

MAINE'S ECONOMIC OUTLOOK

Maine Credit Union League
Volunteers' Conference

October 26, 2019

Amanda Rector
Maine State Economist

Overview

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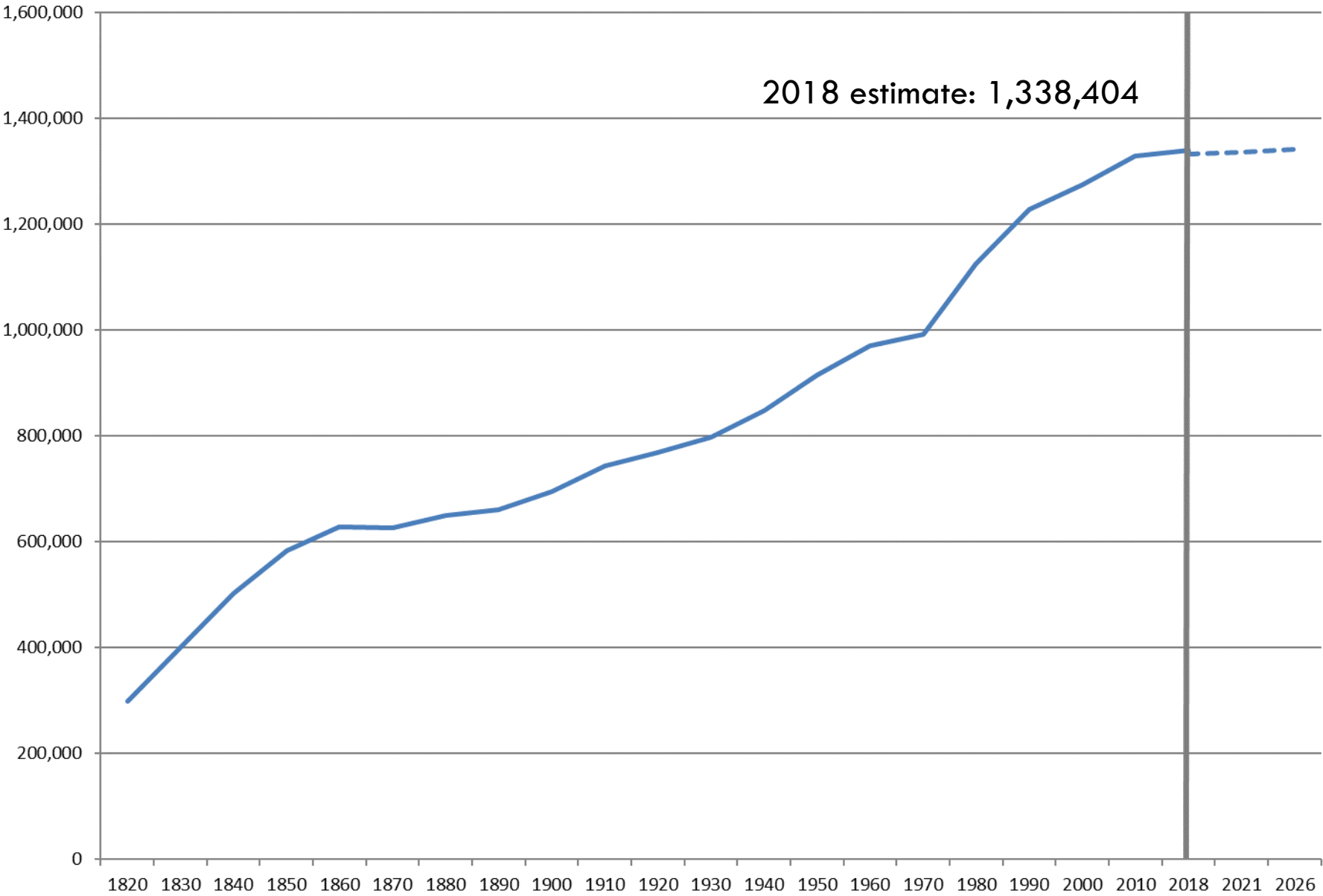
- Demographics and regional variations
- Labor force and employment
- Income and GDP
- Macroeconomic outlook
- Stress-testing revenues
- 10-year economic strategic planning

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Demographics



Total Population, Maine



2018 estimate: 1,338,404

Sources: U.S. Census Bureau; State Economist population projections

Maine: A Demographic Snapshot

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- 2018 Population Estimate: 1,338,404
 - 42nd largest in US
- 2010 – 2018 Population Change: +0.8%
 - 42nd 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



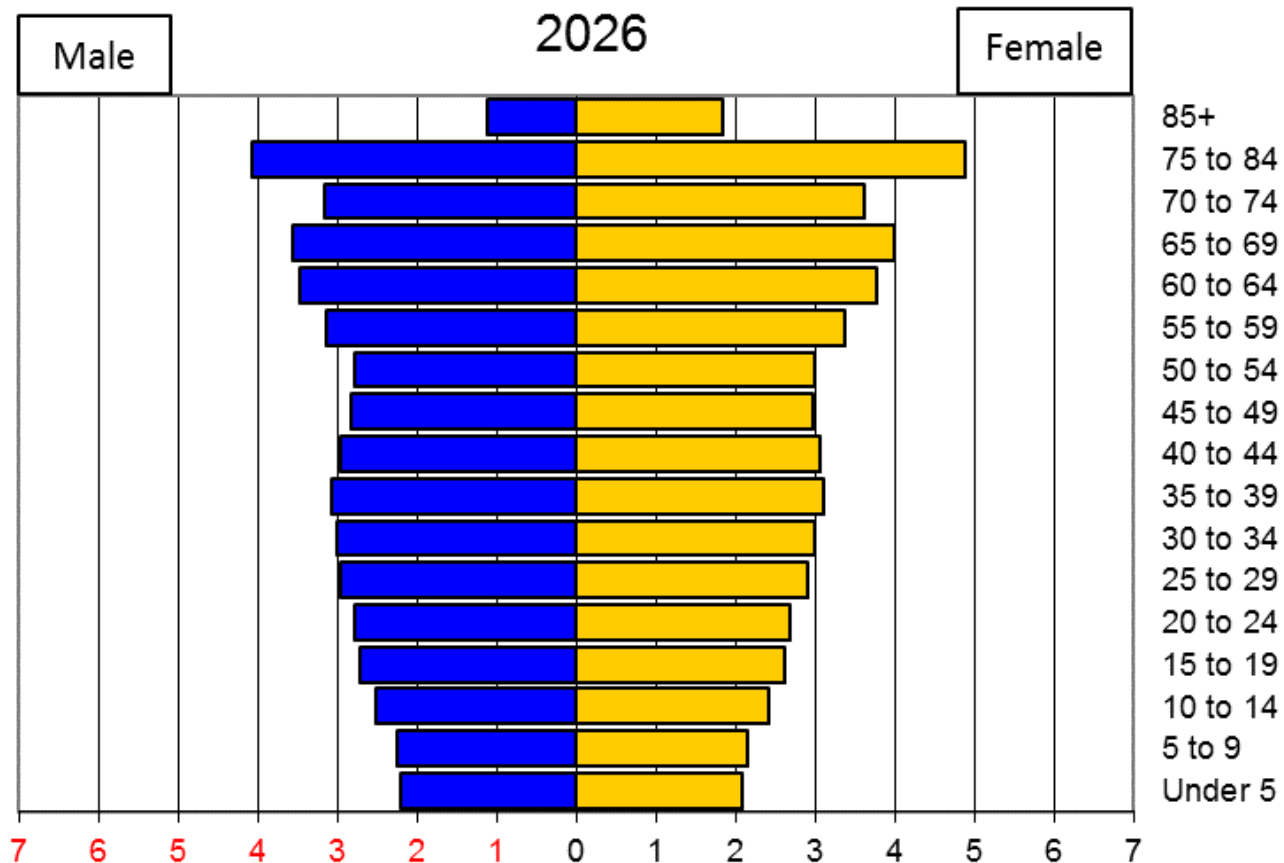
Improving Population Growth

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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

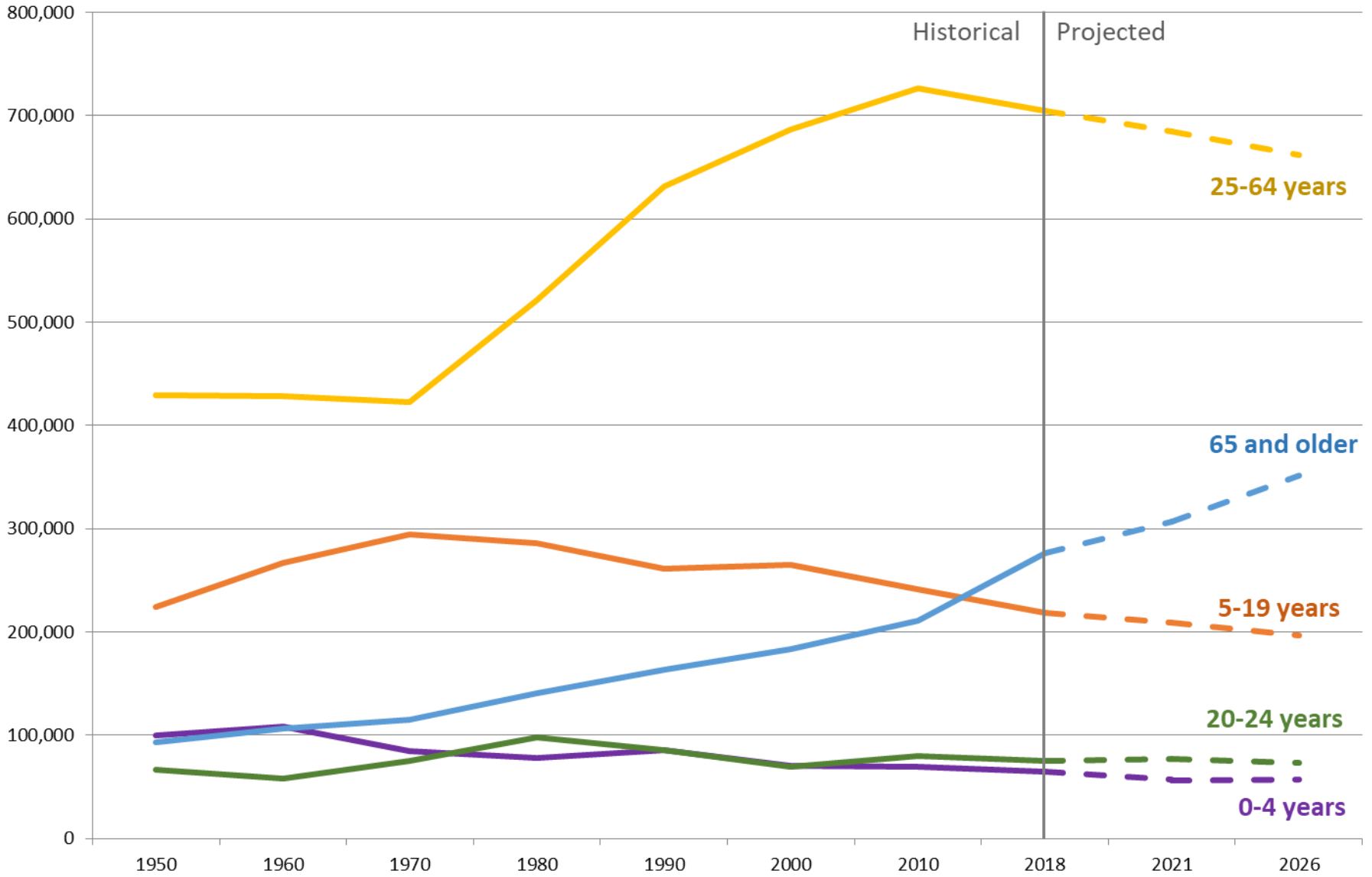
The Baby Boom Wave

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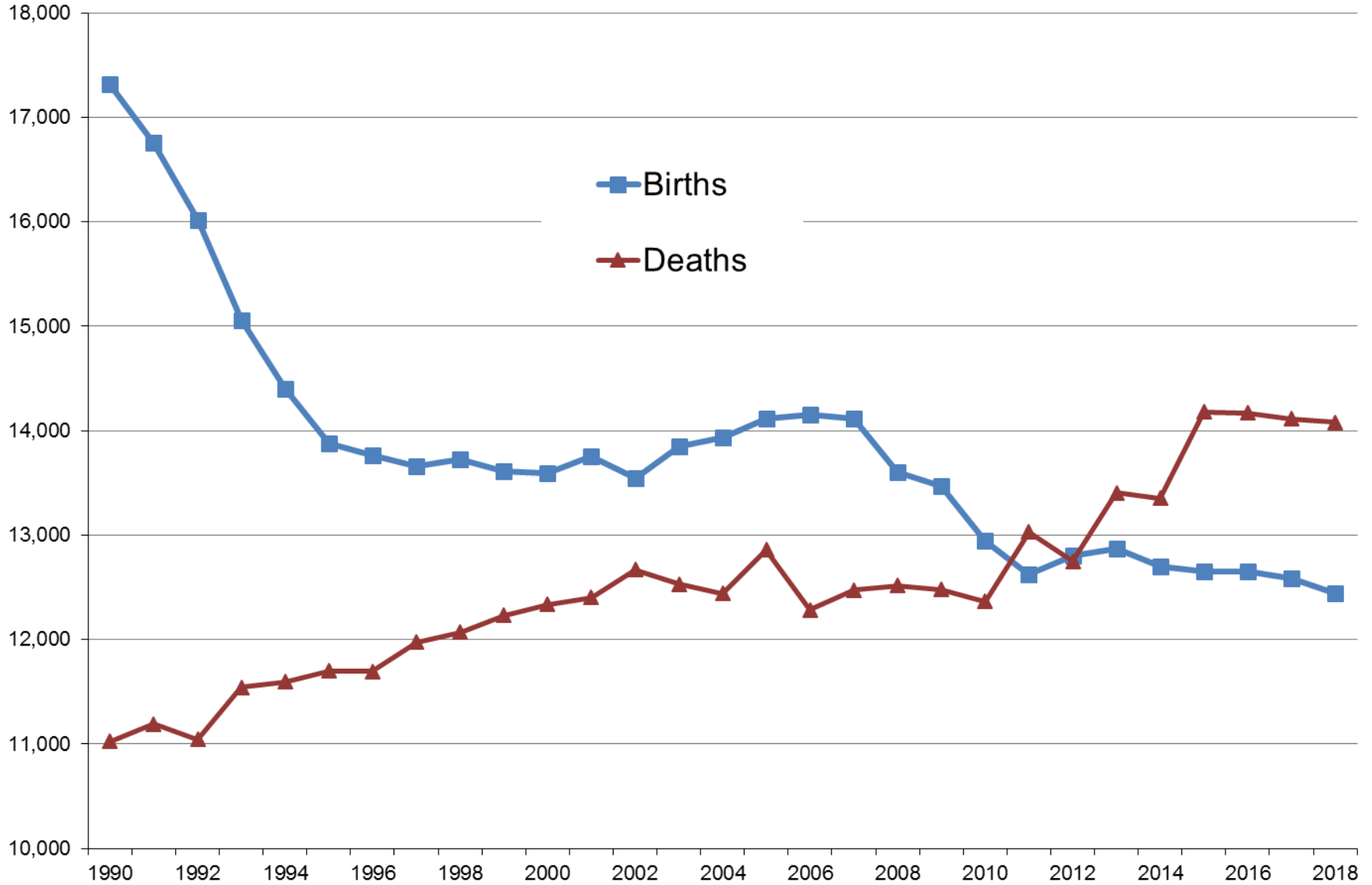


Maine Population Trends by Age

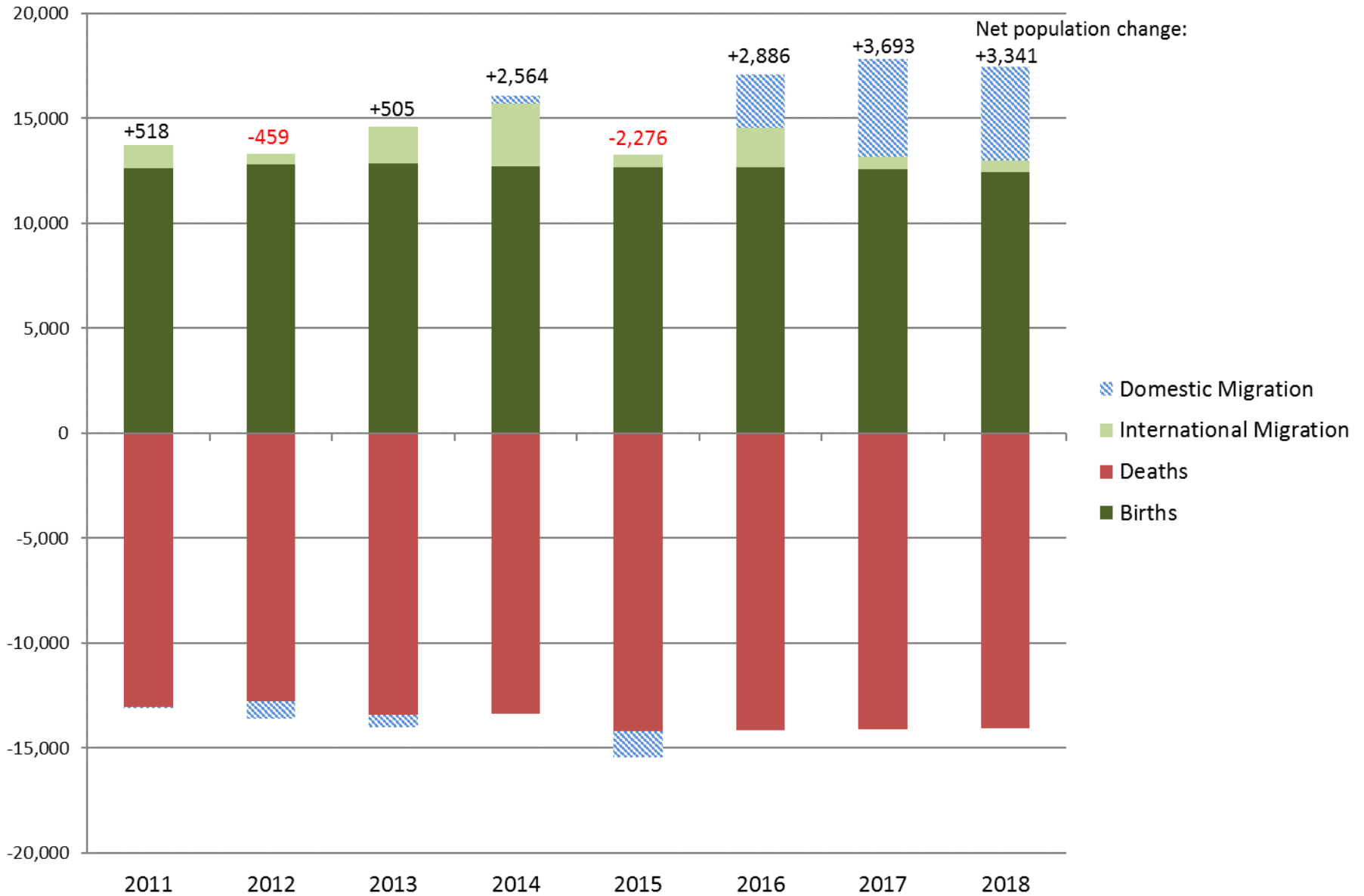
1950-2026



Births and Deaths per year in Maine



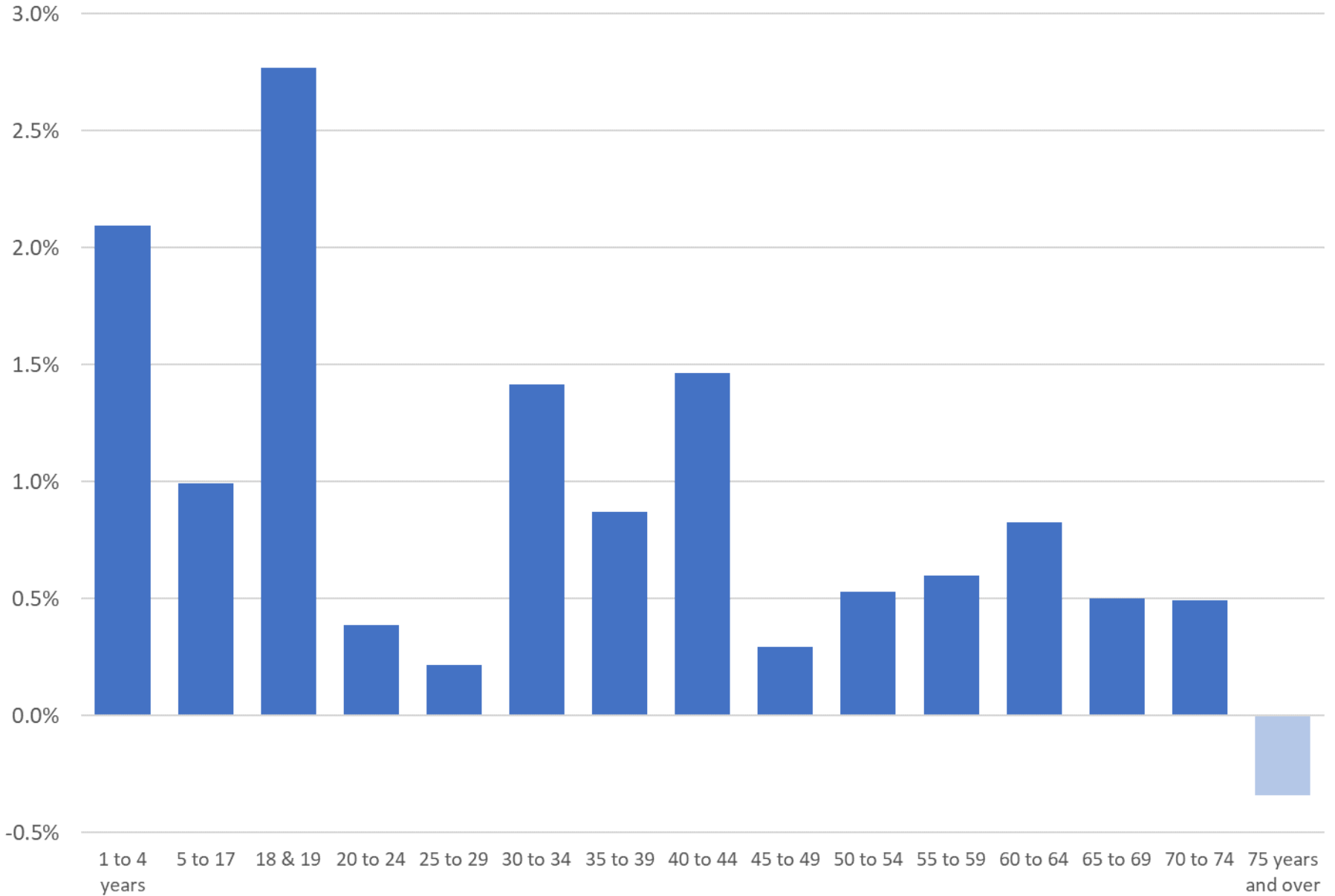
Components of Population Change, Maine



Where are people moving to/from?

