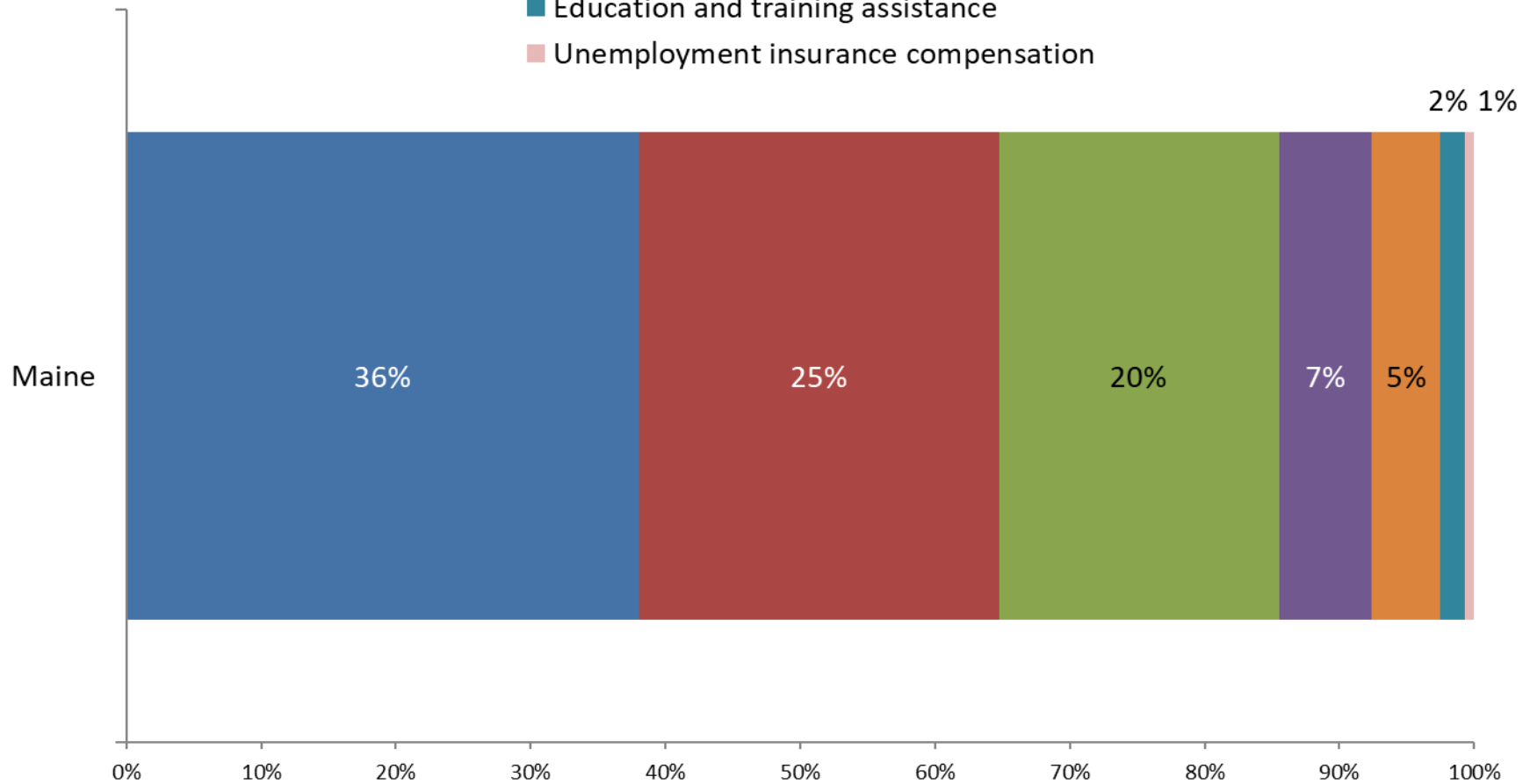
# Major Components of Personal Income, 2017

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 ■ Proprietors' income



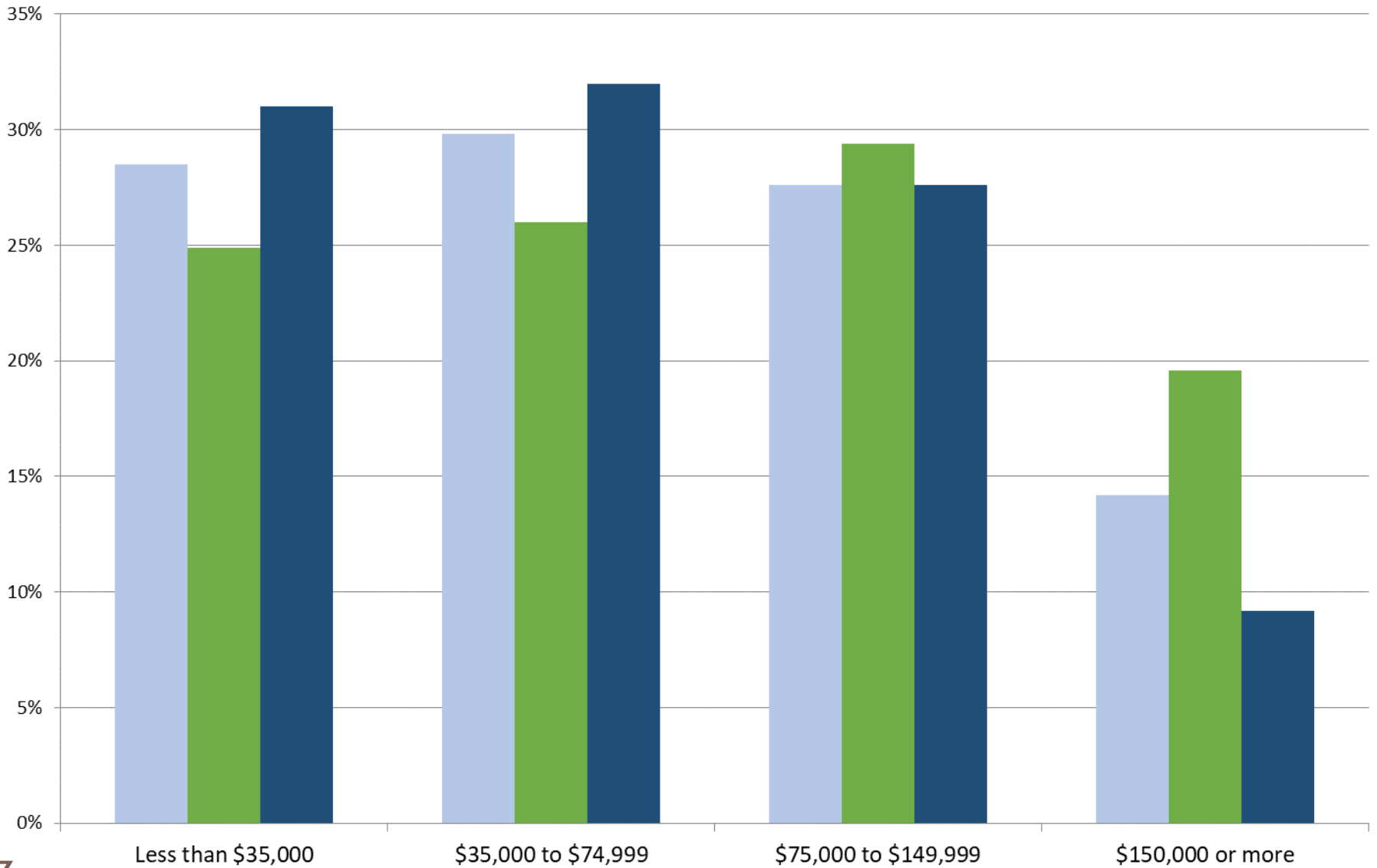
# Components of Personal Current Transfer Receipts, 2018

