Maine Workforce Trends

Veteran's Conference

Point Lookout, Northport

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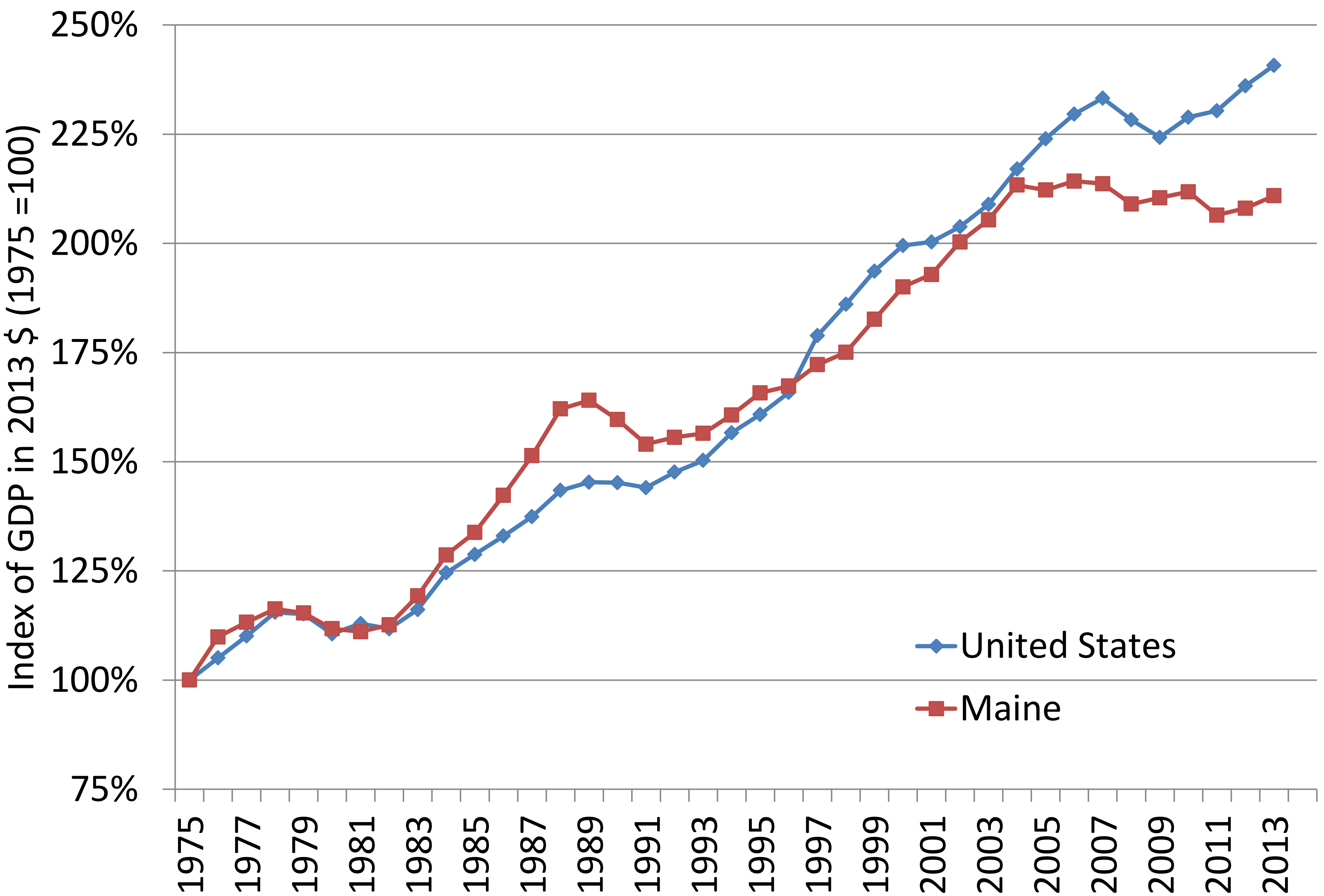