2017 State-to-State Migration Patterns			
<i>Moved to Maine from:</i>		<i>Moved from Maine to:</i>	
Massachusetts	7,567	Massachusetts	4,099
New Hampshire	4,274	New Hampshire	3,950
Florida	3,059	Florida	2,960
New York	2,478	California	2,578
Connecticut	1,690	New York	1,611
Pennsylvania	1,629	Pennsylvania	1,156
California	1,578	Virginia	1,135
Georgia	1,241	North Carolina	1,014
Virginia	1,162	Wisconsin	904
North Carolina	1,074	Texas	648

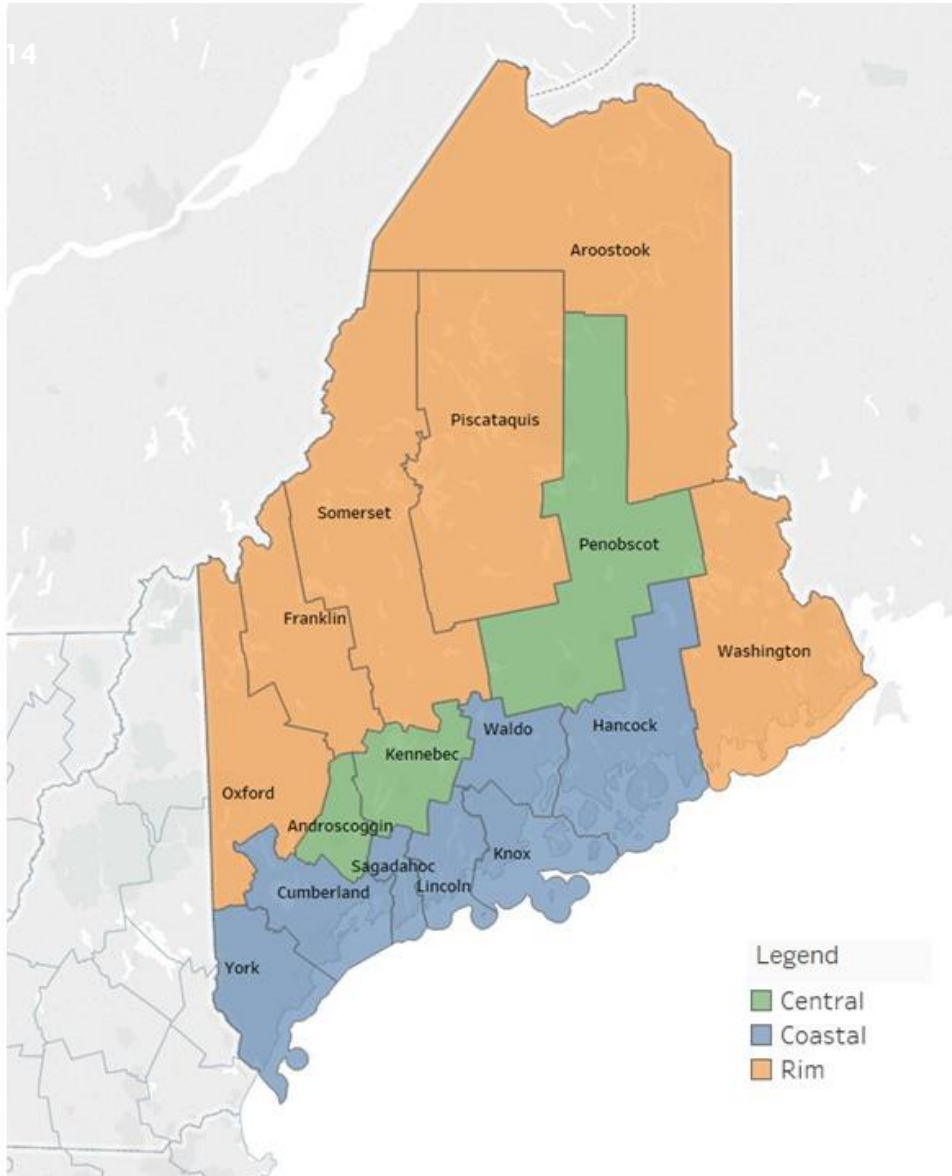
Annual Domestic Migration Rate by Age, 2018



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Regional Variations

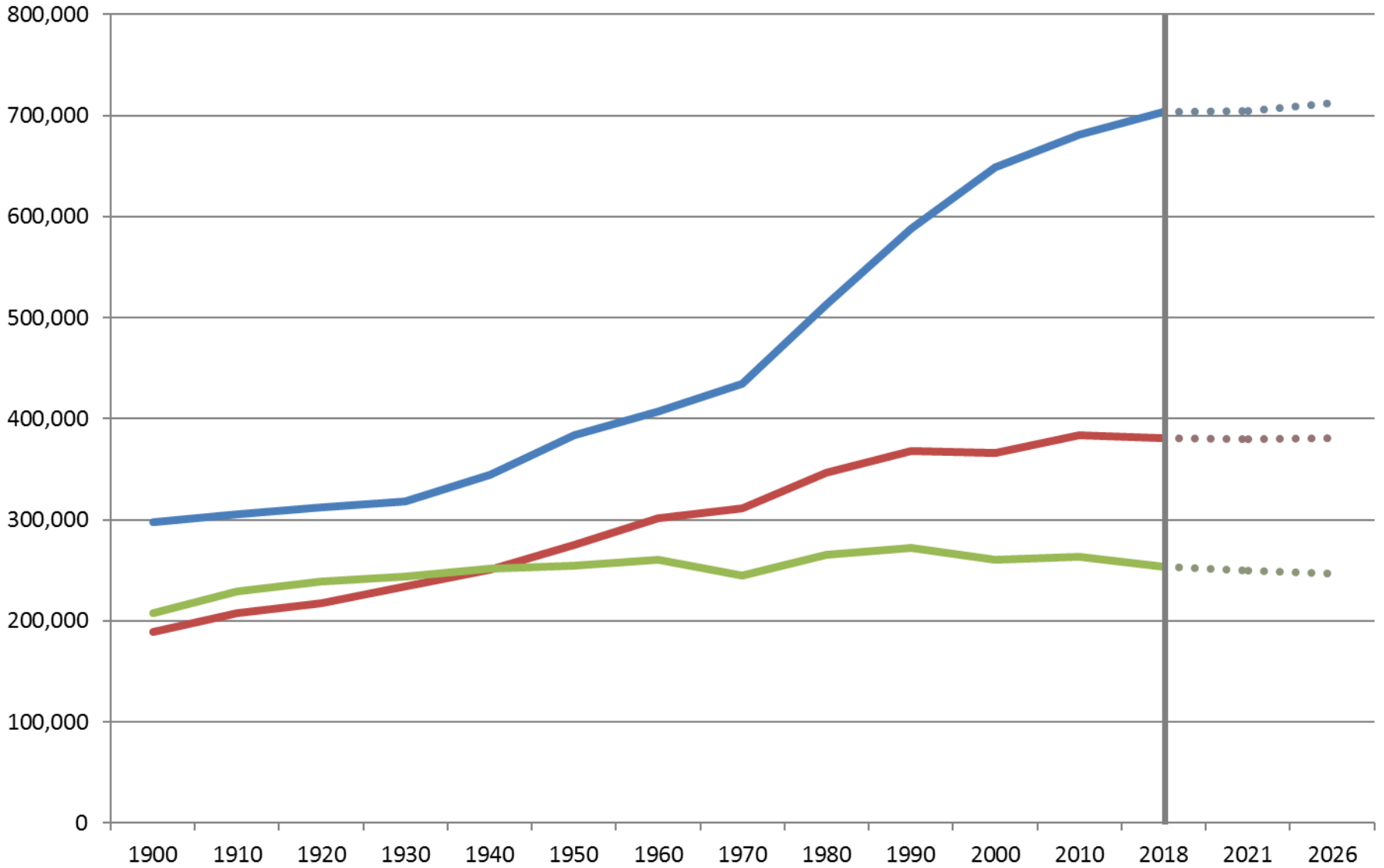
Regions of Maine



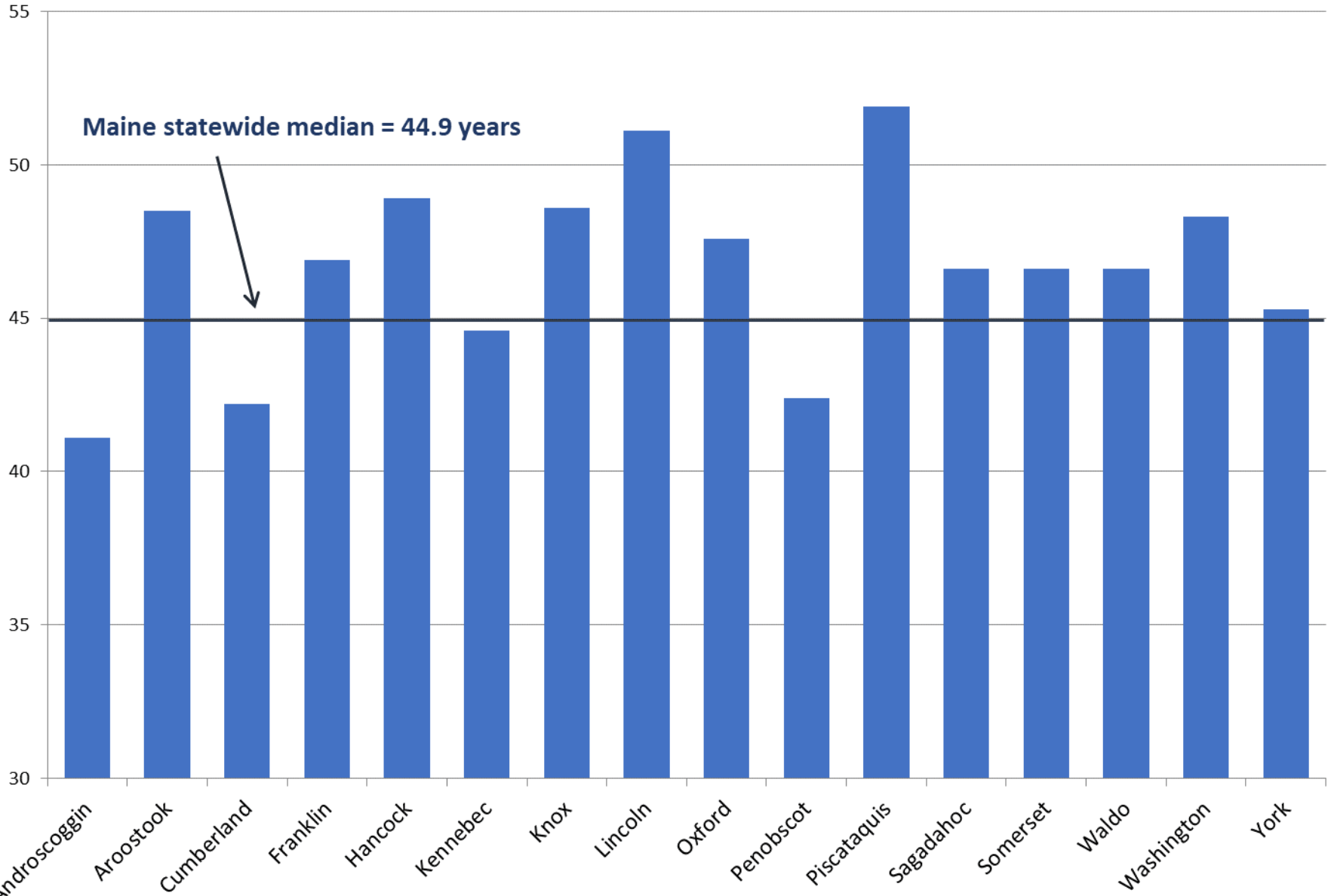
- Three counties had peak decennial population in a year other than 2010:
 - Aroostook: 1960
 - Piscataquis: 1920
 - Washington: 1900

Total Population, Regions of Maine

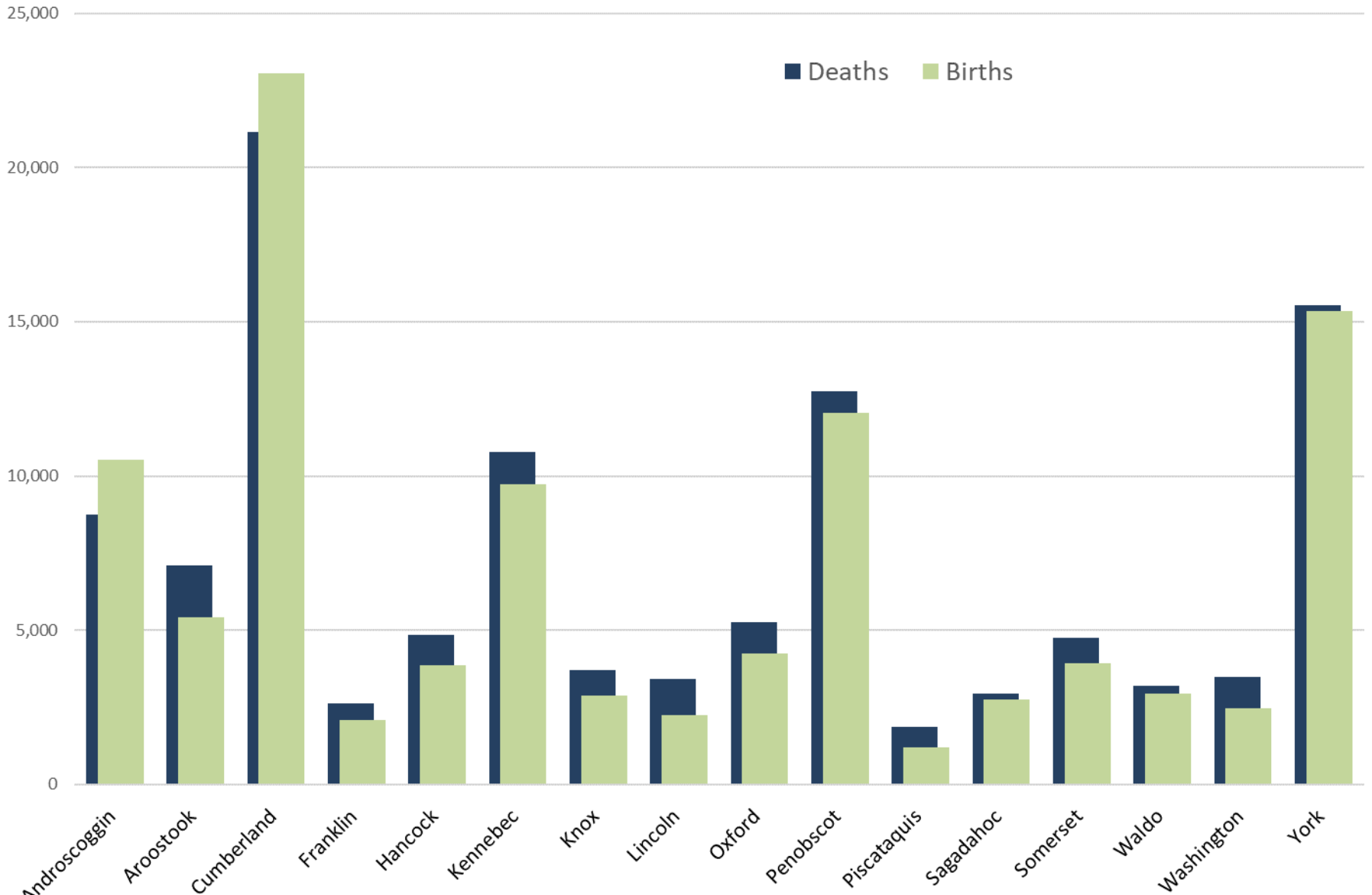
Coastal Central Rim



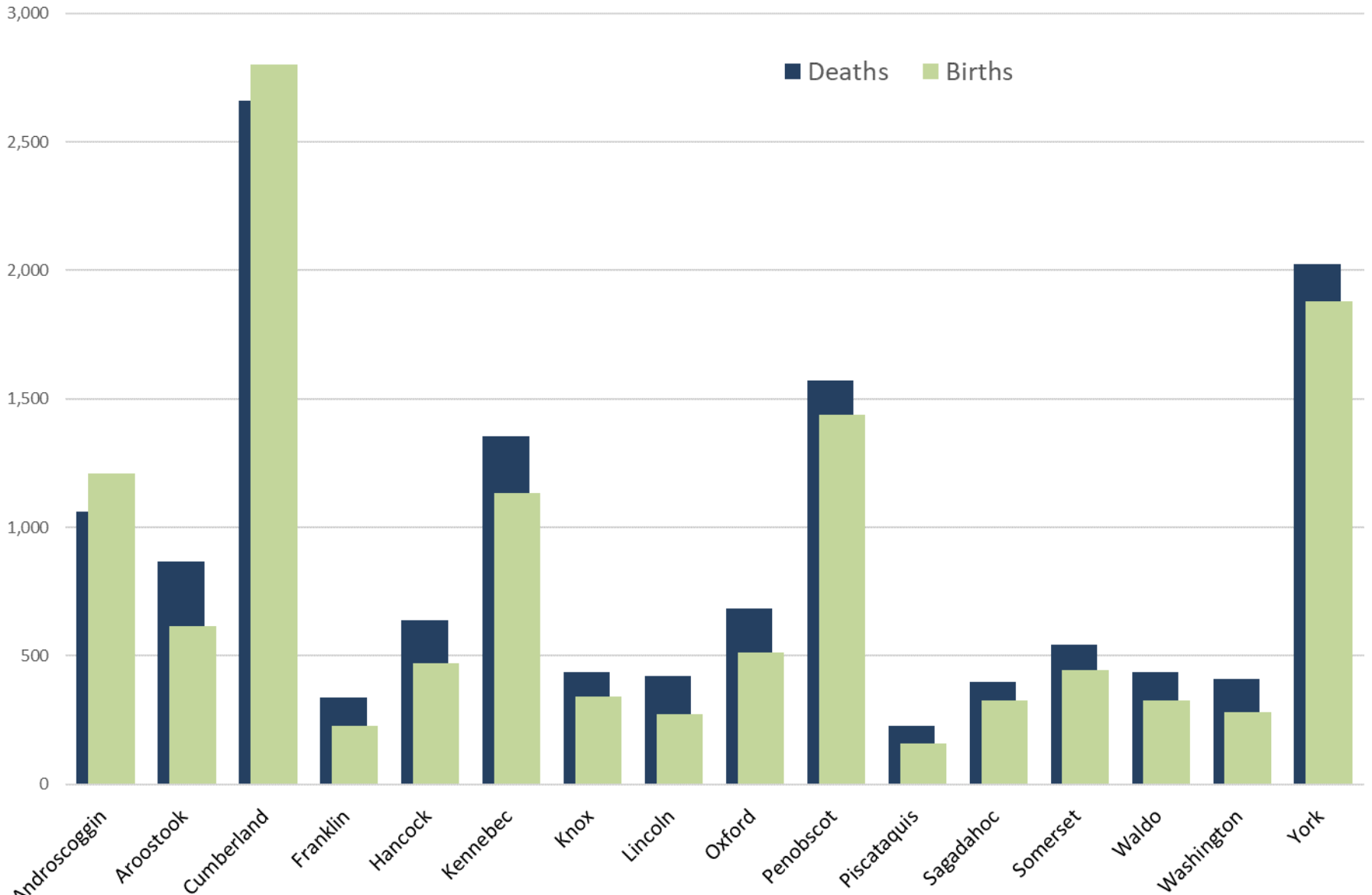
Median Age



Cumulative Births and Deaths, 2010-2018



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)