- Social Security benefits
- Medicare benefits
- Medicaid
- Income maintenance benefits
- Veterans' benefits
- Education and training assistance
- Unemployment insurance compensation

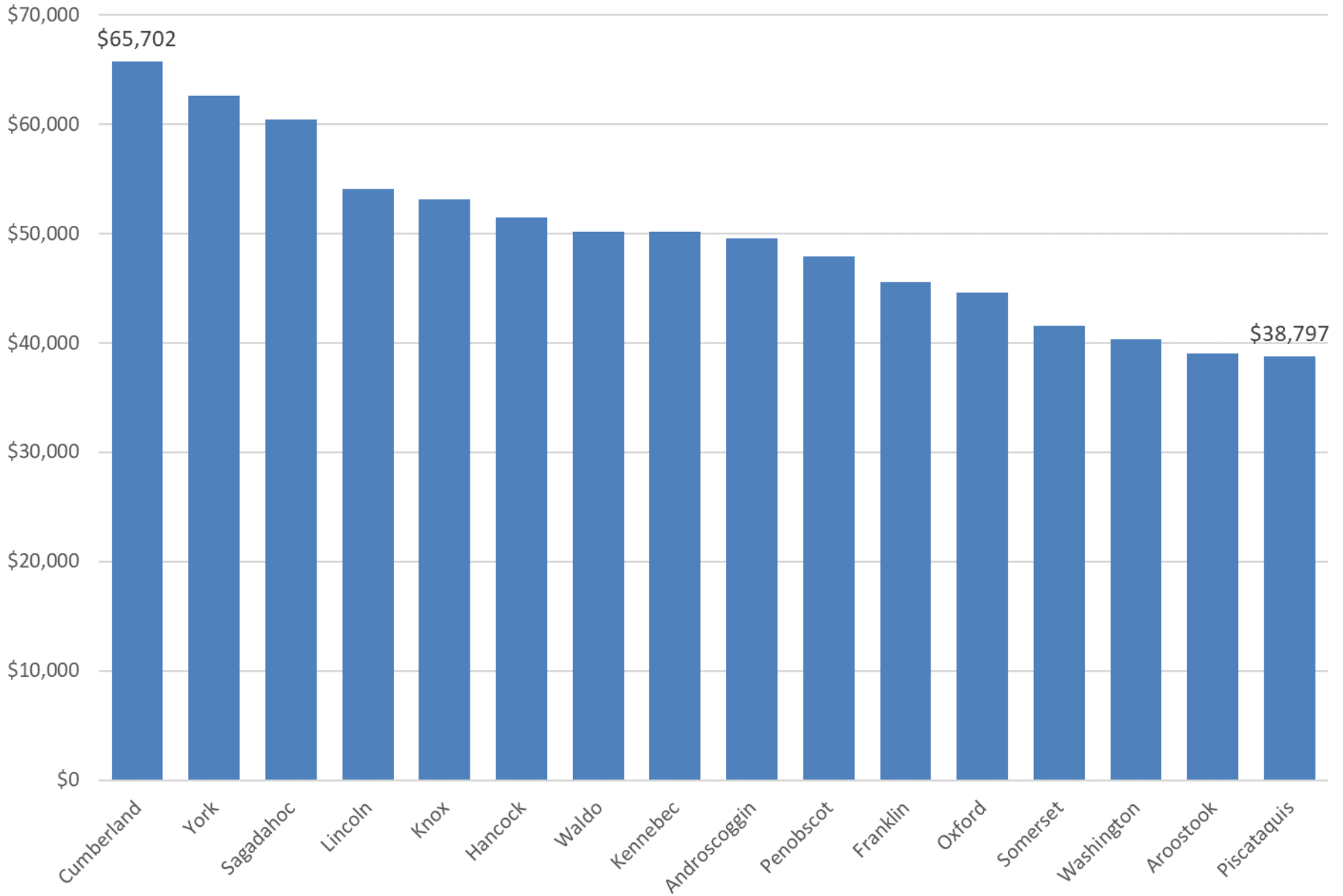


# Percent of Households by Income Level, 2018

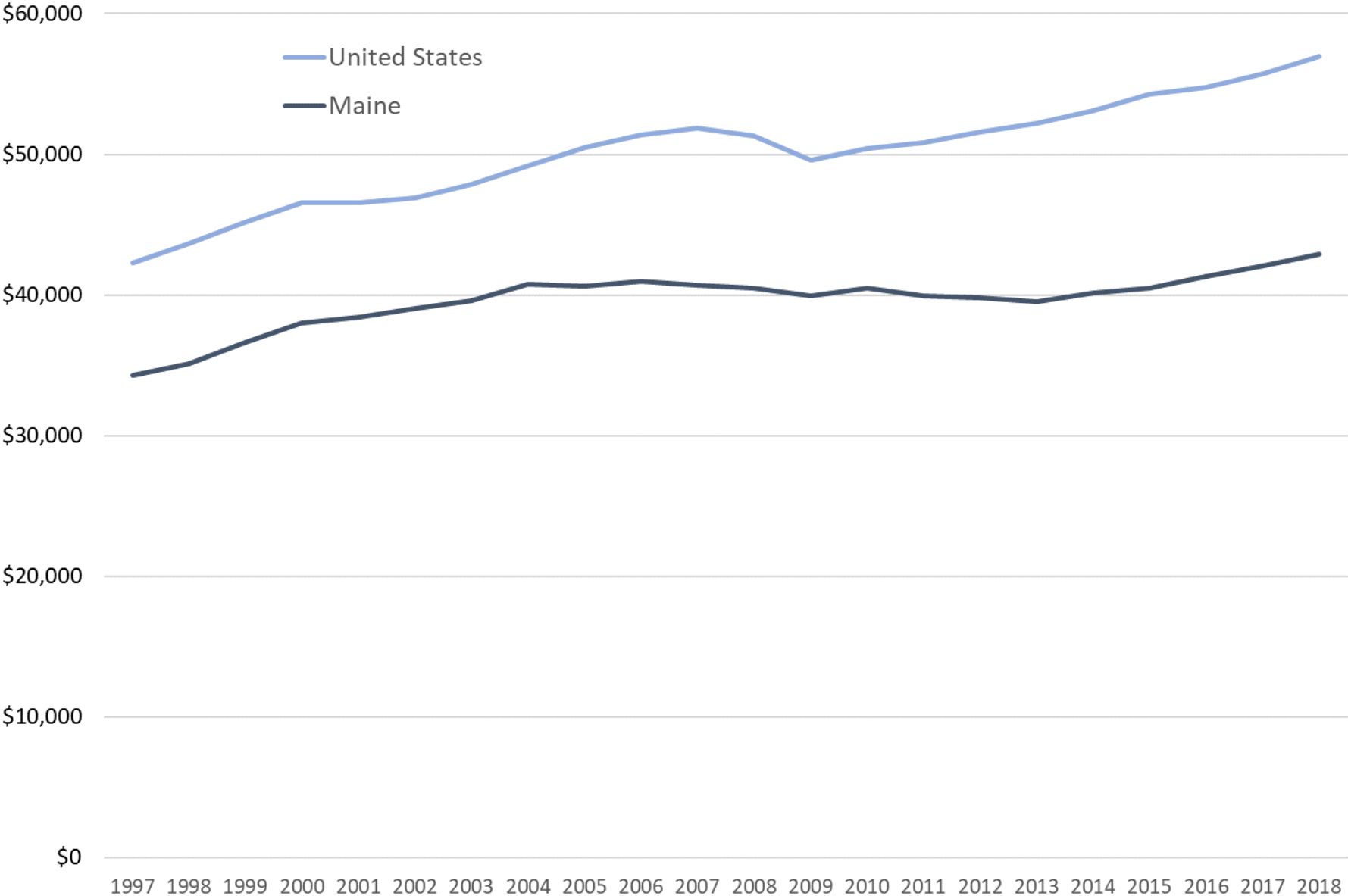
■ U.S. ■ New England ■ Maine