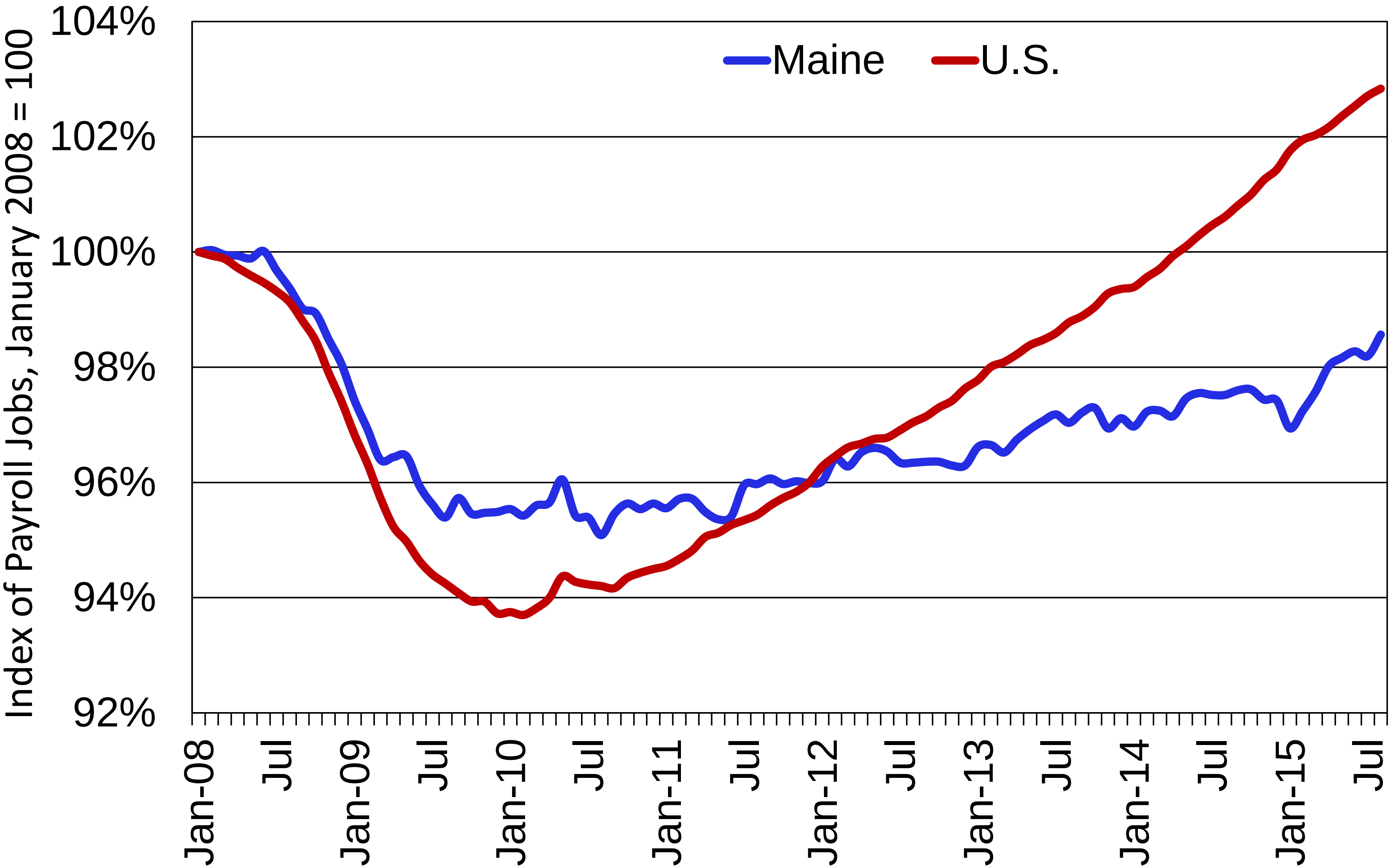
Glenn Mills
Chief Economist
Center for Workforce Research
Maine Dept. of Labor
www.maine.gov/labor/cwri
Glenn.mills@maine.gov
207-621-5192