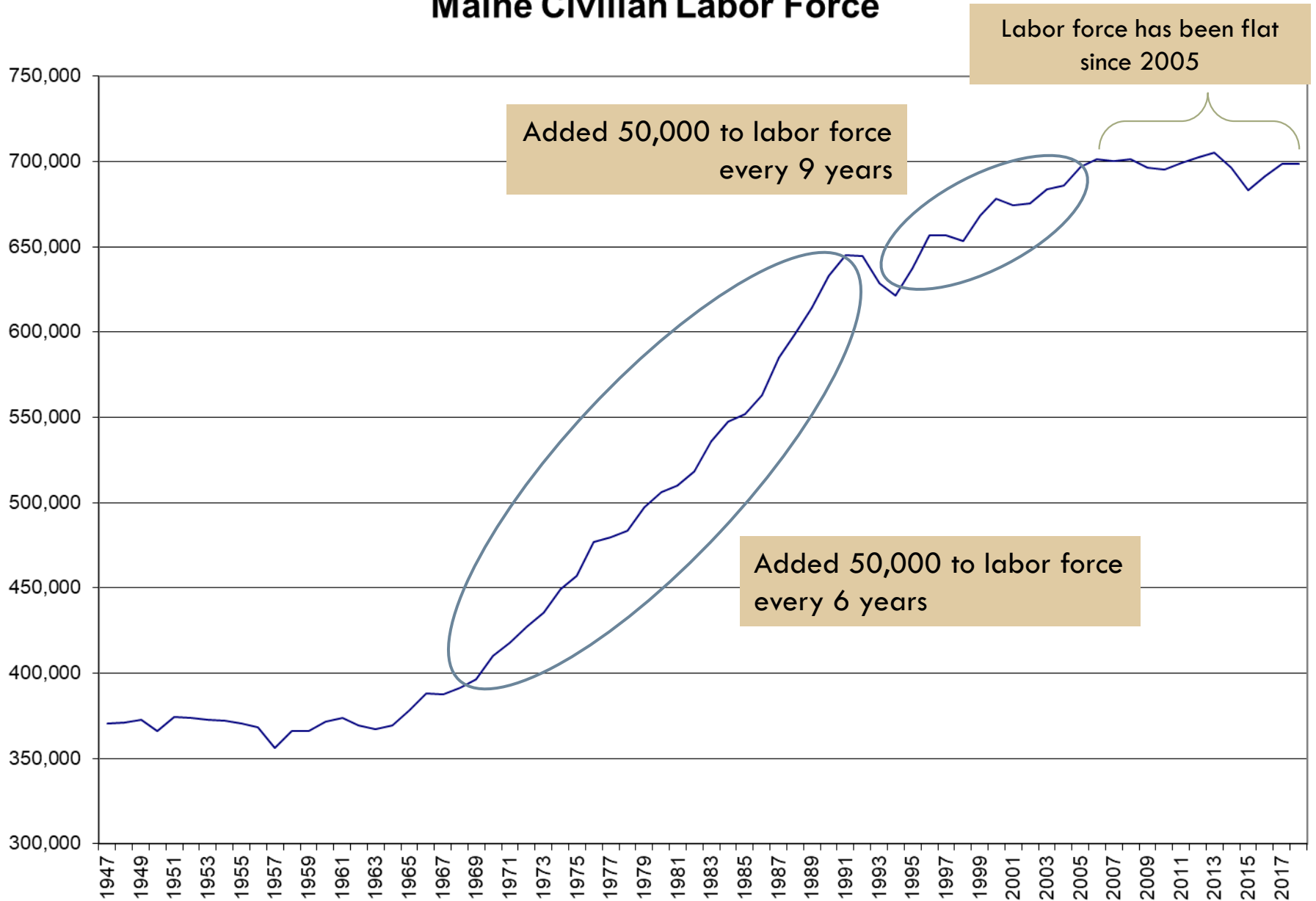
2017 - 2018

- 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)

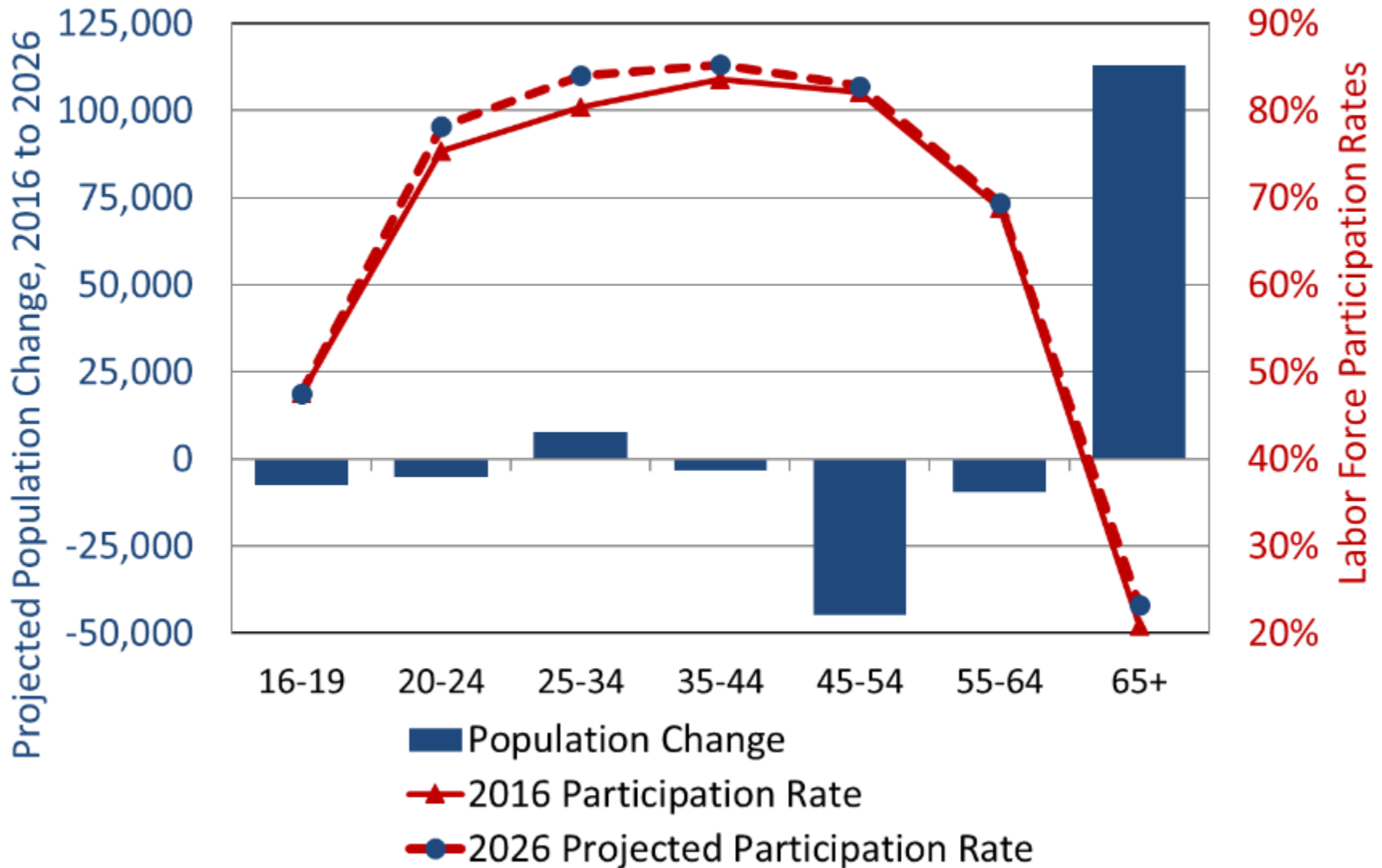
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Labor Force and Employment

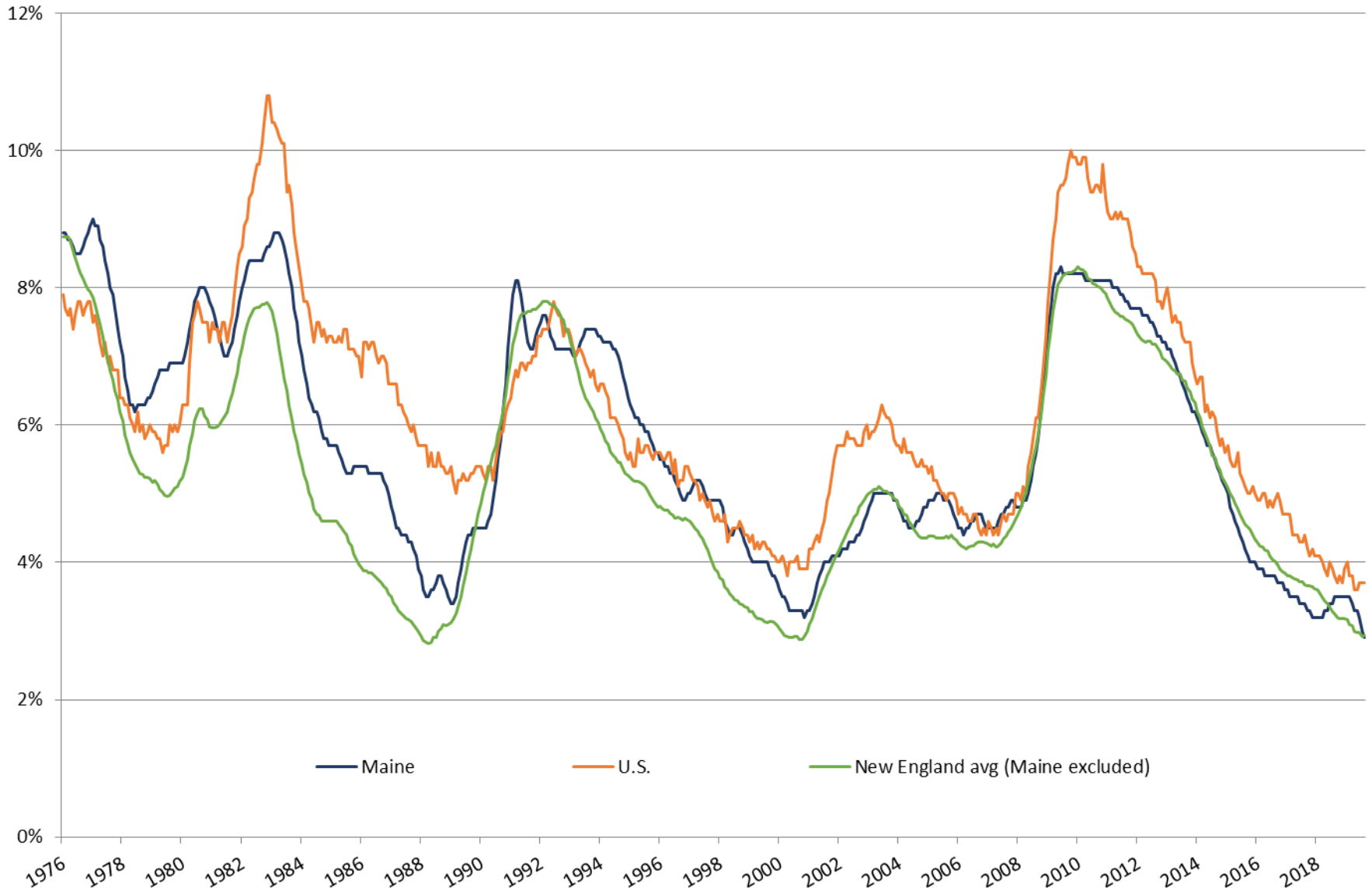
Maine Civilian Labor Force



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 currently at 3.0% or lower

County Rates (not seasonally adjusted)

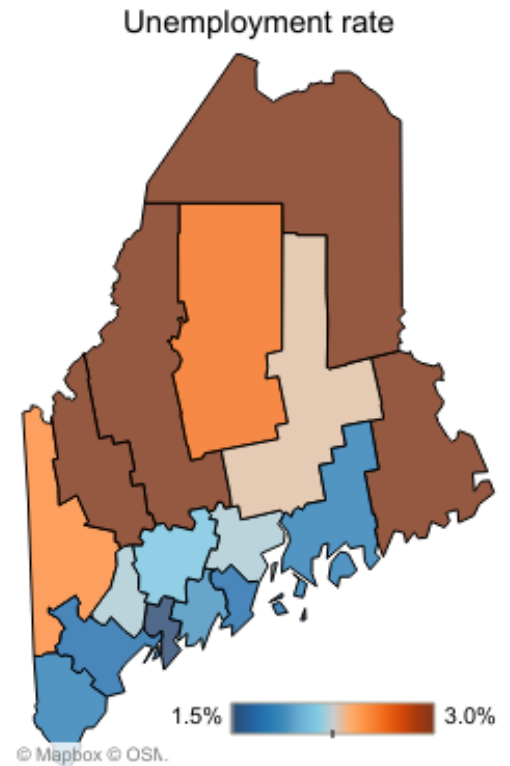
August, 2019

- Table
- Graph

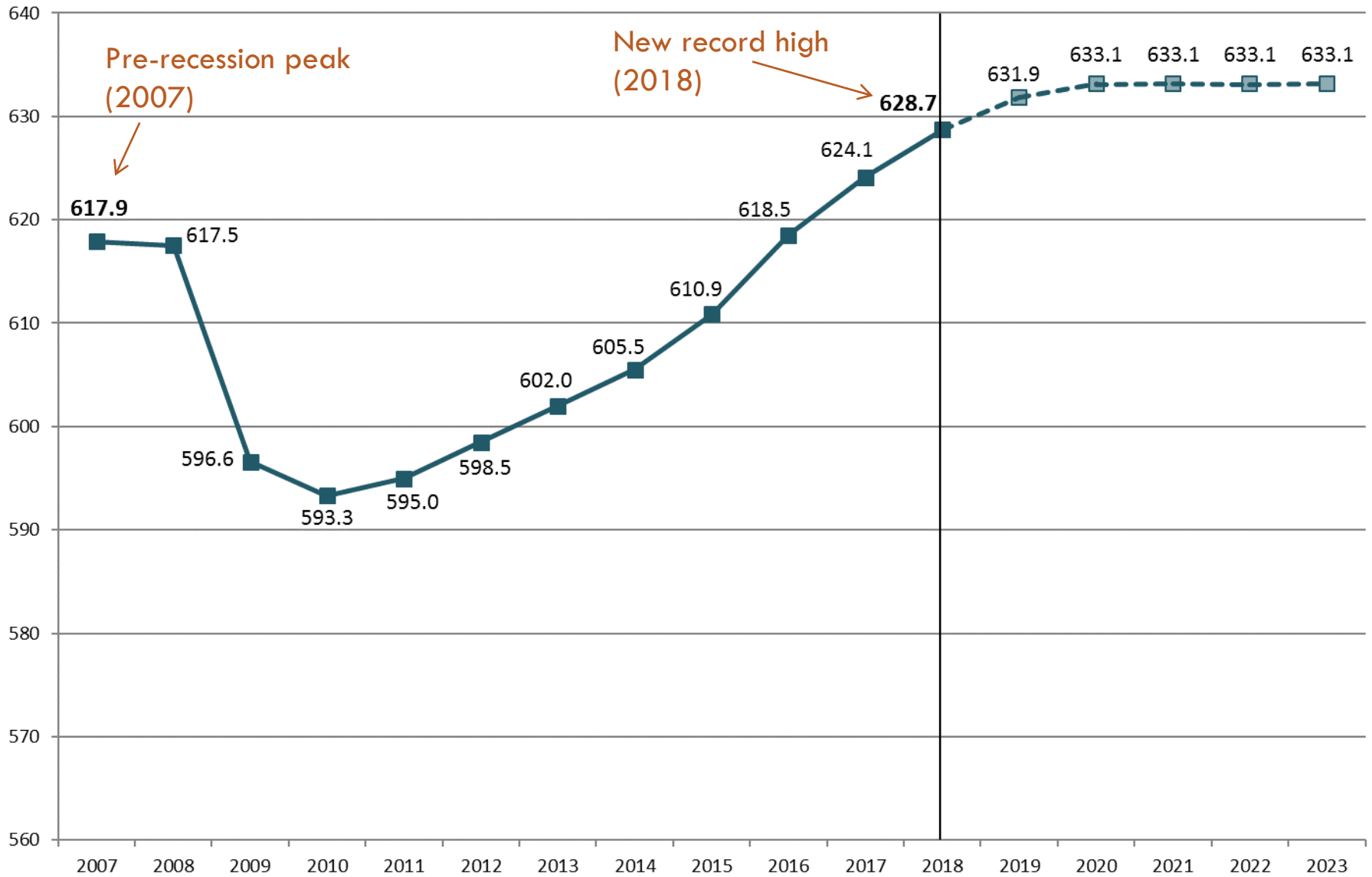
Map/Graph Display

- Unemployment rate
- One-year change

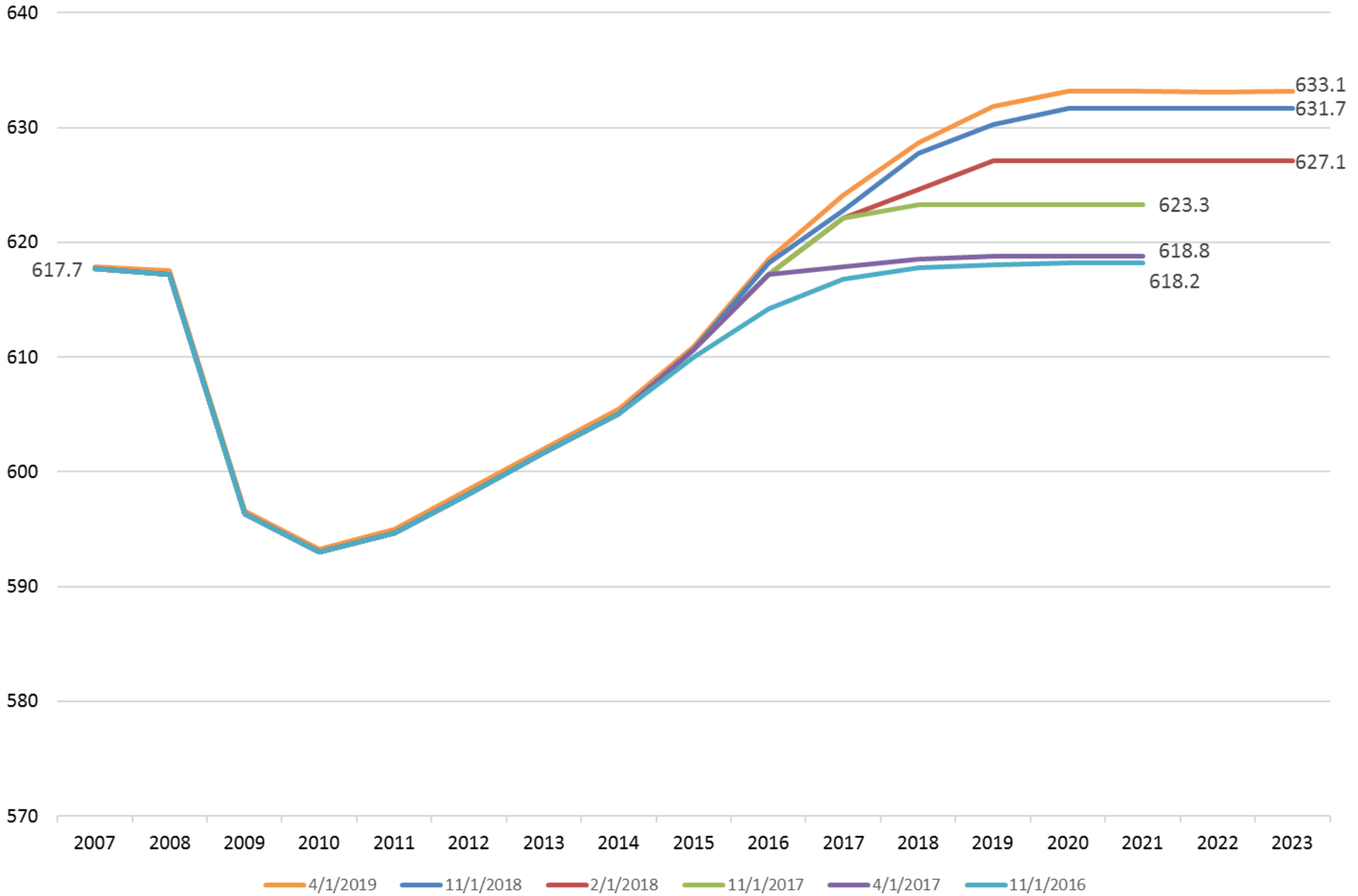
County	Rate	Year ago	One-yr change
Maine	2.1%	2.8%	-0.7
Androscoggin Cty	2.2%	3.0%	-0.8
Aroostook Cty	3.0%	3.8%	-0.8
Cumberland Cty	1.7%	2.4%	-0.7
Franklin Cty	3.0%	3.5%	-0.5
Hancock Cty	1.8%	2.4%	-0.6
Kennebec Cty	2.1%	2.8%	-0.7
Knox Cty	1.7%	2.4%	-0.7
Lincoln Cty	1.9%	2.5%	-0.6
Oxford Cty	2.5%	3.4%	-0.9
Penobscot Cty	2.3%	3.3%	-1.0
Piscataquis Cty	2.6%	3.4%	-0.8
Sagadahoc Cty	1.5%	2.3%	-0.8
Somerset Cty	3.0%	3.9%	-0.9
Waldo Cty	2.2%	2.8%	-0.6
Washington Cty	3.0%	3.8%	-0.8
York Cty	1.8%	2.5%	-0.7