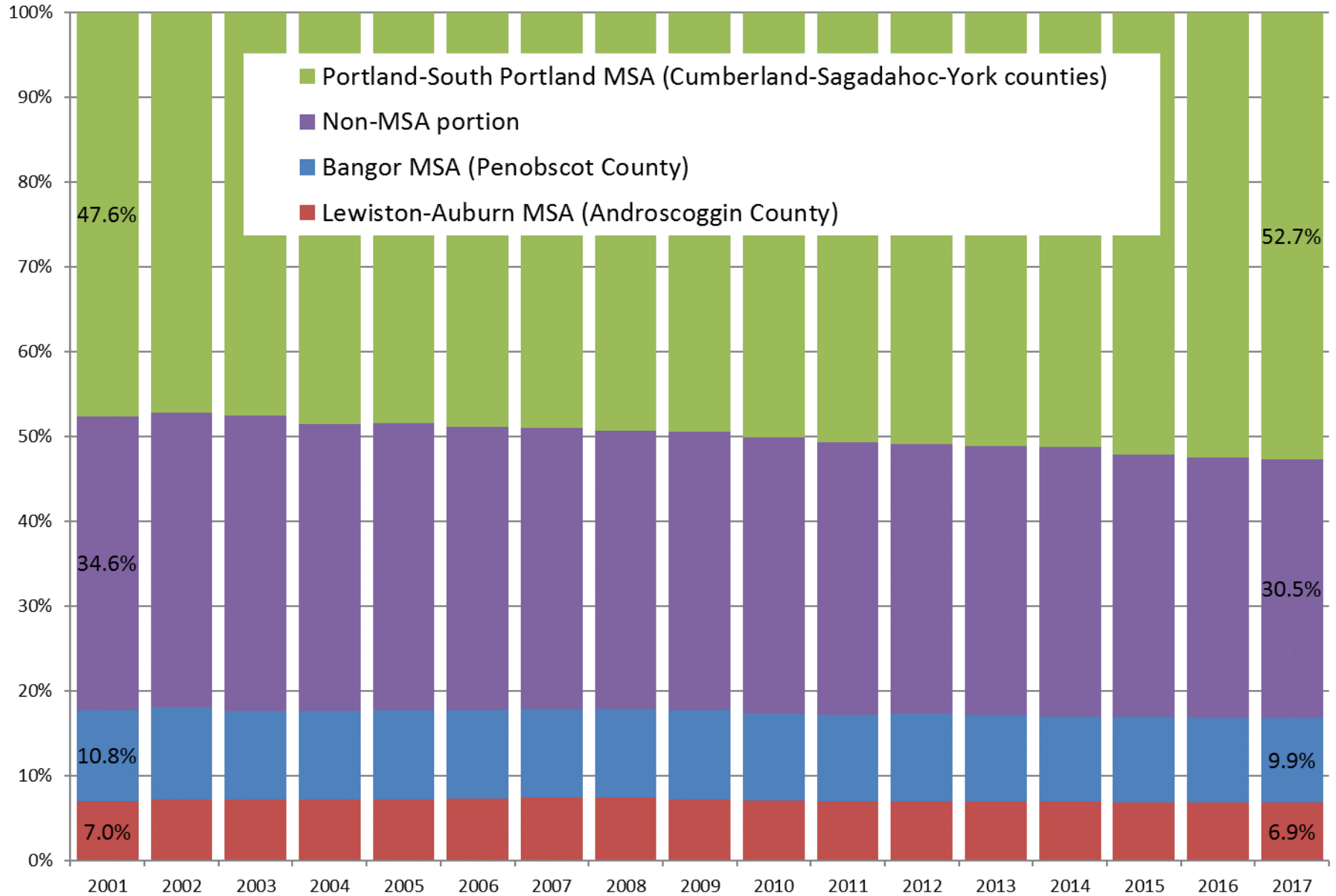
# Median Household Income



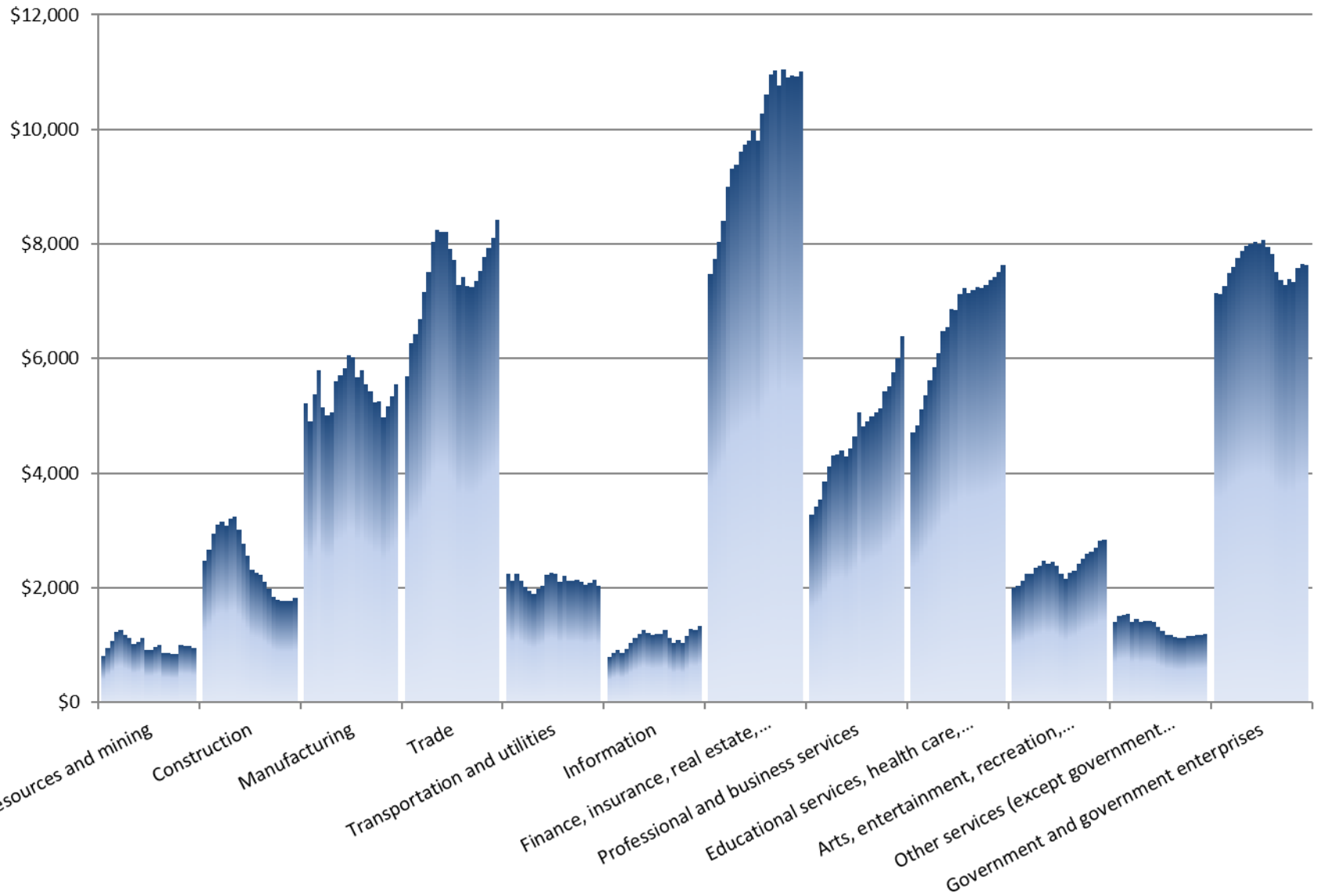
# Per Capita Real Total GDP



## Share of Maine Real GDP by Metropolitan Area



## Maine Real GDP by Industry, 1997-2018 (in millions of chained 2012 dollars)



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# Macroeconomic Conditions