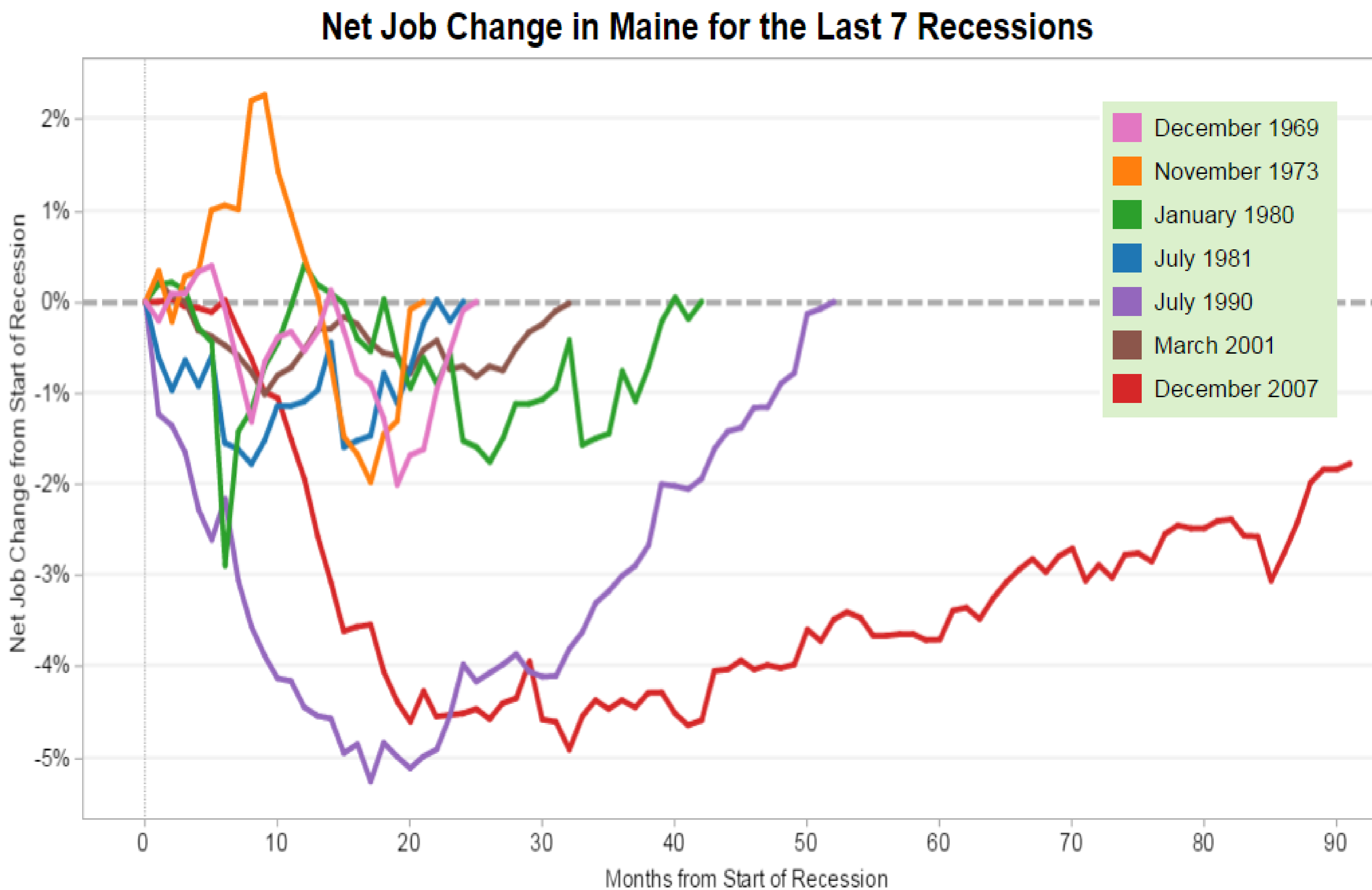
Maine has had no real GDP growth in the last decade