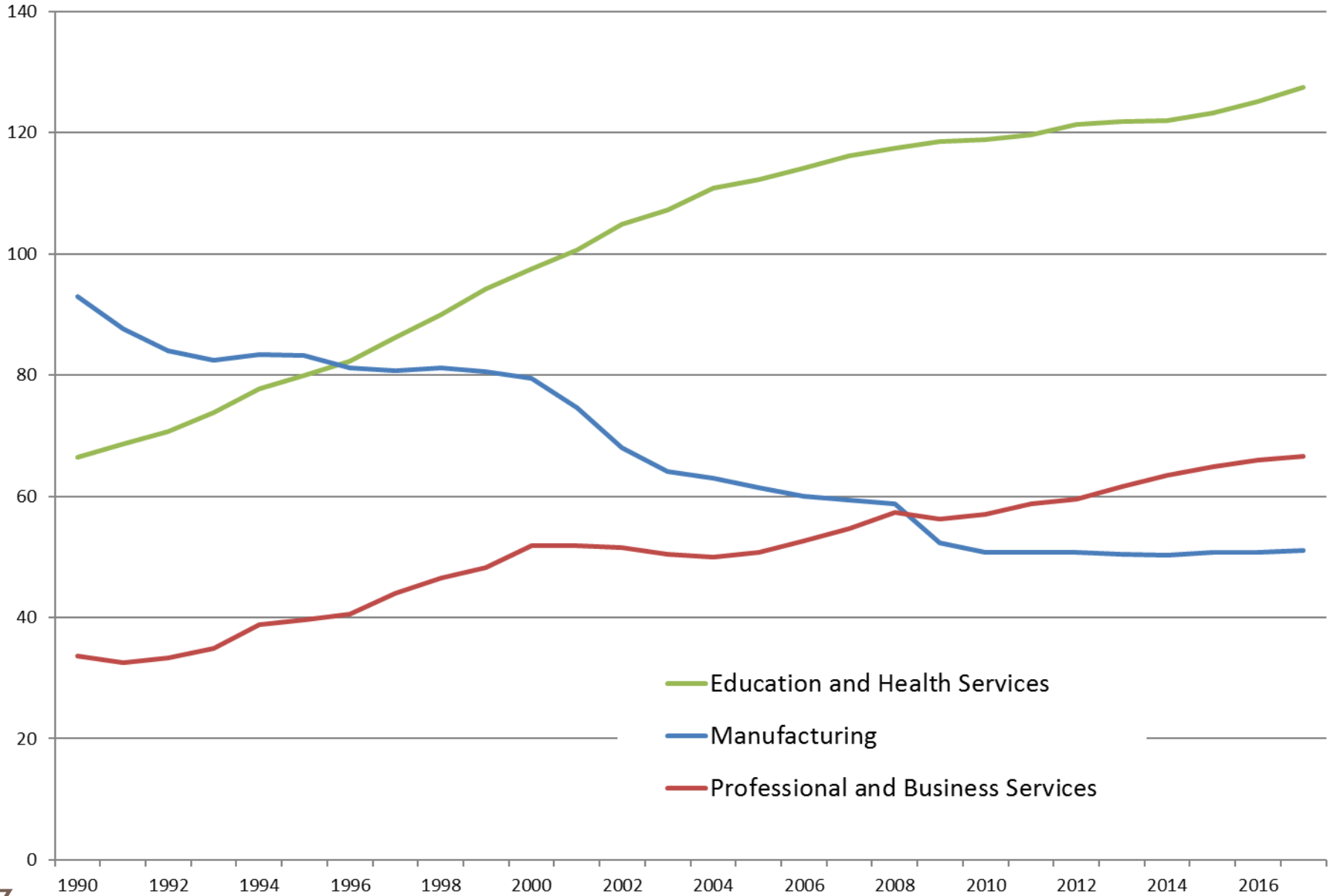
Total Nonfarm Employment (in thousands) History and CEFC forecast



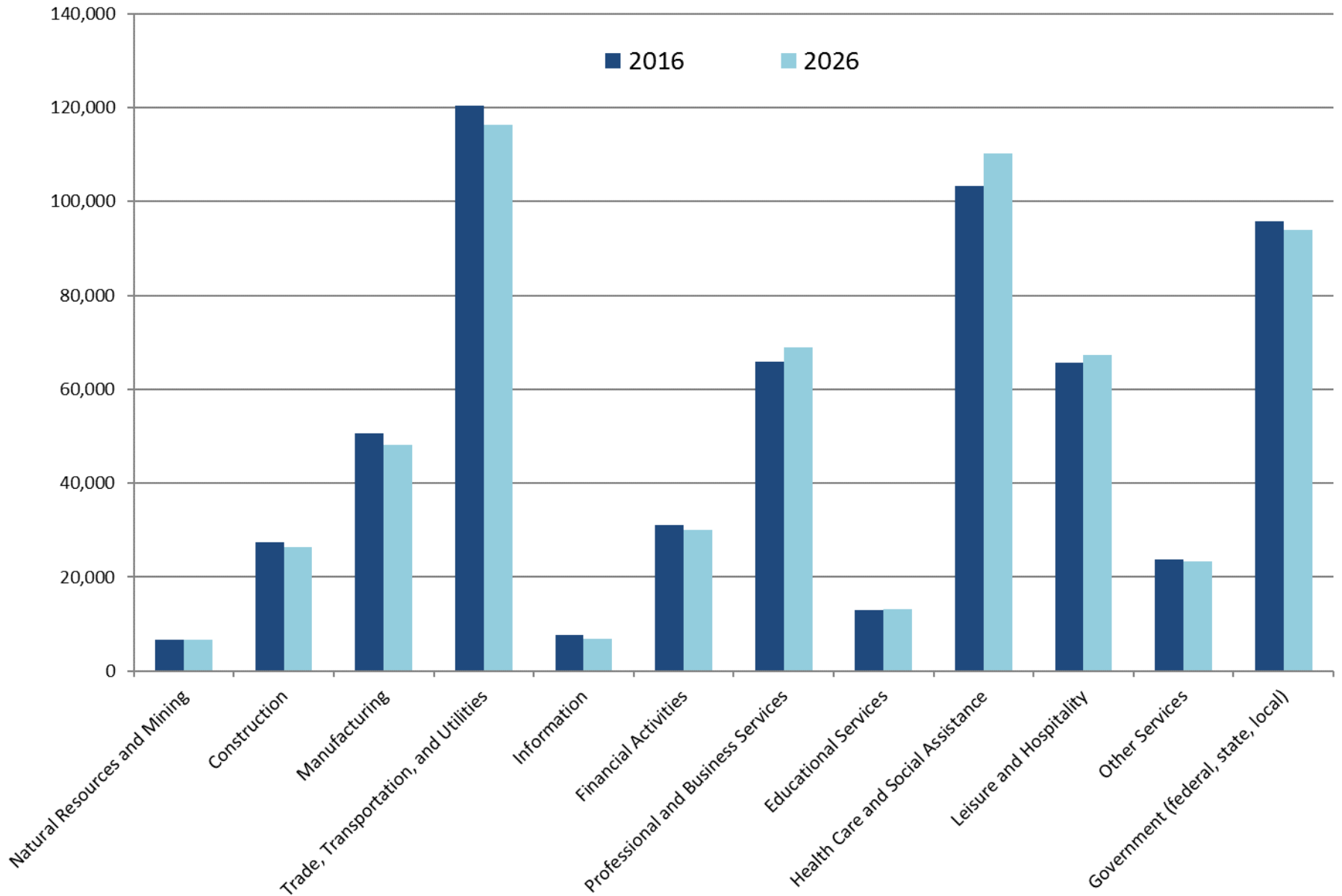
Revisions to CEFC Forecast of Total Nonfarm Employment (in thousands)



Maine Wage and Salary Employment by Industry (in thousands)



Maine Wage and Salary Employment by Industry



In nearly all counties, the local hospital/health care system is the 1st or 2nd largest employer

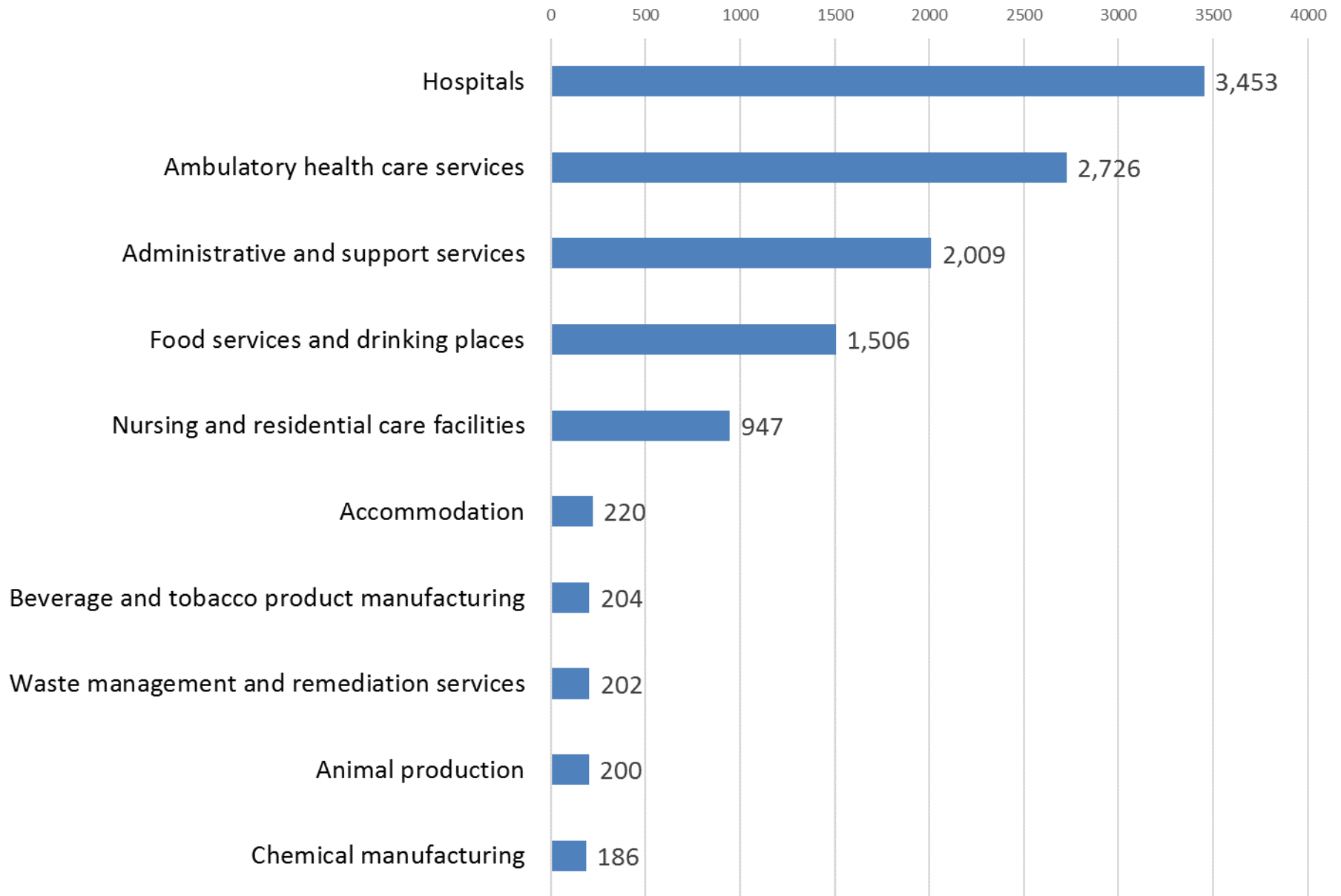
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Employment Range:
All

Top 50 Private Employers in Maine by Average Monthly Employment 3rd Quarter 2018

Name	Location	Business Description	Employment Range	Rank
MAINEHEALTH	STATEWIDE	General medical and surgical hospitals	15,001 to 15,500	1
HANNAFORD BROS CO	STATEWIDE	Supermarkets and other grocery stores	8,501 to 9,000	2
WAL MART / SAM'S CLUB	STATEWIDE	Warehouse Clubs and Supercenters	6,501 to 7,000	3
BATH IRON WORKS CORP GEN DYN..	BATH	Ship building and repairing	5,001 to 5,500	4
L.L.BEAN, INC.	STATEWIDE	Electronic Shopping and Mail-Order Houses	4,501 to 5,000	5
EASTERN MAINE MEDICAL CENTER	STATEWIDE	General medical and surgical hospitals	4,001 to 4,500	6
MAINEGENERAL MEDICAL CTR	STATEWIDE	General medical and surgical hospitals	3,501 to 4,000	7
T D BANK N A	STATEWIDE	Commercial banking	3,001 to 3,500	8
UNUM GROUP	PORTLAND	Direct life insurance carriers	2,501 to 3,000	9
CENTRAL MAINE HEALTHCARE CO..	LEWISTON	General medical and surgical hospitals	2,501 to 3,000	10
SHAWS SUPERMARKETS INC	STATEWIDE	Supermarkets and other grocery stores	2,501 to 3,000	11
PRATT & WHITNEY AIRCRAFT GRO..	NORTH BERWI..	Aircraft engine and engine parts mfg.	2,001 to 2,500	12
ST MARY'S REGIONAL MEDICAL CTR	STATEWIDE	General medical and surgical hospitals	1,501 to 2,000	13
THE JACKSON LABORATORY	BAR HARBOR	Research and Development in Biotechnology..	1,001 to 1,500	14
HOME DEPOT USA INC	STATEWIDE	Home centers	1,001 to 1,500	15
MERCY HOSPITAL	PORTLAND	General medical and surgical hospitals	1,001 to 1,500	16
LOWES HOME CENTERS LLC	STATEWIDE	Home centers	1,001 to 1,500	17
MID COAST HOSPITAL	BRUNSWICK	General medical and surgical hospitals	1,001 to 1,500	18
UNIVERSITY OF NEW ENGLAND	STATEWIDE	Colleges and universities	1,001 to 1,500	19
BOWDOIN COLLEGE	BRUNSWICK	Colleges and universities	1,001 to 1,500	20
CIRCLE K	STATEWIDE	Gasoline stations with convenience stores	1,001 to 1,500	21
S D WARREN	STATEWIDE	Paper, except newsprint, mills	1,001 to 1,500	22
IDEXX LABORATORIES INC	WESTBROOK	Pharmaceutical preparation manufacturing	1,001 to 1,500	23
GOODWILL INDUSTRIES OF NORTH..	STATEWIDE	Vocational rehabilitation services	1,001 to 1,500	24
YORK HOSPITAL	STATFWIDF	General medical and surgical hospitals	1 001 to 1 500	25

Industries Projected to Gain the Largest Number of Jobs in Maine Between 2016 and 2026



25 Occupations with the Fastest Projected Rate of Job Growth in Maine

Display

- Graph
- Table

Top

25

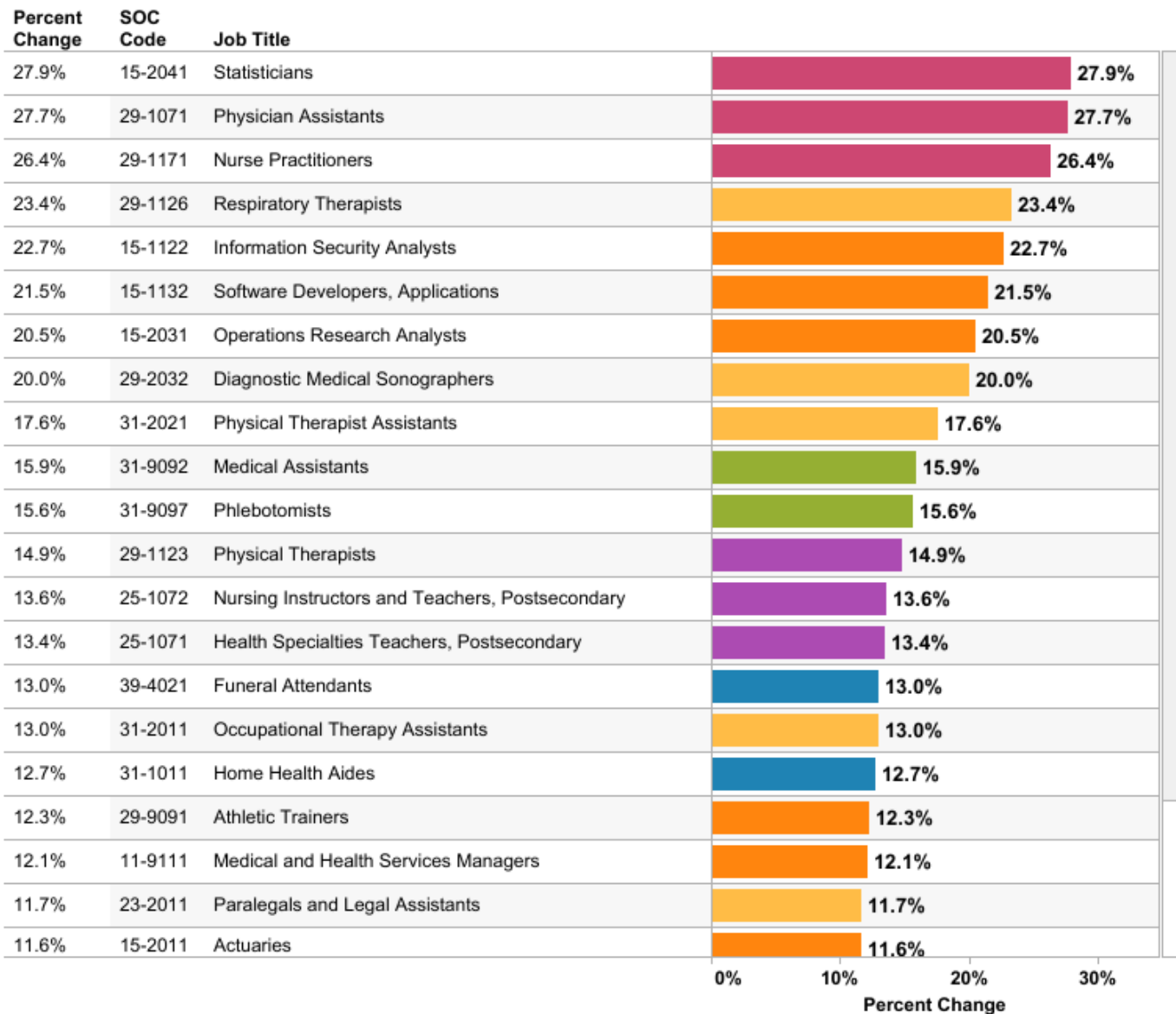
Education Requirement:

- All
- High School Diploma or Less
- Some College or Associate's De..
- Bachelor's Degree or Higher

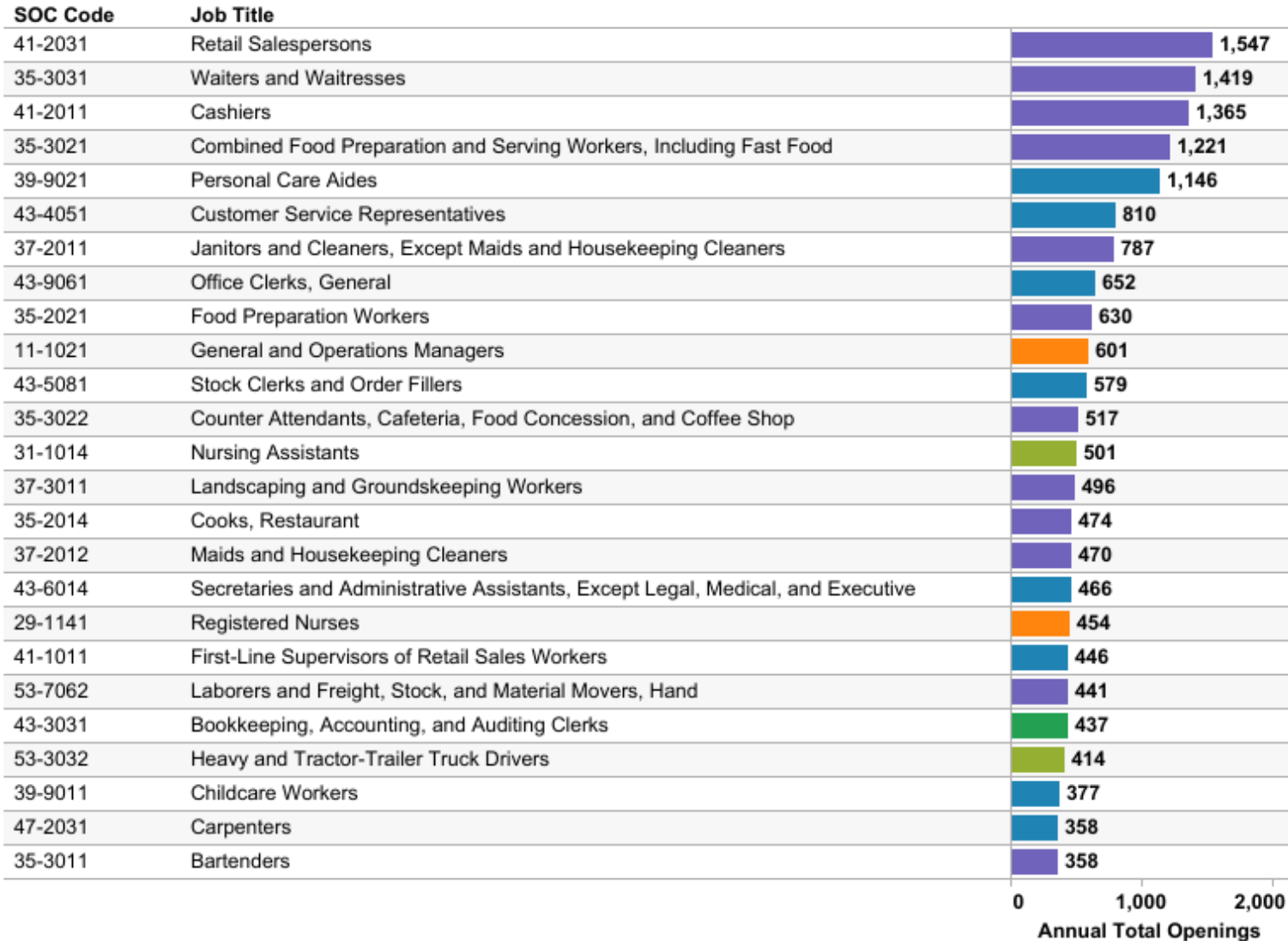
Select Topic:

- Largest Annual Openings
- Largest Net Job Growth
- Fastest Rate of Job Growth
- Largest Net Job Loss
- Fastest Rate of Job Loss

- High school diploma or equiv..
- Postsecondary non-degree a..
- Associate's degree
- Bachelor's degree
- Master's degree
- Doctoral or professional degr..
- No formal educational crede..



25 Occupations with the Largest Projected Annual Openings by Region



0 1,000 2,000
Annual Total Openings

Display

- Graph
 Table

Region

- Coastal Counties Region
 Central-Western Region
 Northeast Region

Top

25

Education Requirement:

- All
 High School Diploma or Less
 Some College or Associate's De..
 Bachelor's Degree or Higher

High school diploma or equivale..

Some college, no degree

Postsecondary non-degree awa..

Bachelor's degree

No formal educational credential

25 Occupations with the Largest Projected Annual Openings by Region



0 200 400 600 800
Annual Total Openings

Display

- Graph
- Table

Region

- Coastal Counties Region
- Central-Western Region
- Northeast Region

Top

25

Education Requirement:

- All
- High School Diploma or Less
- Some College or Associate's De..
- Bachelor's Degree or Higher

High school diploma or equivale..

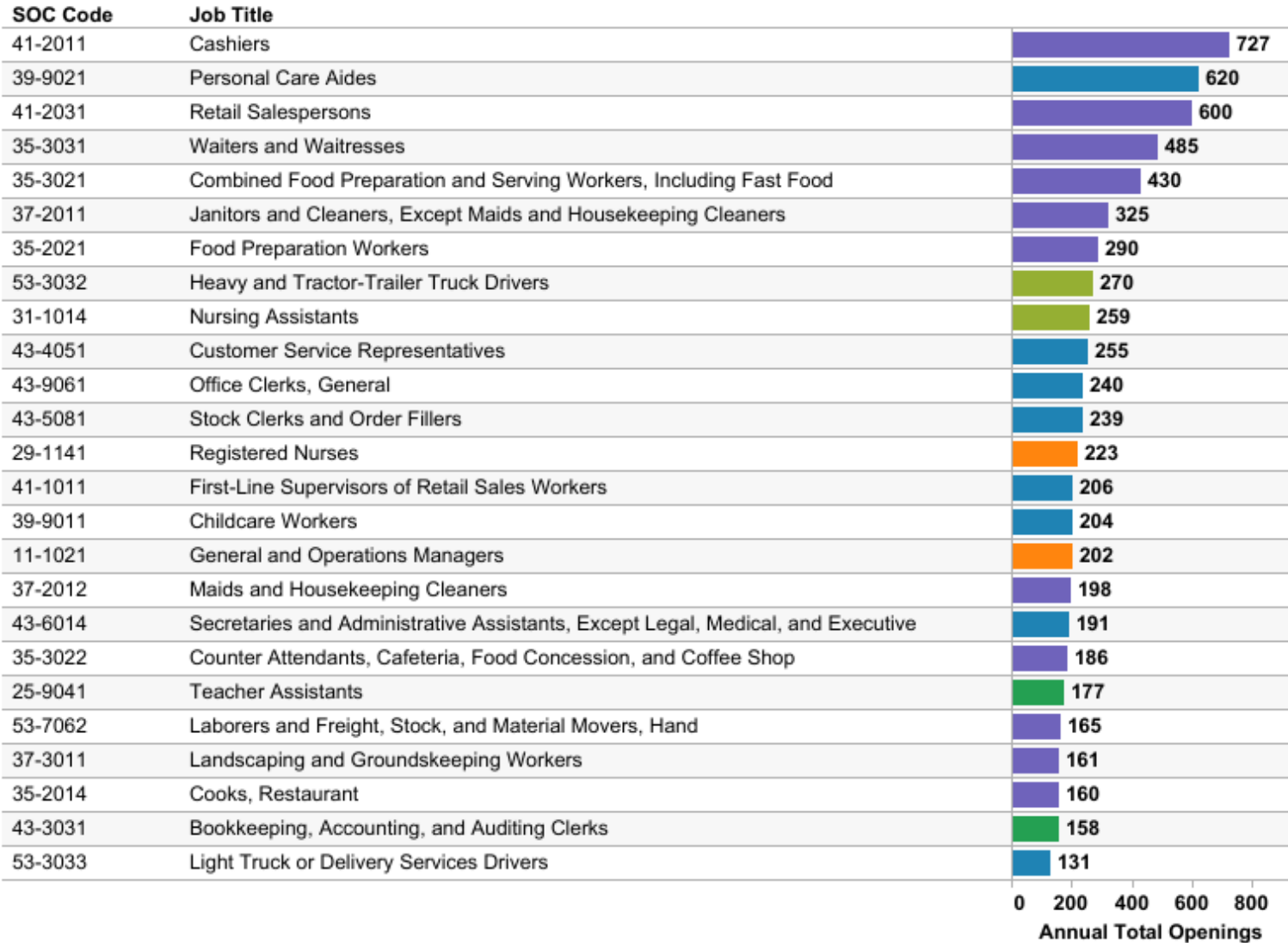
Some college, no degree

Postsecondary non-degree awa..

Bachelor's degree

No formal educational credential

25 Occupations with the Largest Projected Annual Openings by Region



0 200 400 600 800
Annual Total Openings

Display

- Graph
 Table

Region

- Coastal Counties Region
 Central-Western Region
 Northeast Region

Top

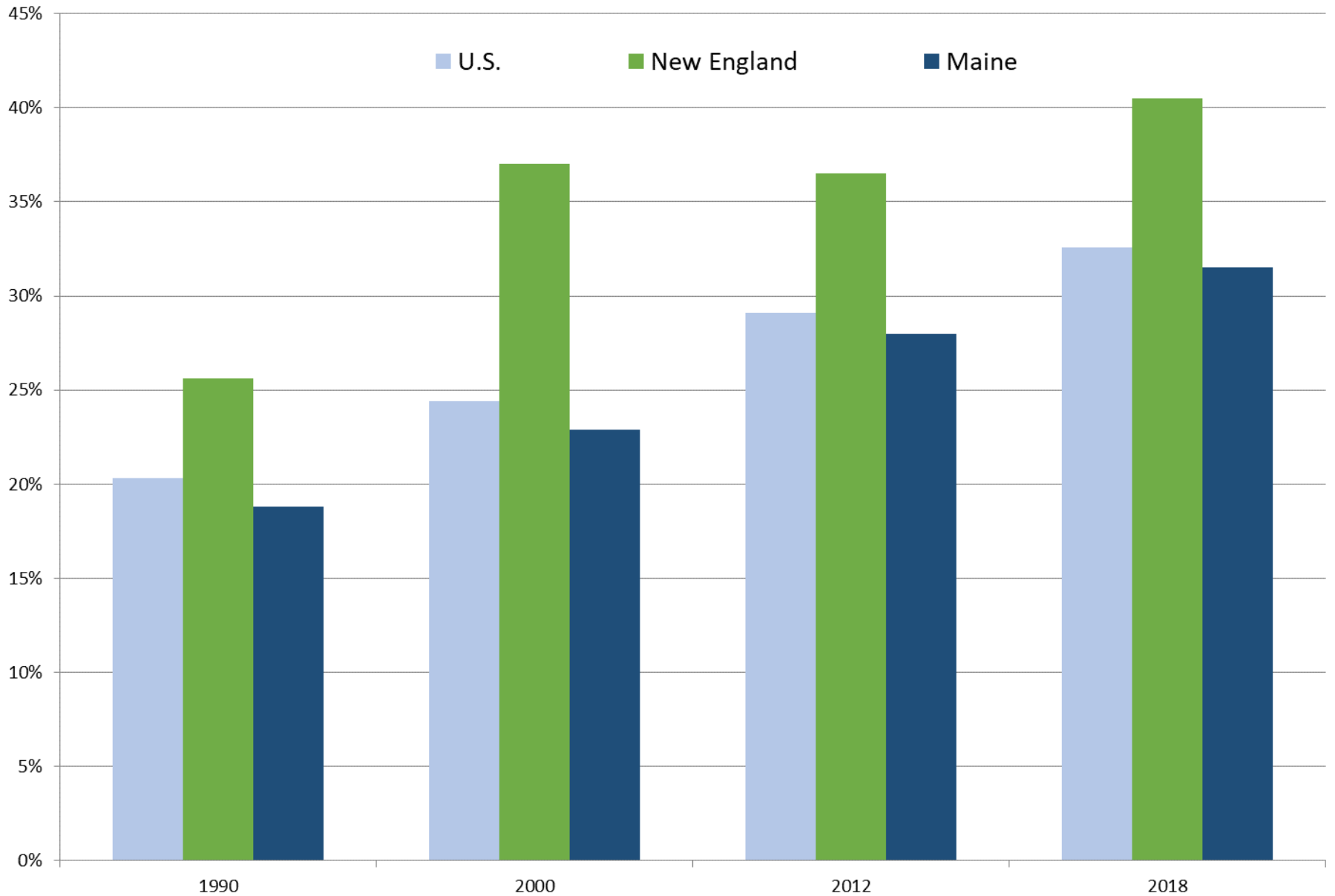
25

Education Requirement:

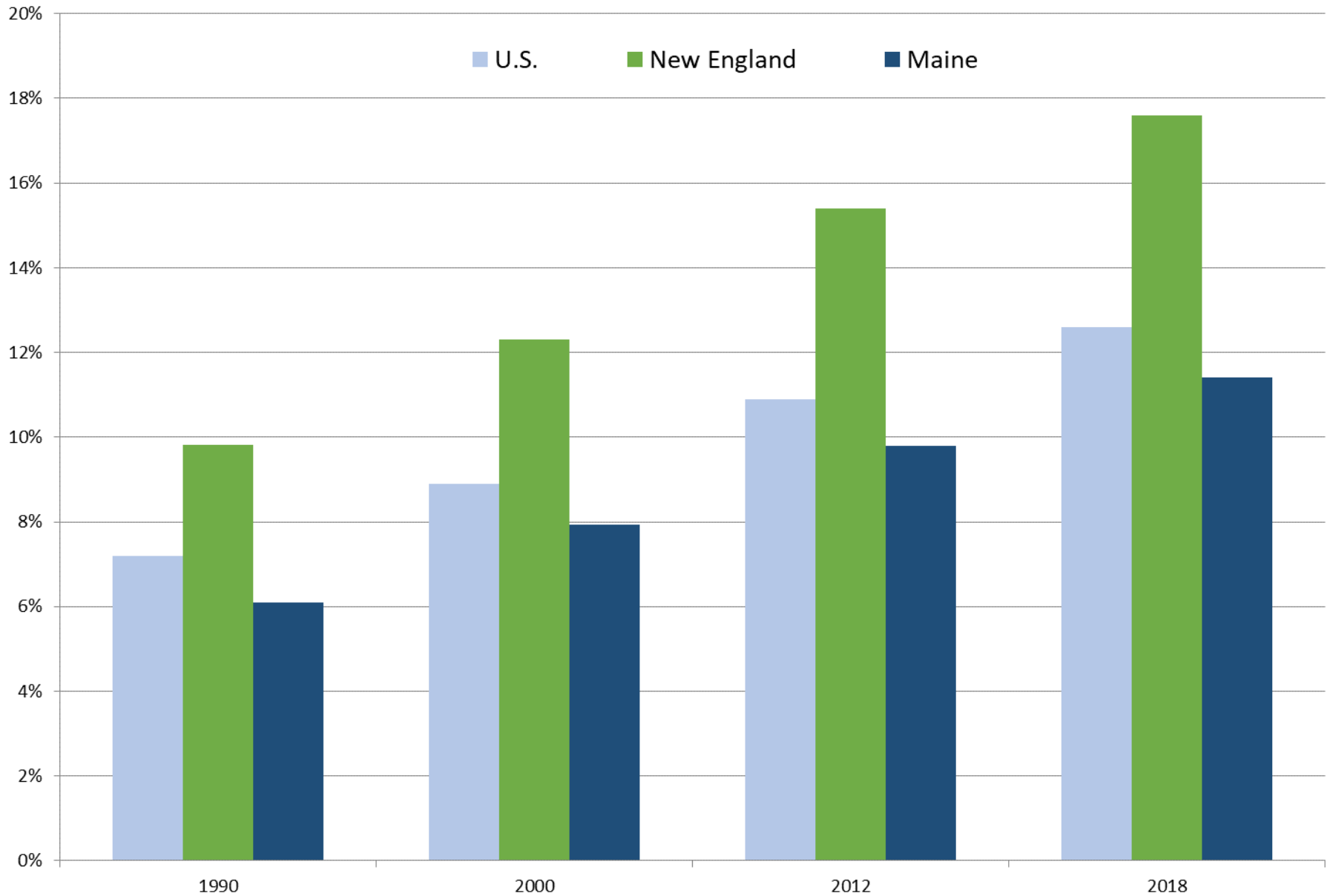
- All
 High School Diploma or Less
 Some College or Associate's De..
 Bachelor's Degree or Higher

- High school diploma or equivale..
 Some college, no degree
 Postsecondary non-degree awa..
 Bachelor's degree
 No formal educational credential

Percent of Population Age 25+ with a Bachelor's Degree or Higher



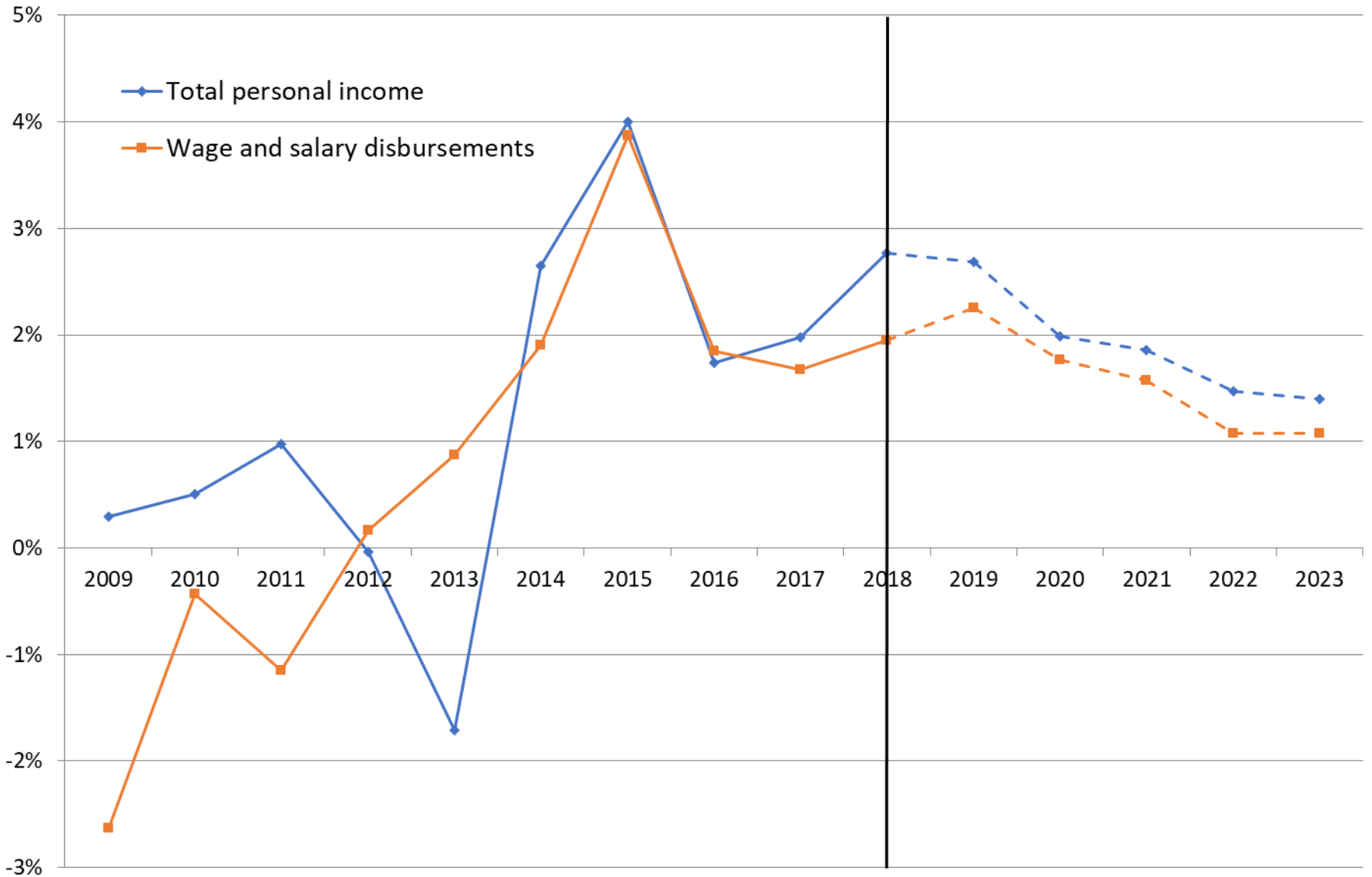
Percent of Population Age 25+ with a Graduate or Professional Degree