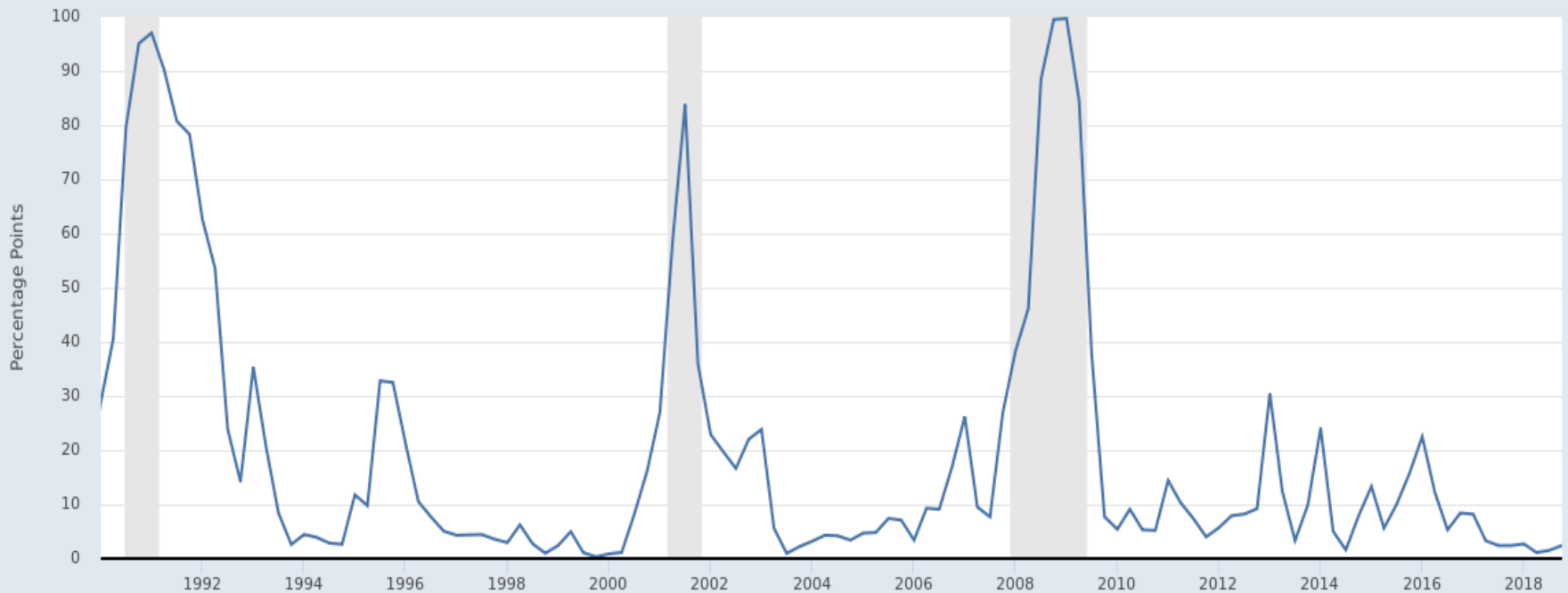
# Macroeconomic conditions

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- We are now in the longest period of economic expansion on record
- Some early warning signs of economic slowdown on the horizon (e.g. inverted yield curve), but...