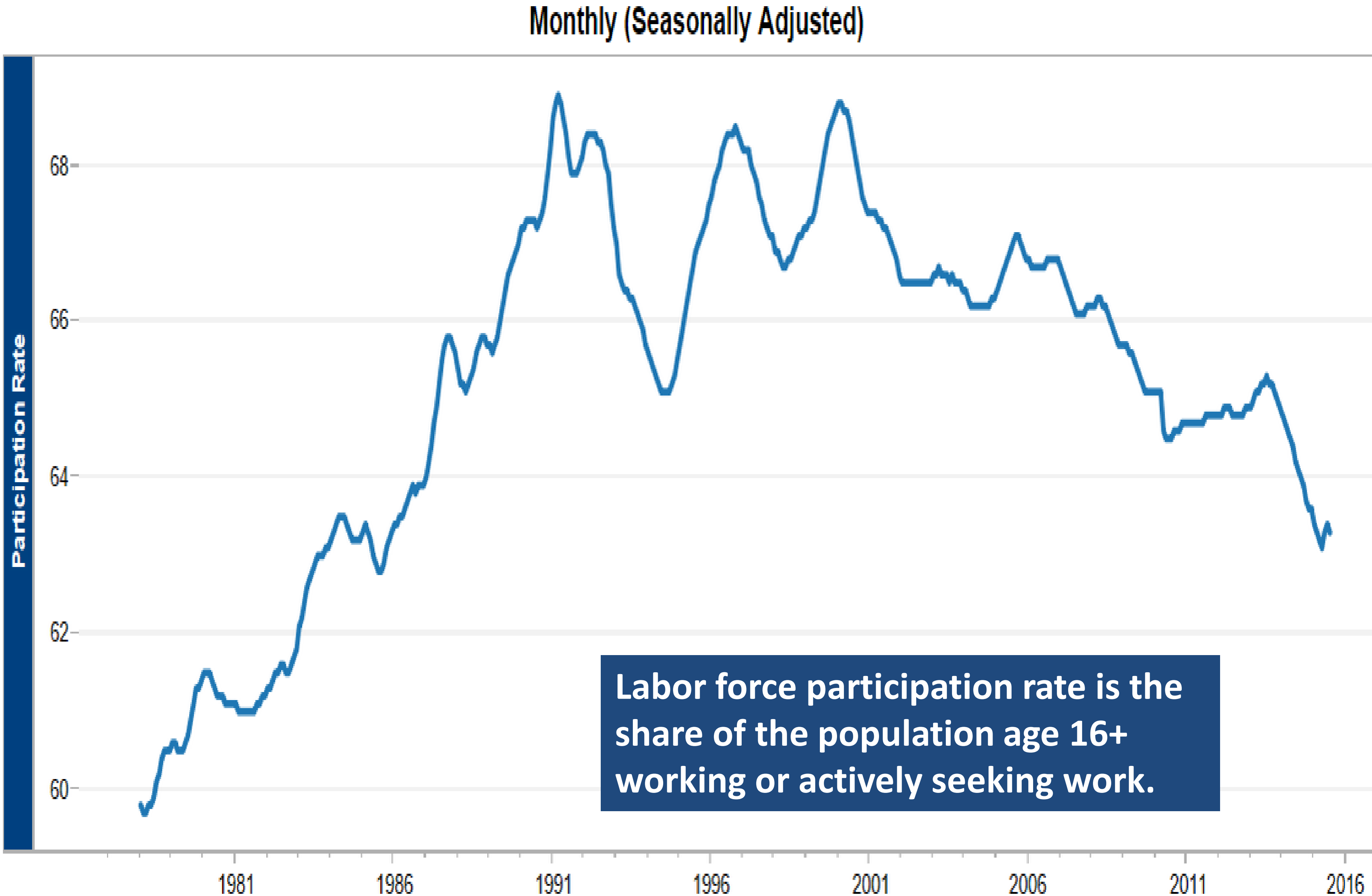
More recently, job growth has been slower than the nation in the recovery from the 2008-09. Maine still has fewer jobs than before the recession.