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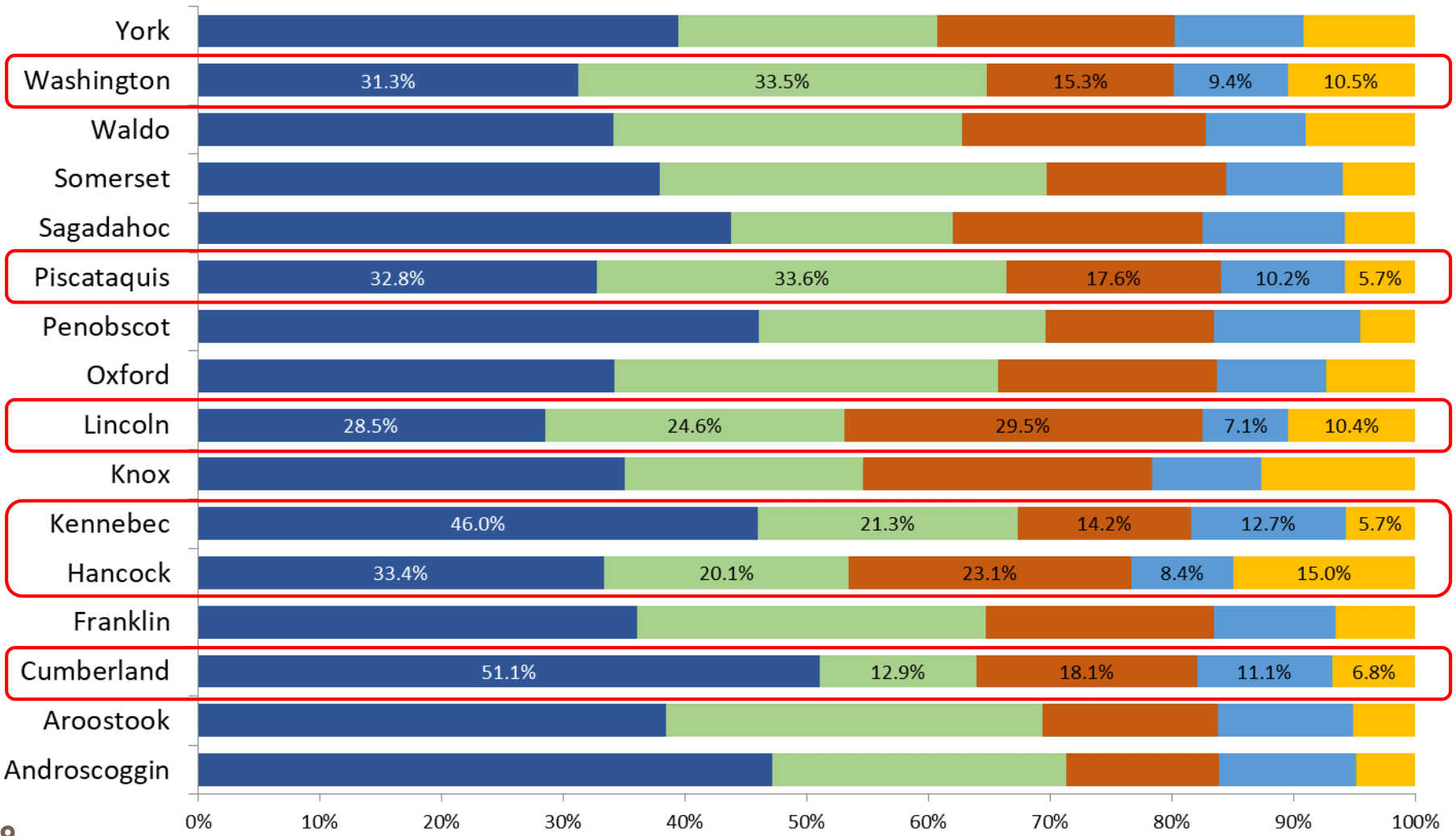
Income and GDP

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



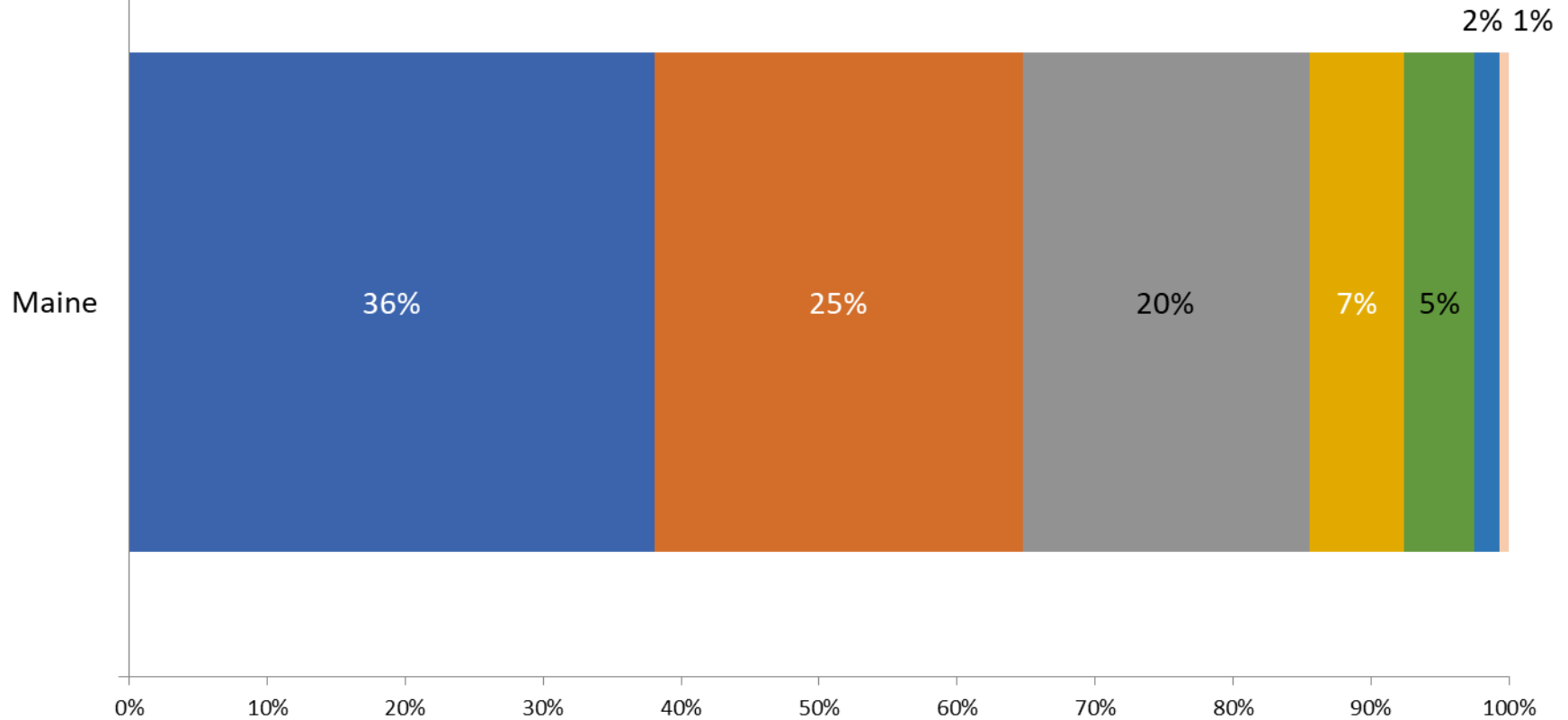
Major Components of Personal Income, 2017

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



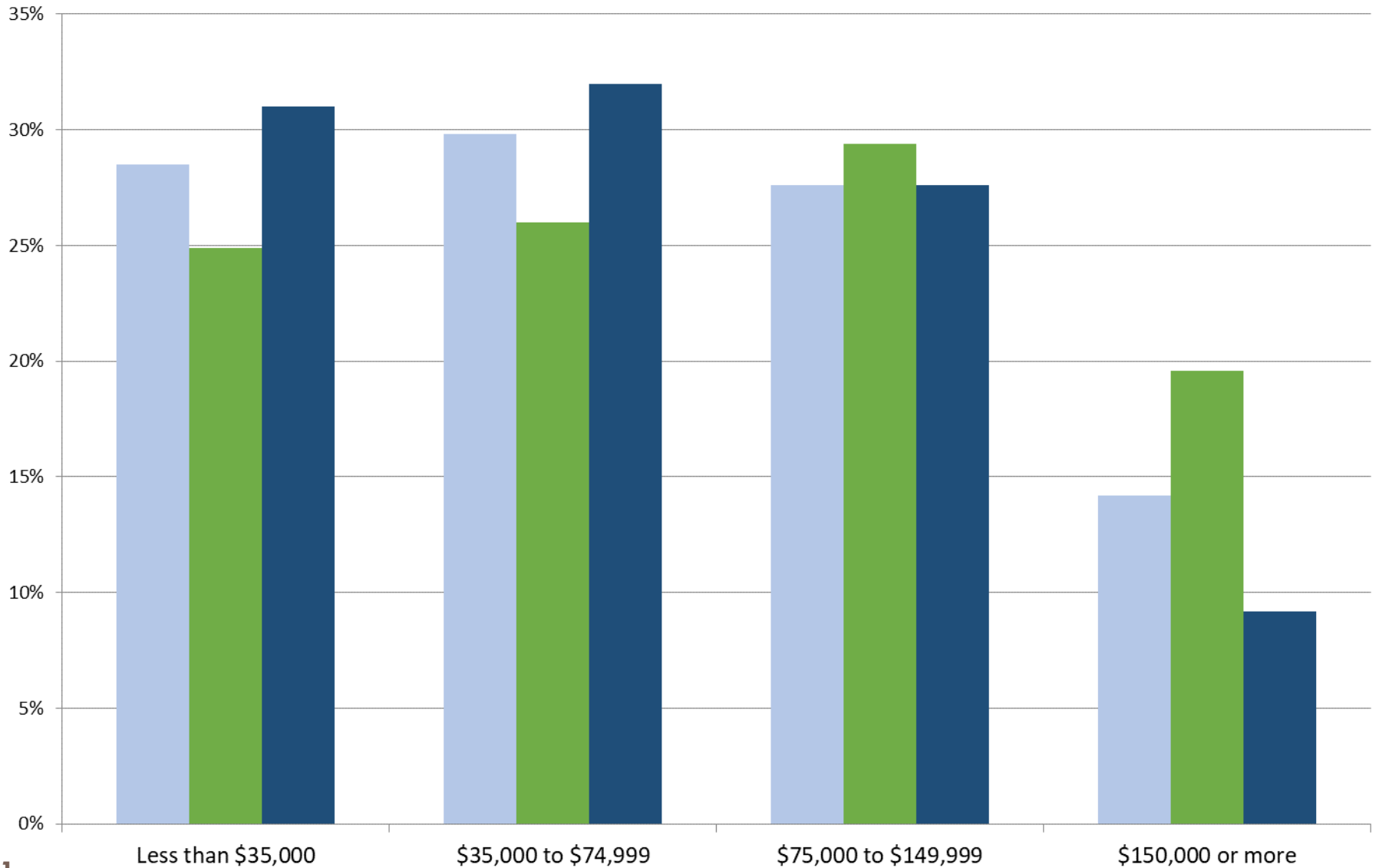
Components of Personal Current Transfer Receipts, 2018