# GDP-Based Recession Indicator remains low

FRED — GDP-Based Recession Indicator Index

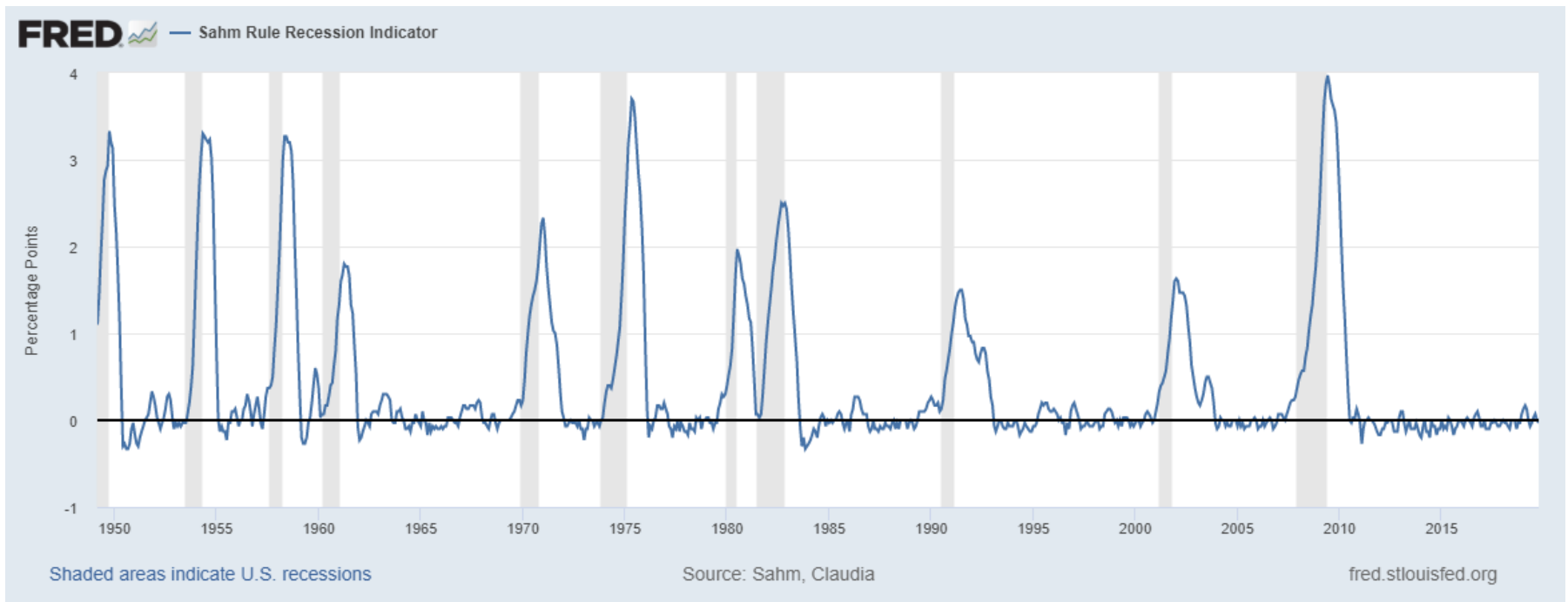


Shaded areas indicate U.S. recessions

Source: Hamilton, James

myf.red/g/nVa0

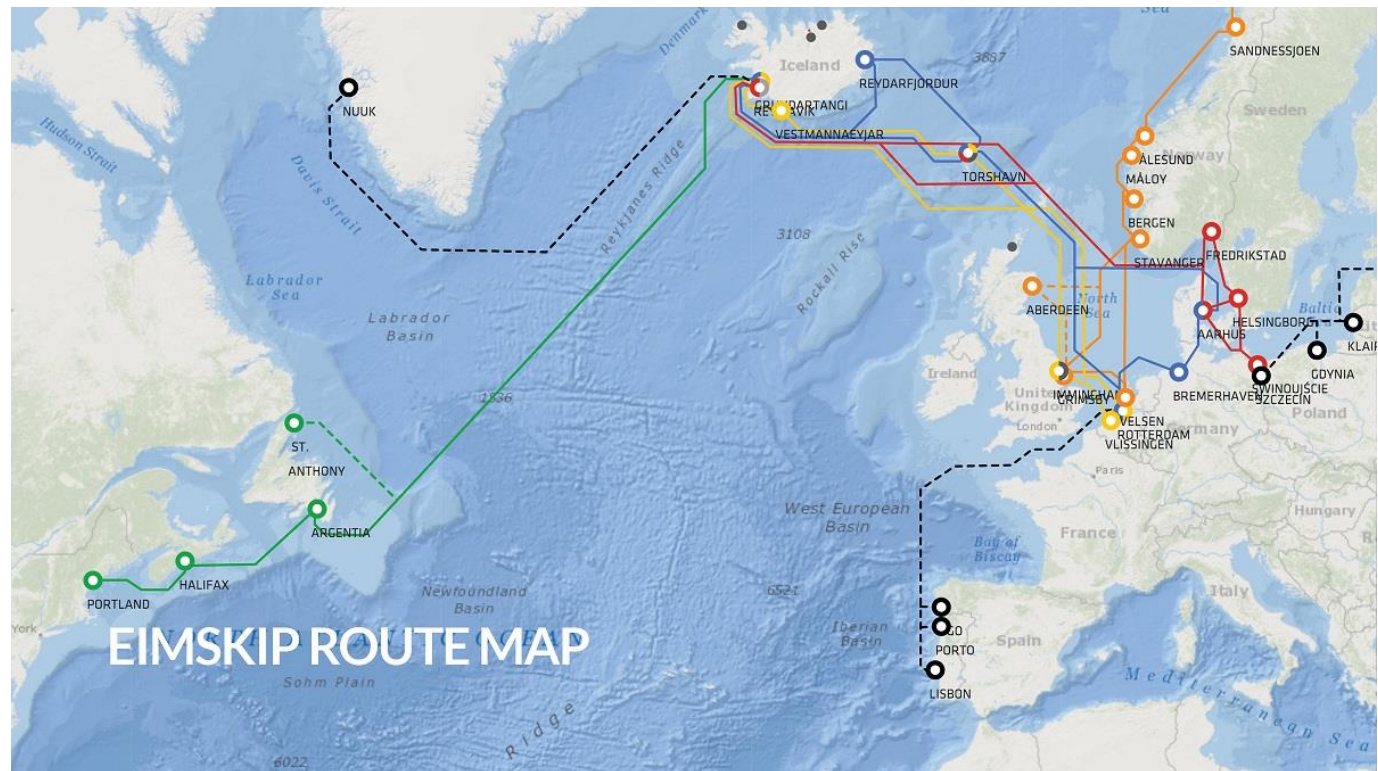