This the slowest recovery since the 1930s depression

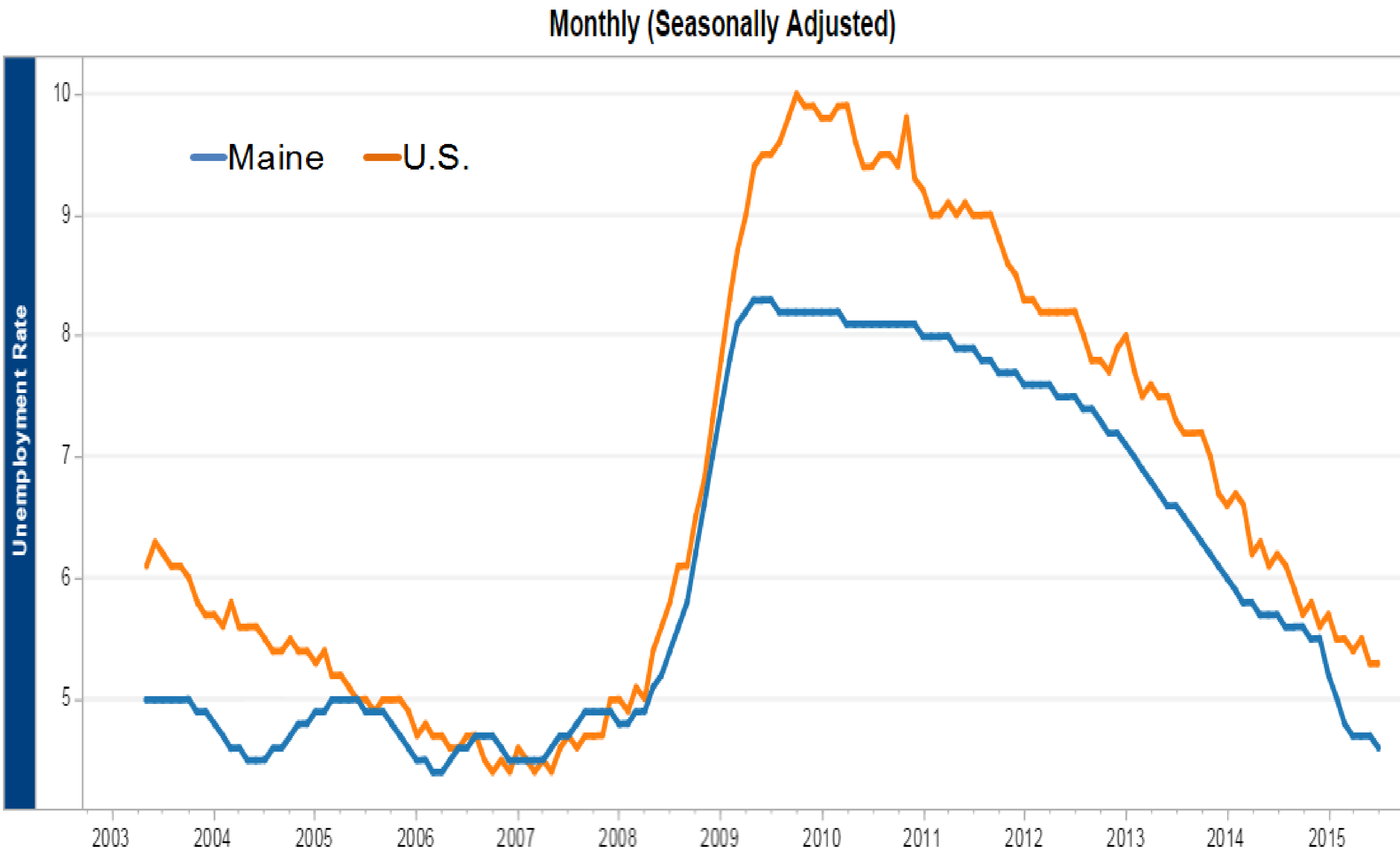


Maine's labor force participation rate is at a 29 year low

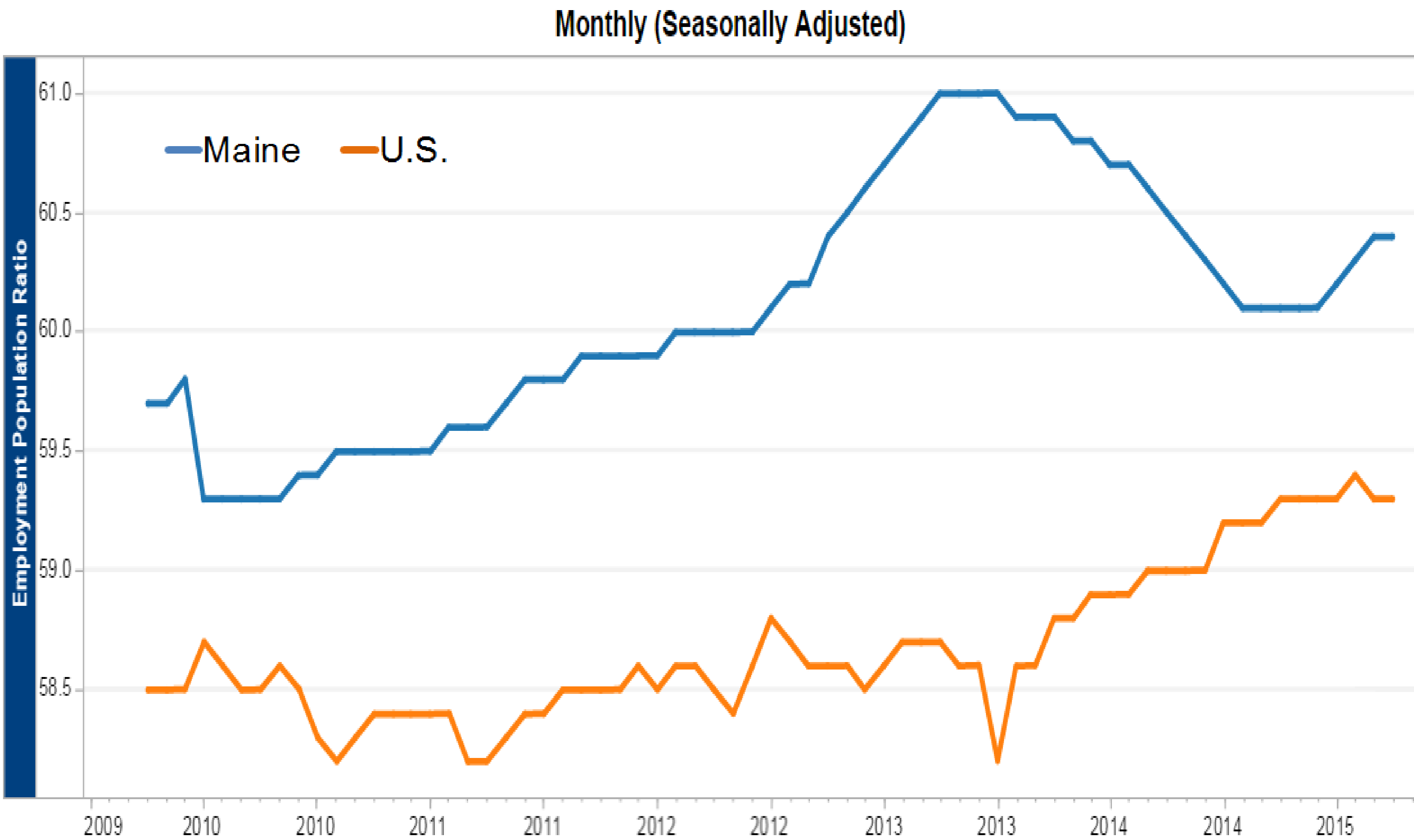


Labor force participation rate is the share of the population age 16+ working or actively seeking work.