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

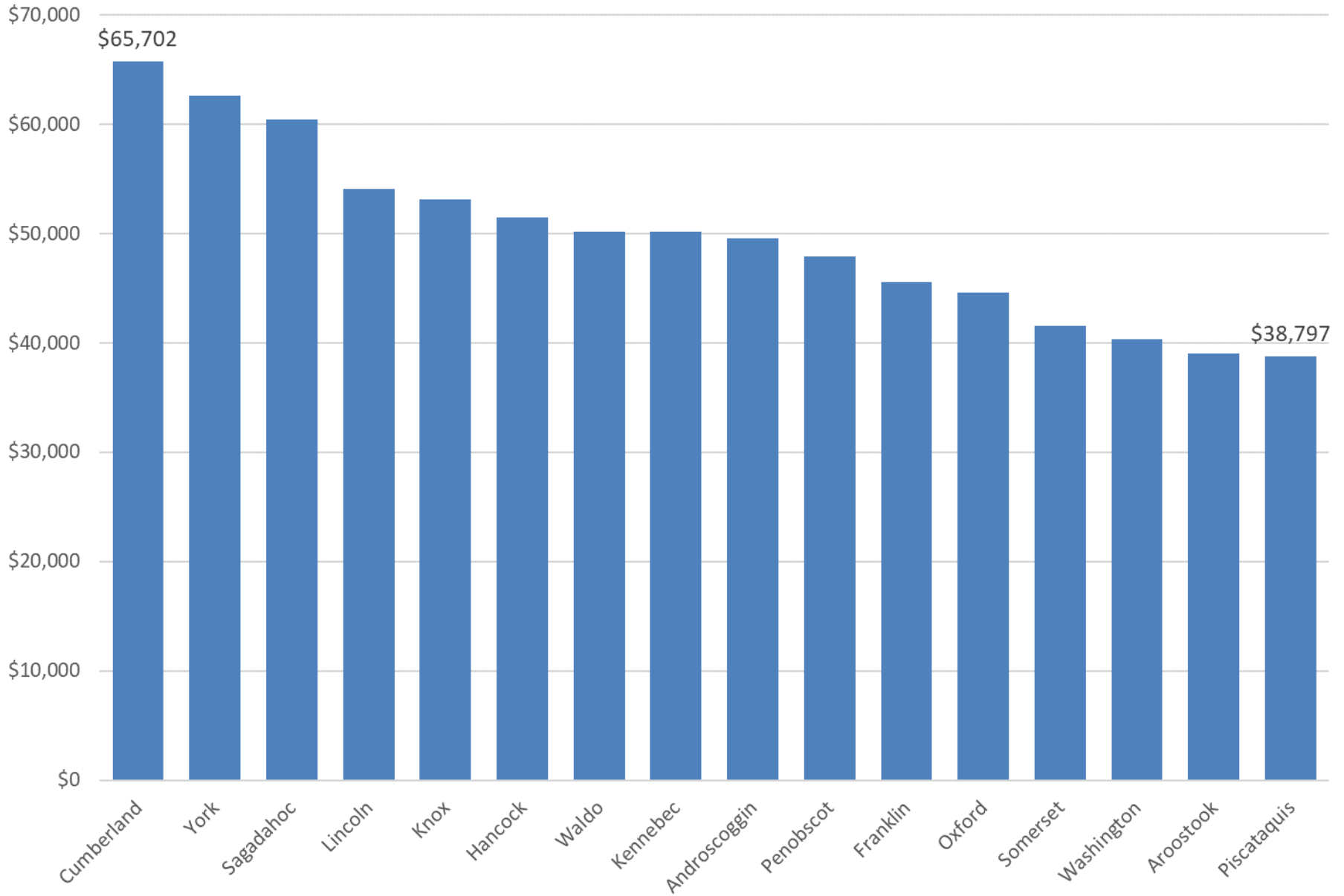


Percent of Households by Income Level, 2018

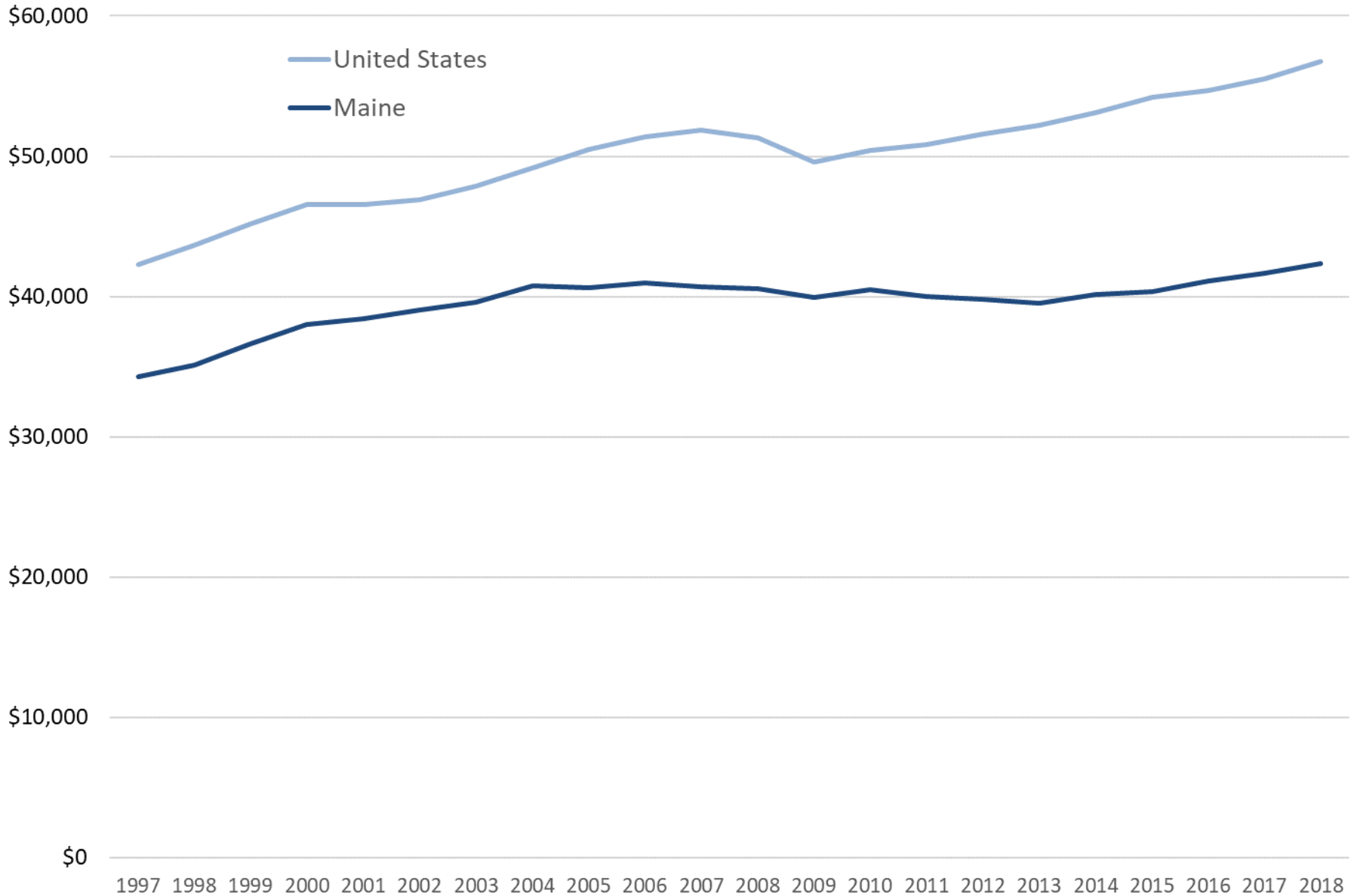
■ U.S. ■ New England ■ Maine



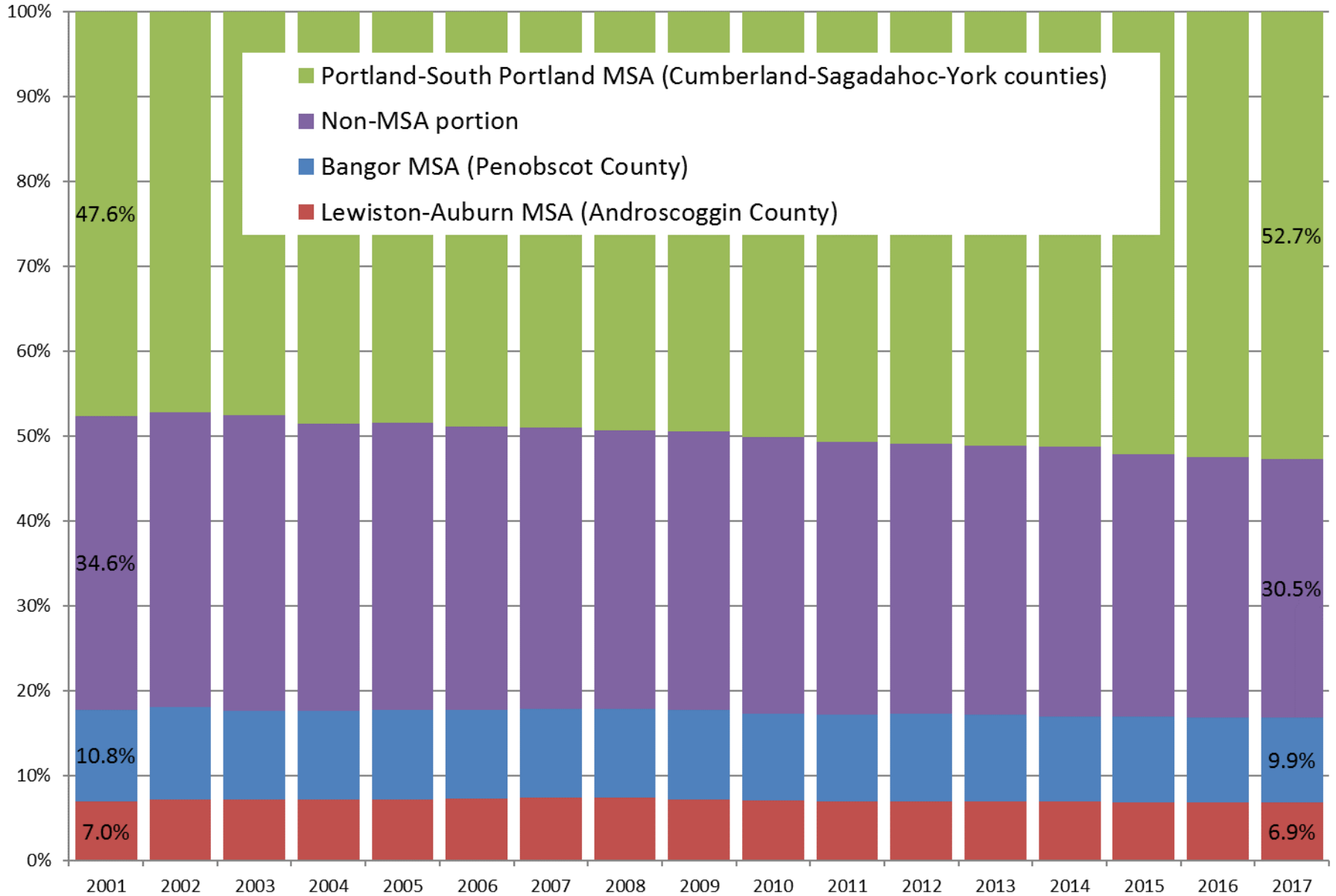
Median Household Income



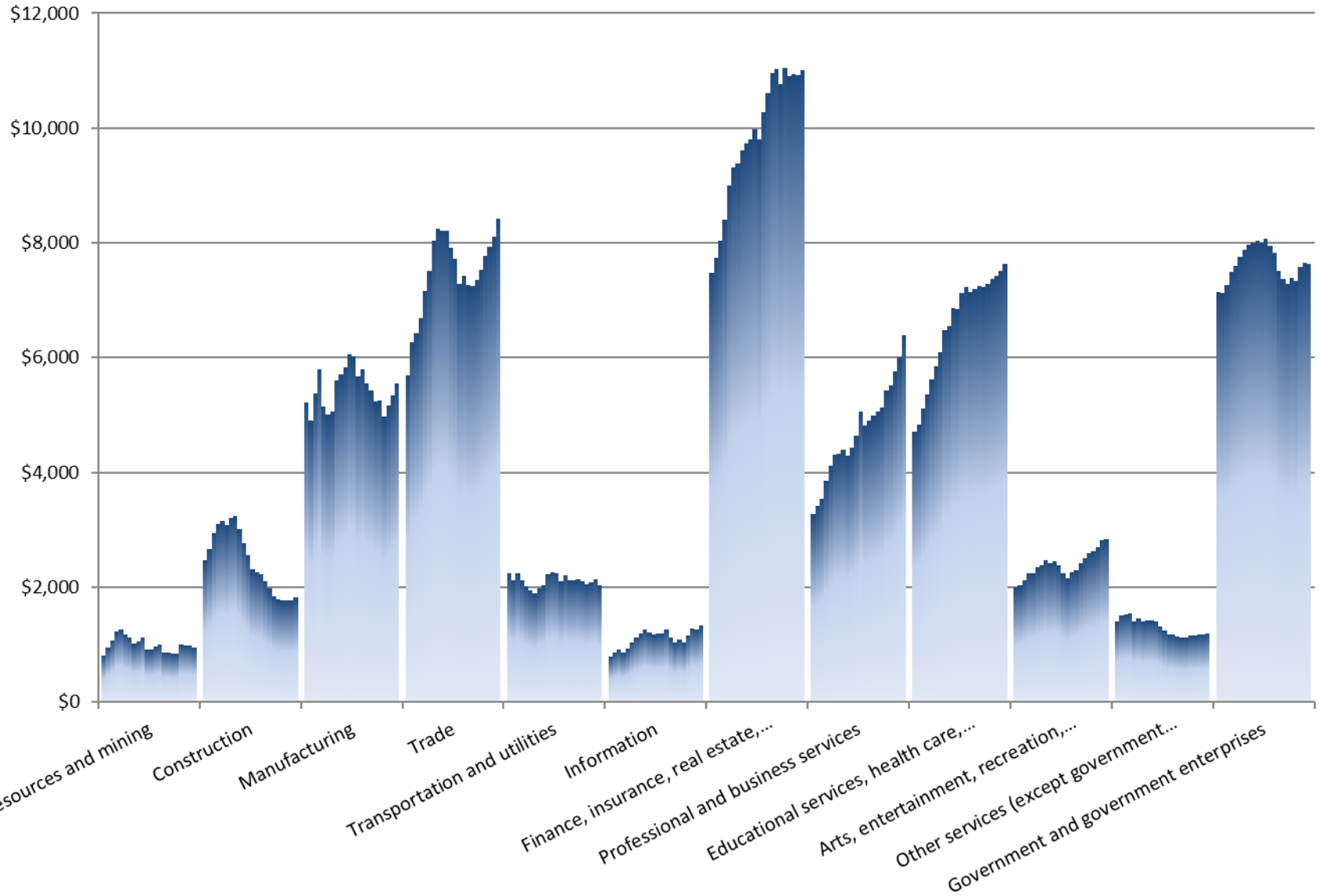
Per Capita Real Total GDP



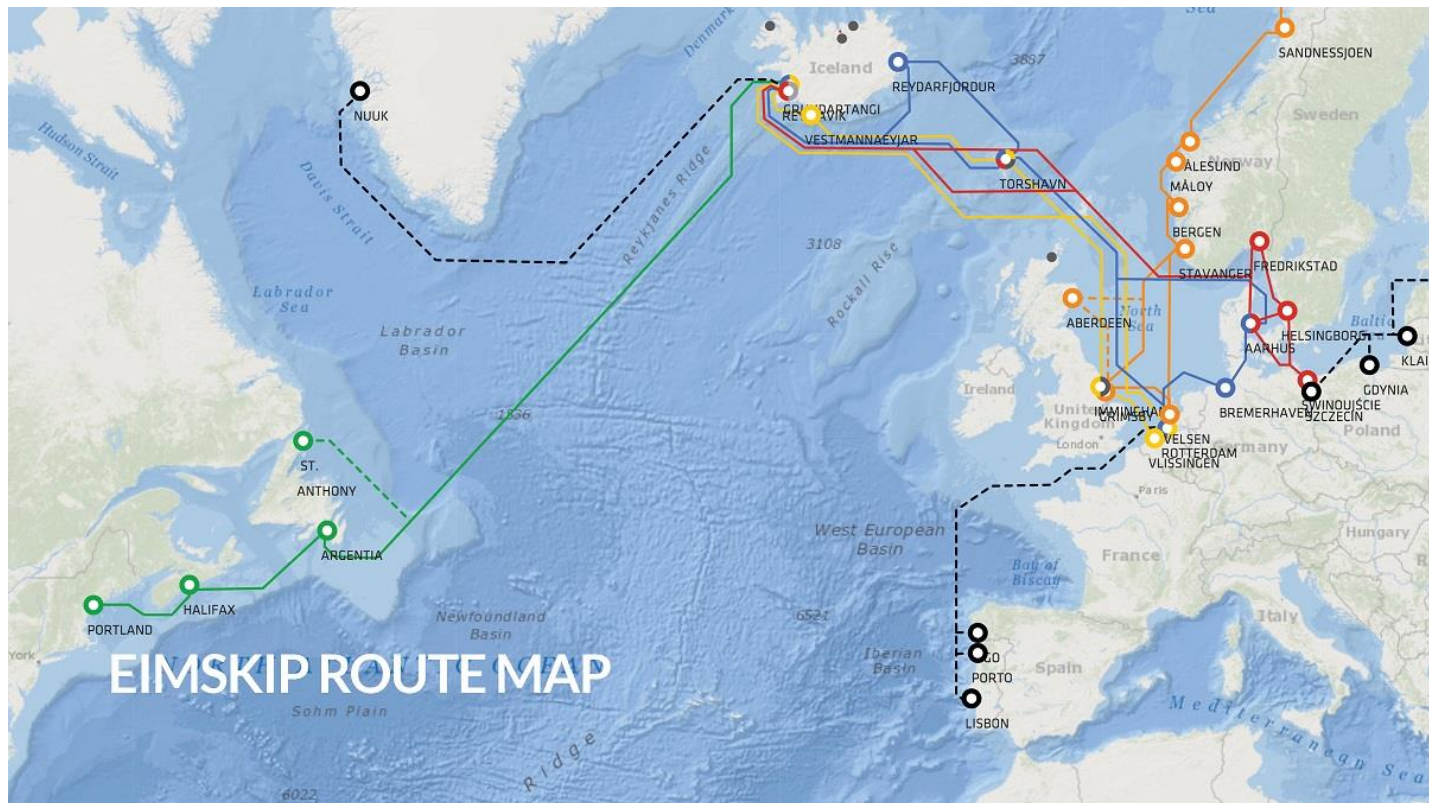
Share of Maine Real GDP by Metropolitan Area



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



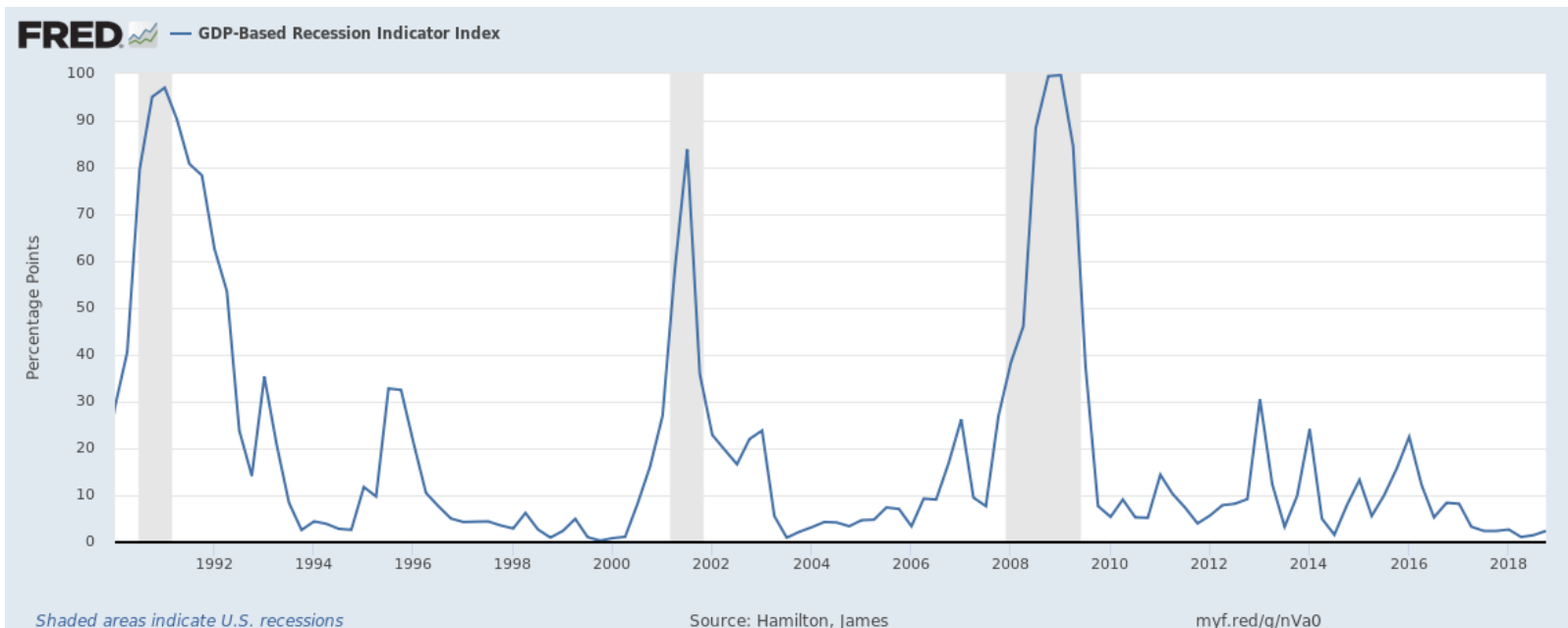
Macroeconomic Conditions



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...



One possible trigger: tariffs

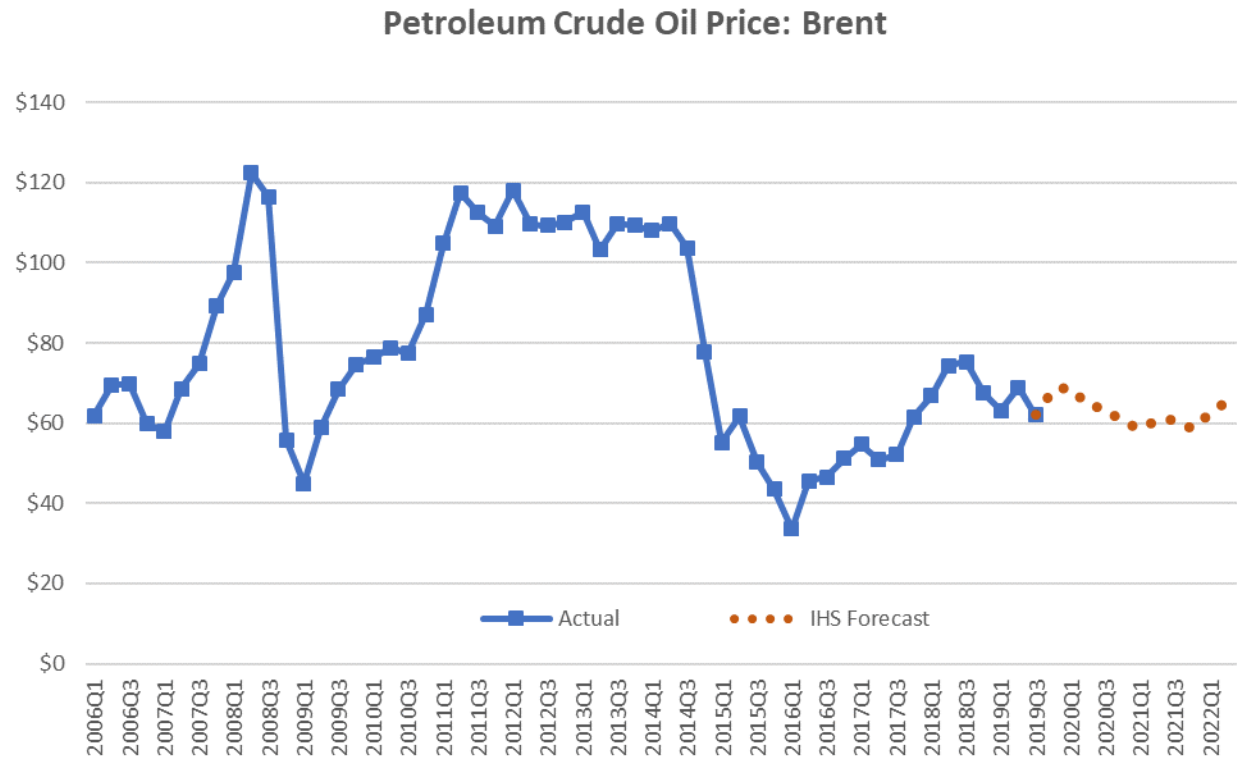
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- Trade war has created uncertainty for businesses and is starting to impact consumers
- Slowdown in consumer spending could lead to larger economic slowdown