# Sahm Rule Recession Indicator also remains low



# One possible trigger: tariffs

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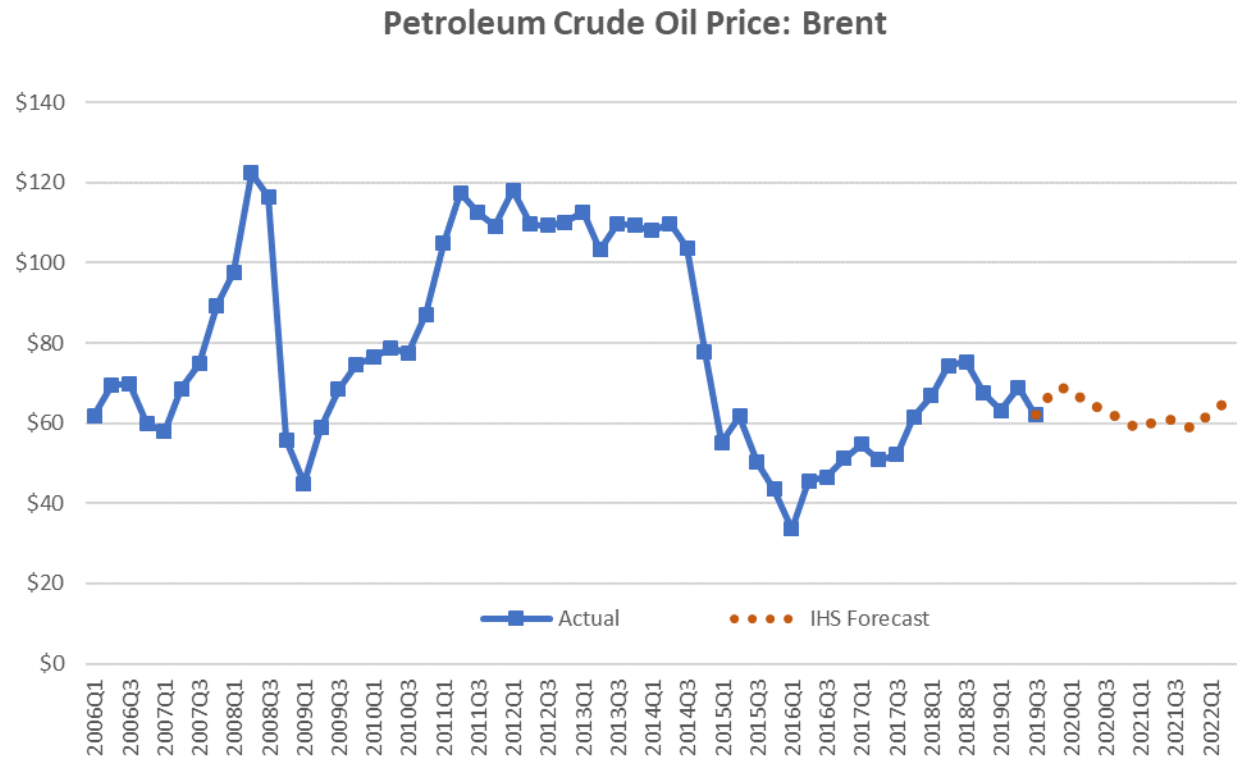
- Trade war has created uncertainty for businesses and is starting to impact consumers
- Slowdown in consumer spending could lead to larger economic slowdown