On the other hand, the unemployment rate is lower than the U.S. average



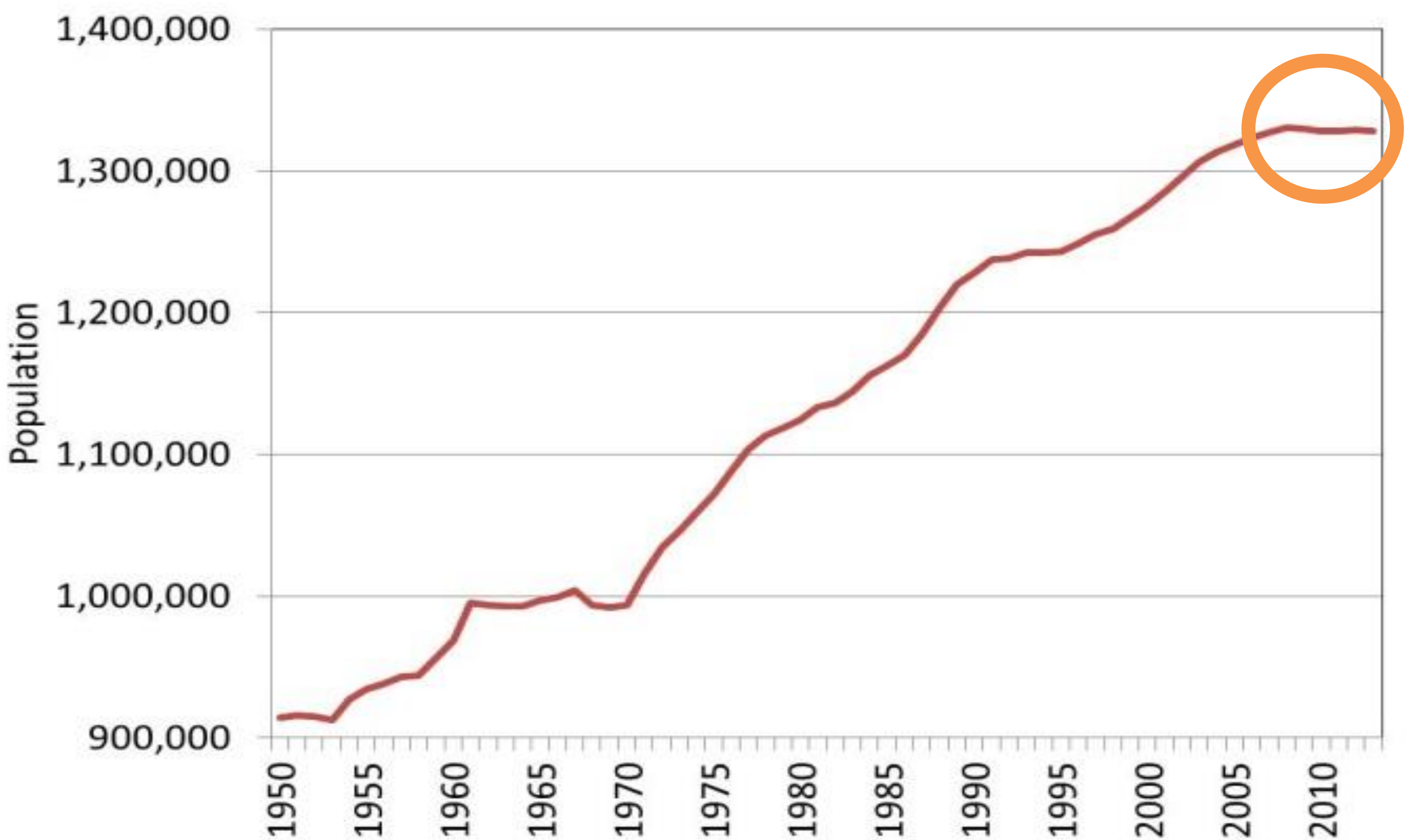
And the share of employed population is higher and has increased faster than the nation in the last five years



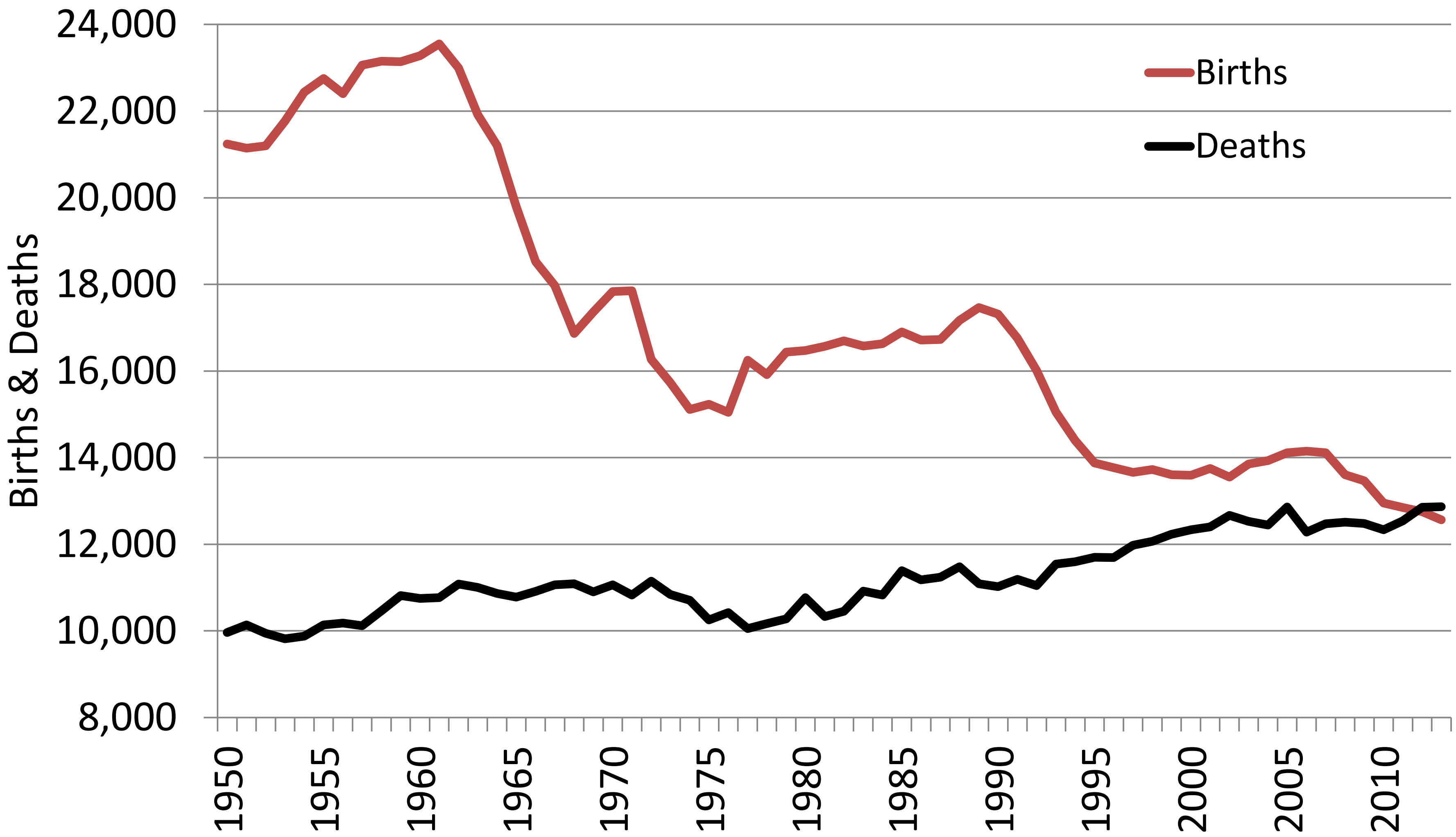
How can we have slower job and GDP growth and declining labor force participation, but a better unemployment rate and faster rising, higher share of employed population than the nation?