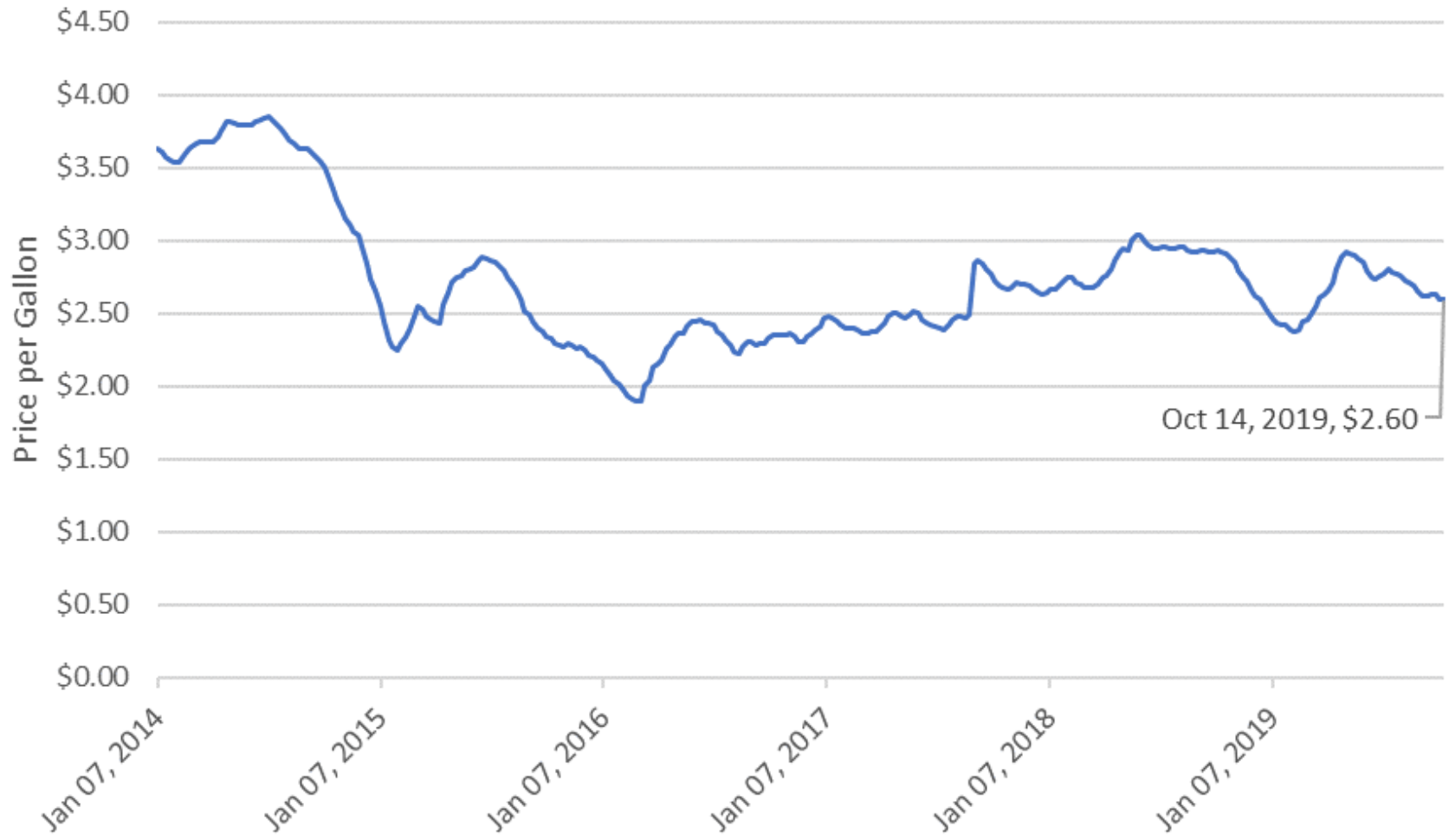
Energy Prices

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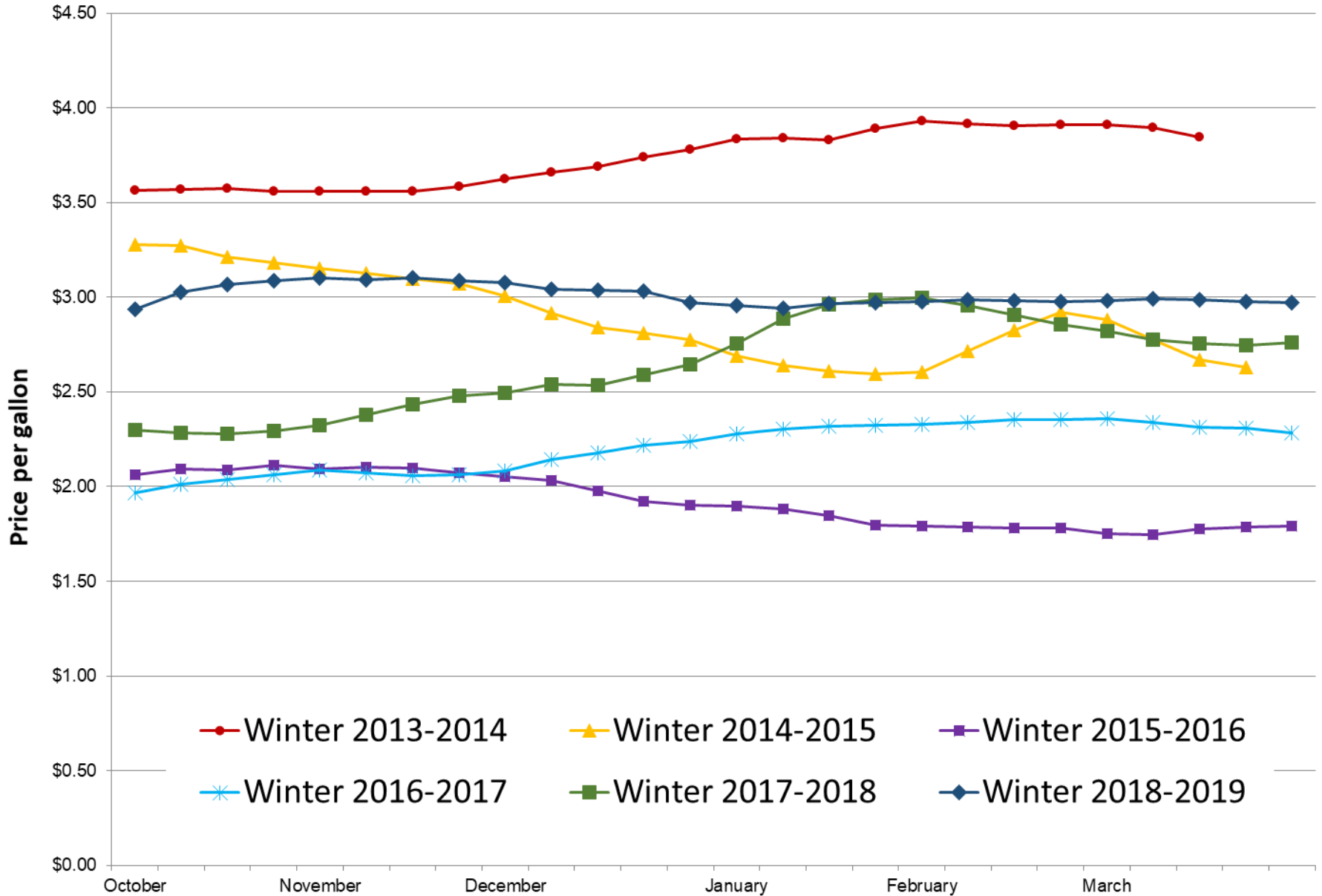
Recent spike in oil prices was relatively small and diminished quickly; forecast is for stable prices, but that could change quickly



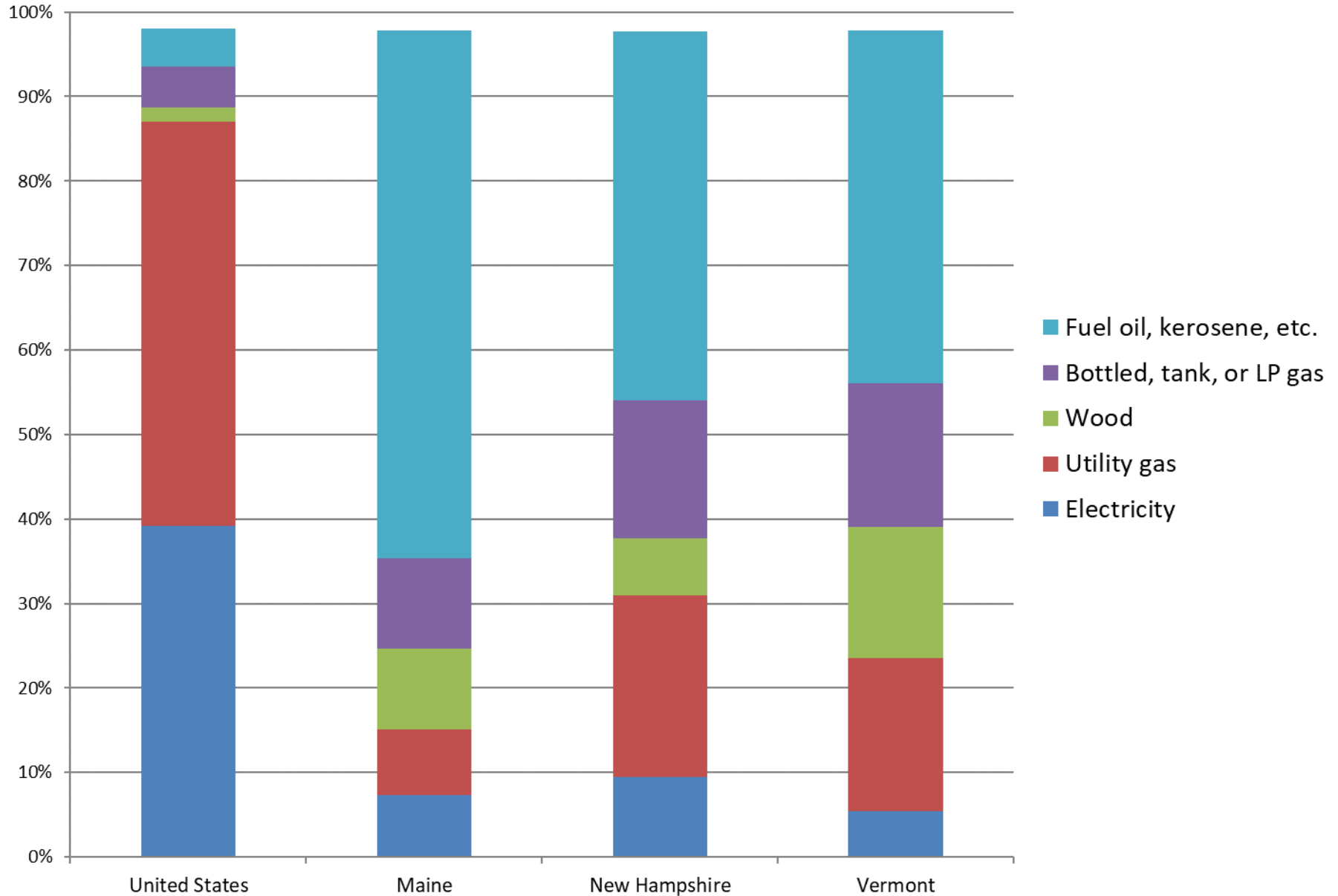
Weekly New England Retail Gasoline Prices (Dollars per Gallon)



Maine No. 2 Heating Oil Residential Price



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



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The path ahead



Looking Ahead

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- At the national level: National economy likely to slow in the not-too-distant future: how much and when are unknown
- At the state level: Maine currently engaged in 10-year economic strategic planning (report due to Governor Mills in mid-November)

Stress-testing Revenues



Economic and Revenue Forecasting

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- **Consensus Economic Forecasting Commission (CEFC)**
 - Typically meets each January (March in odd-numbered years) and October in advance of the Revenue Forecasting Committee
 - Five independent economists from academia and/or private sector
 - Statute requires the Governor, Speaker of the House, and President of the Senate to make appointments

- **Revenue Forecasting Committee (RFC)**
 - Typically meets each February (April in odd-numbered years) and November
 - Members are State Budget Officer, Associate Commissioner of Tax Policy, State Economist, Director of Office of Fiscal and Program Review (OFPR), Analyst from OFPR, and University of Maine Economist
 - Must use recommendations from CEFC

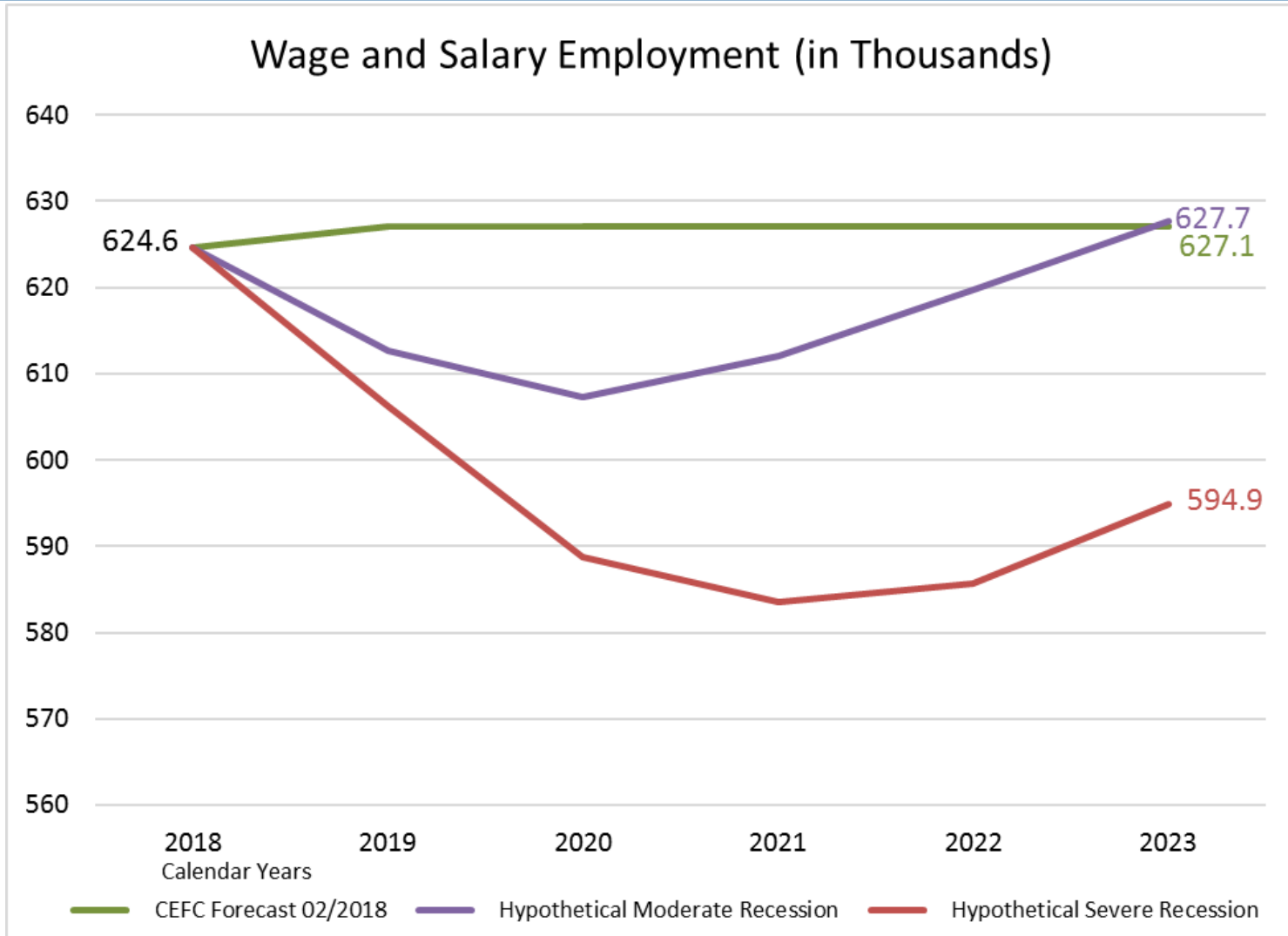
Stress-Testing GF Revenues & Reserves FY19-FY23

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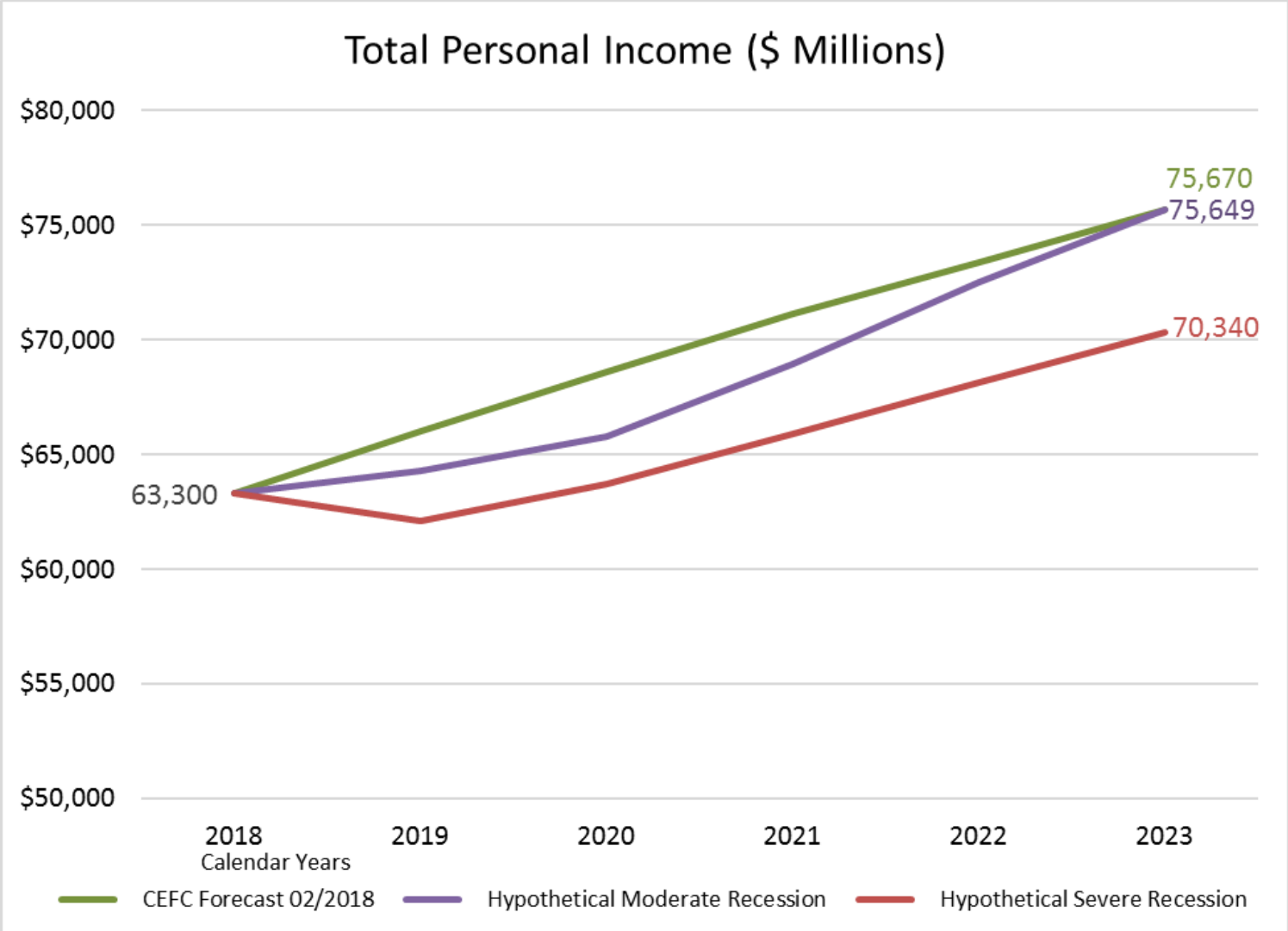
- Joint report of the CEFC and RFC
- Impact of two recession scenarios on sales and individual income tax revenues (Feb/Mar 2018)
 - ▣ Moderate recession
 - ▣ Severe recession
- Sufficiency of current level of the Budget Stabilization Fund (BSF) to maintain spending limitation
- BSF necessary to maintain spending limitation in each recession scenario

Recession Scenarios: Wage & Salary Employment

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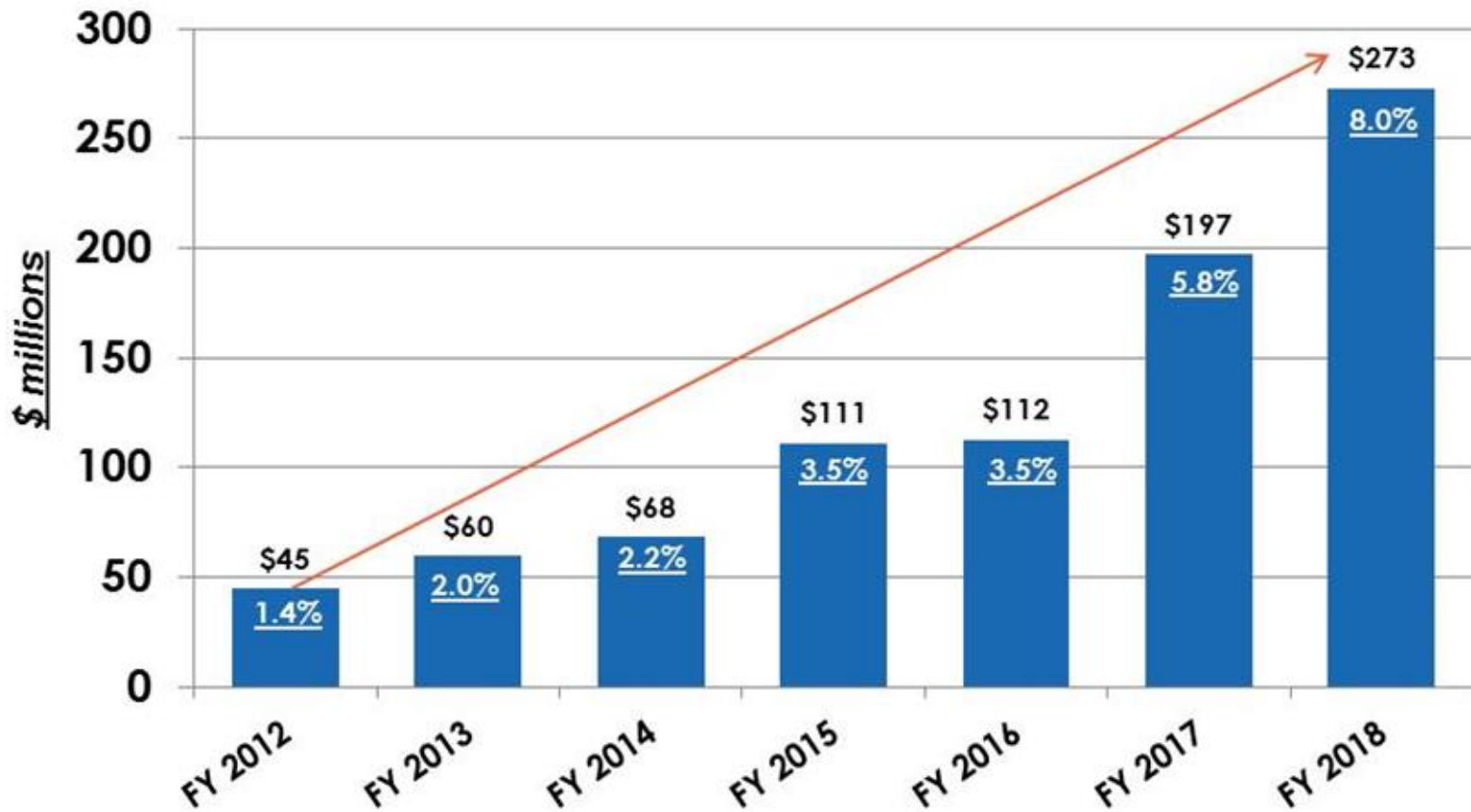


Recession Scenarios: Total Personal Income



Budget Stabilization Fund

\$ Budget Stabilization Fund / % of GF



Stress-Test Conclusions

- The current BSF of \$273 million is not sufficient to fully offset the revenue shortfalls estimated as the result of a moderate and severe recession.
- The BSF is at a level that will provide the Governor and Legislature time to make the changes necessary to bring the budget back into balance.
- The statutory maximum for the BSF of 18 percent of prior year General Fund revenues (currently \$646 million) would be sufficient to fully offset a moderate recession modeled in this report.

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 added¹ 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.

¹ Value added is GDP/employed workforce

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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