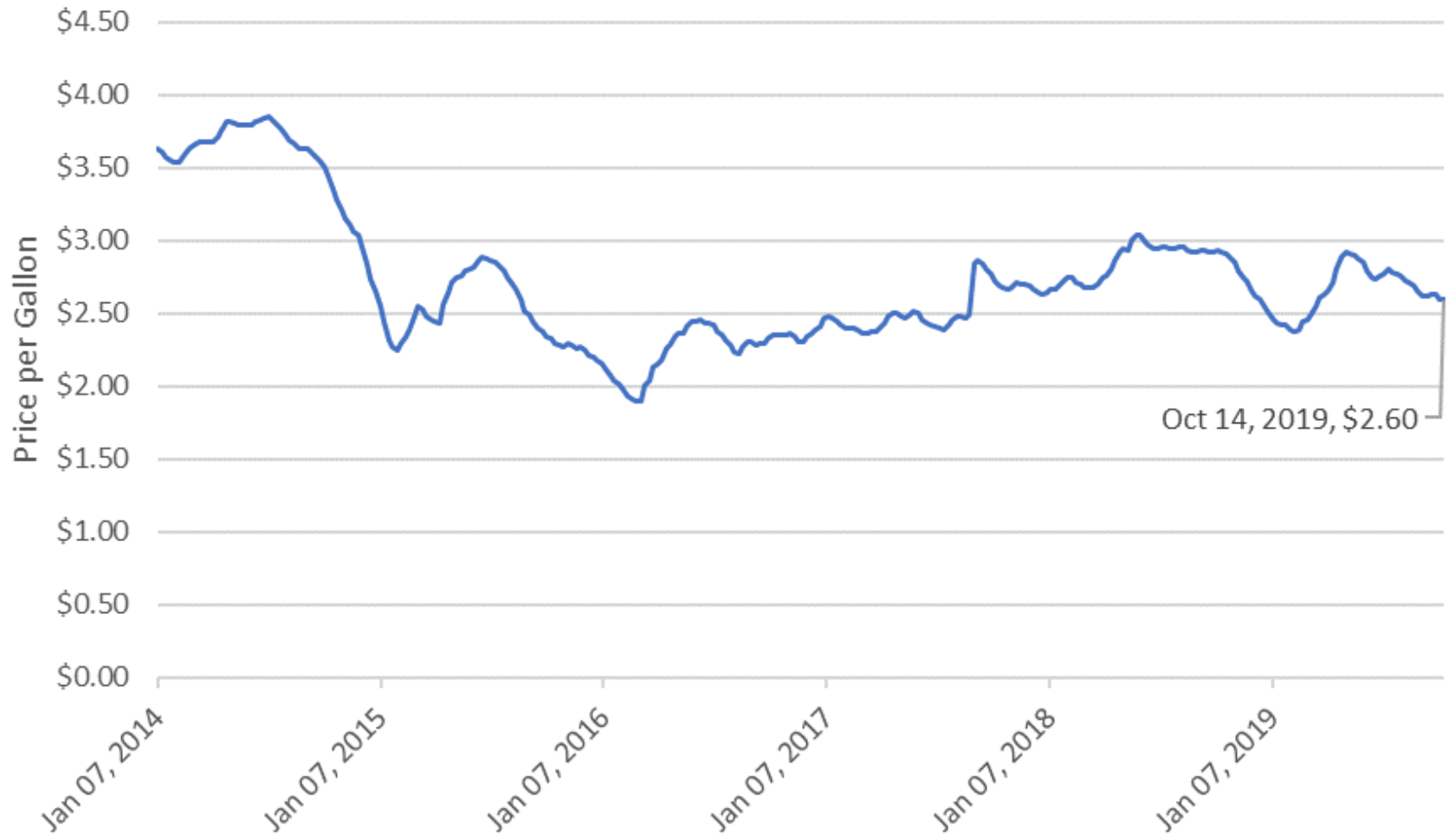
# Energy Prices

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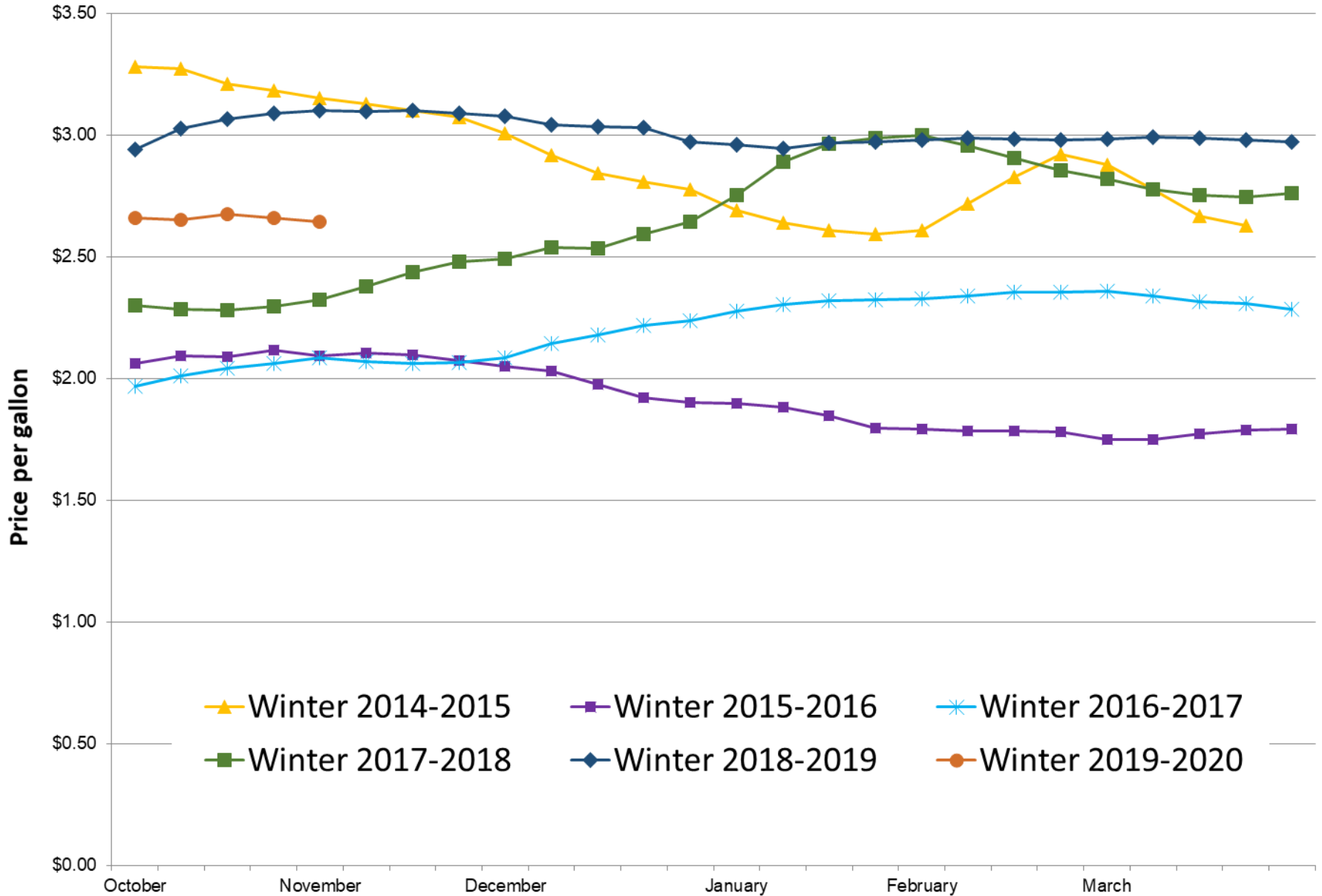
Recent spike in oil prices was relatively small and diminished quickly; forecast is for stable prices, but that could change quickly