Underlying these trends is different population dynamics and age structure

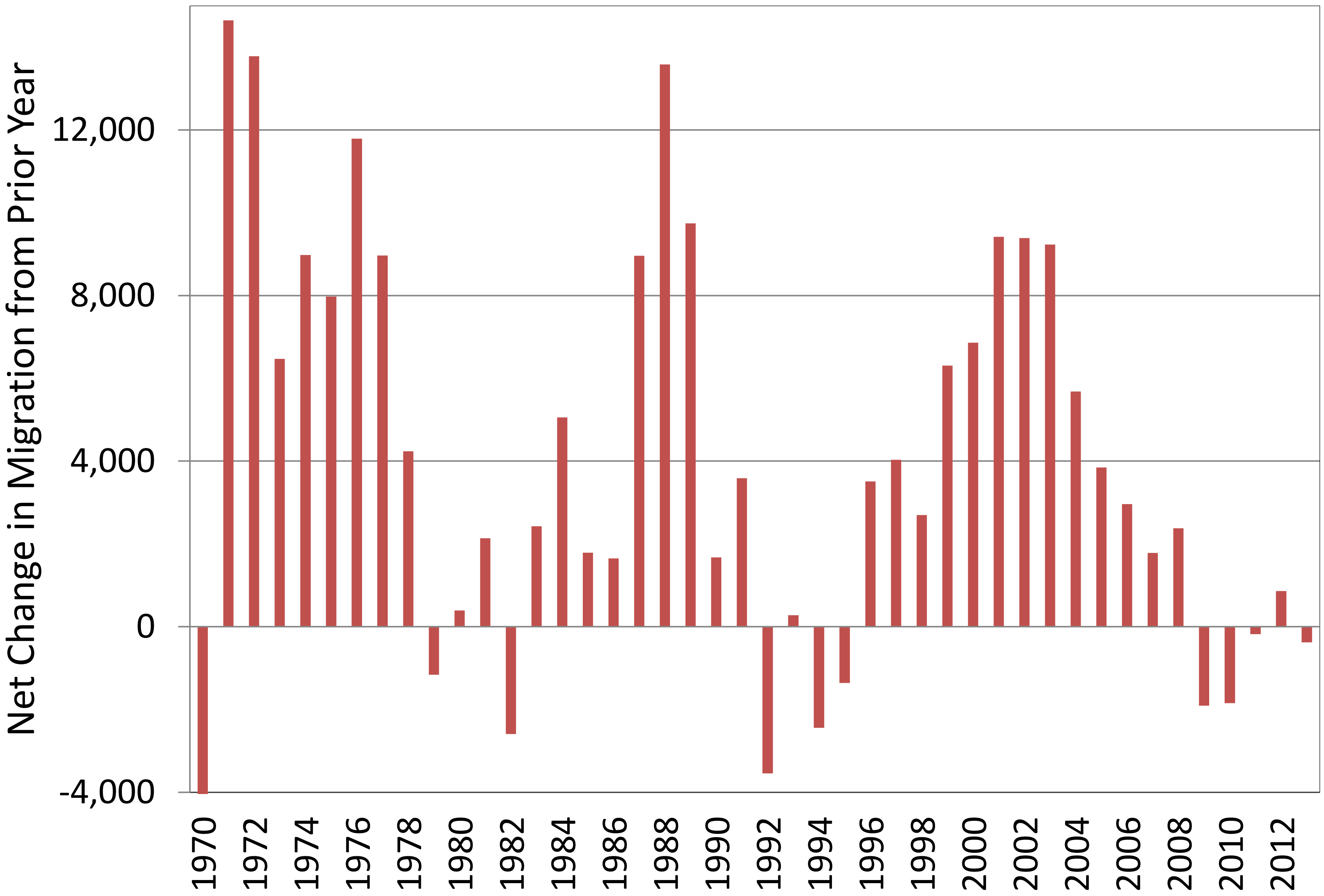
After consistently rising for generations, the population in Maine has been virtually unchanged the last six years…