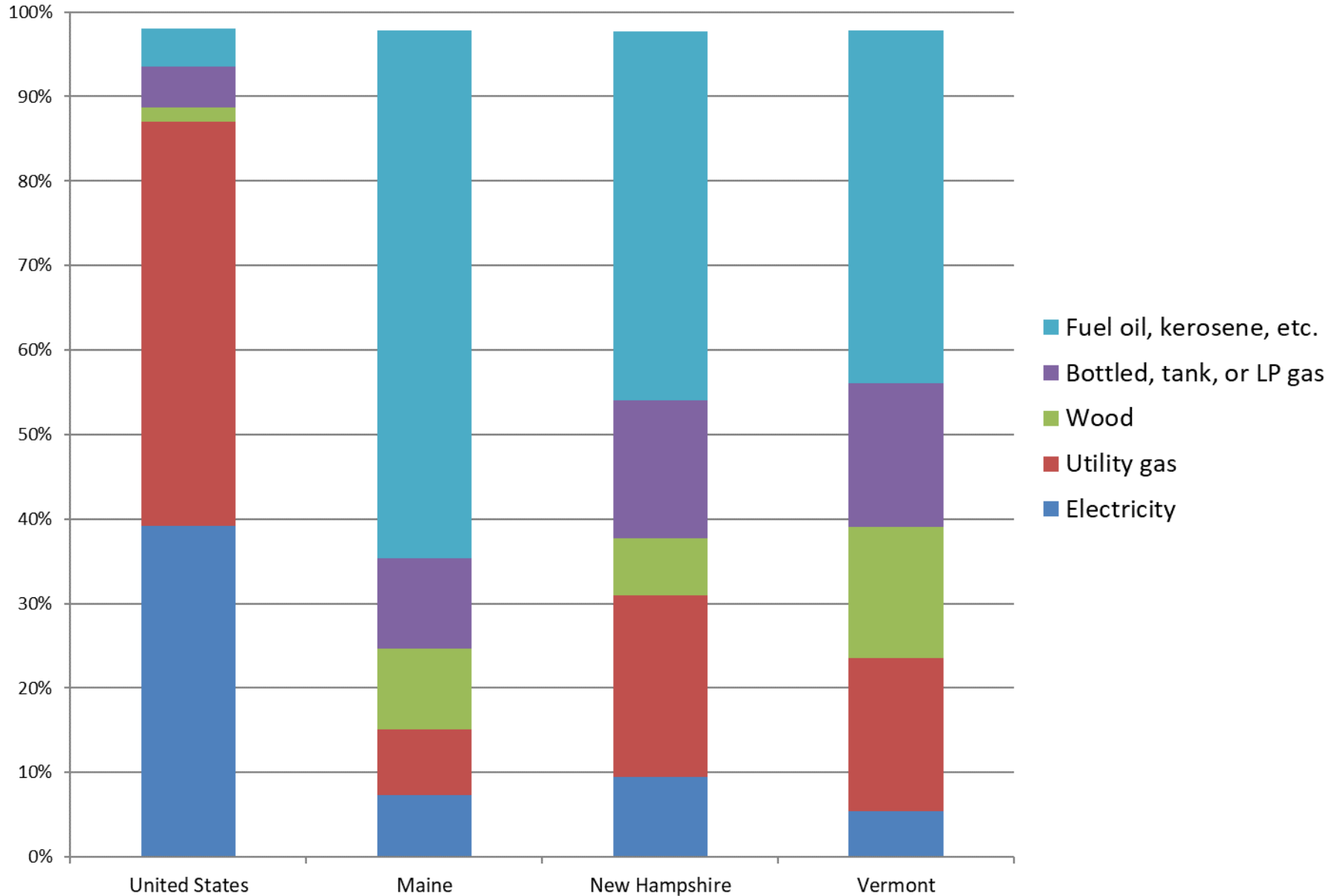
## Weekly New England Retail Gasoline Prices (Dollars per Gallon)



# Maine No. 2 Heating Oil Residential Price



## Percent of Housing Units by Type of Primary Heating Fuel (2018)





# 10-Year Economic Strategic Plan



Department of Economic  
& Community Development

# Strategic Planning

## Process Flow



# Strategic Goals



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Equitably grow the real average annual wage from \$45,370 to \$49,900 (10.0%) by investing in long-term talent development.

Drive the real dollar value added<sup>1</sup> contribution per job from \$87,160 to \$95,876 (10.0%) while protecting Maine's quality of life by focusing on sectors of promise in each region of the state.

Attract 75,000 people to Maine's workforce. The target addresses the increase in people entering retirement age and the current shortage.

<sup>1</sup> Value added is GDP/employment

# Key Themes

- Talent is the economic driver at the heart of the plan.
- Maine must grow its workforce to grow the economy.
- Business climate must be stable and predictable to grow GDP
- Innovation is key for growth
- Ubiquitous connectivity enables access for economic growth and is required to attract talent.
- Modern infrastructure needed for business to thrive and to retain and attract talent.

# Contact Information

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