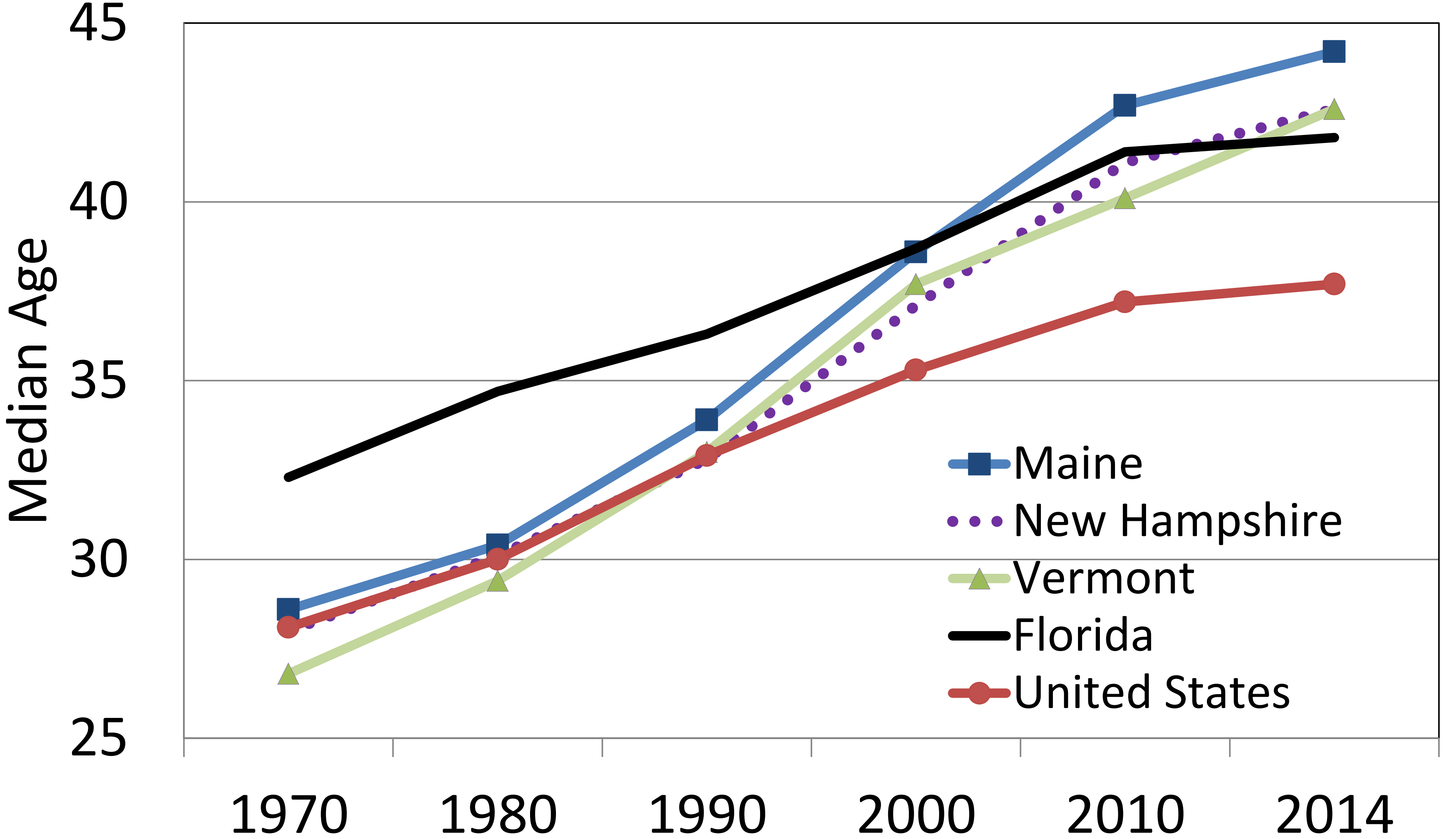
This is because the number of births per year is way down and the number of deaths is rising. We no longer have natural population growth.



And net-migration is down to near zero per year



Plunging births in the 1990s caused the median age in Maine to surge from close to the U.S. average 25 year ago to the highest in the nation…with NH & VT right behind us.

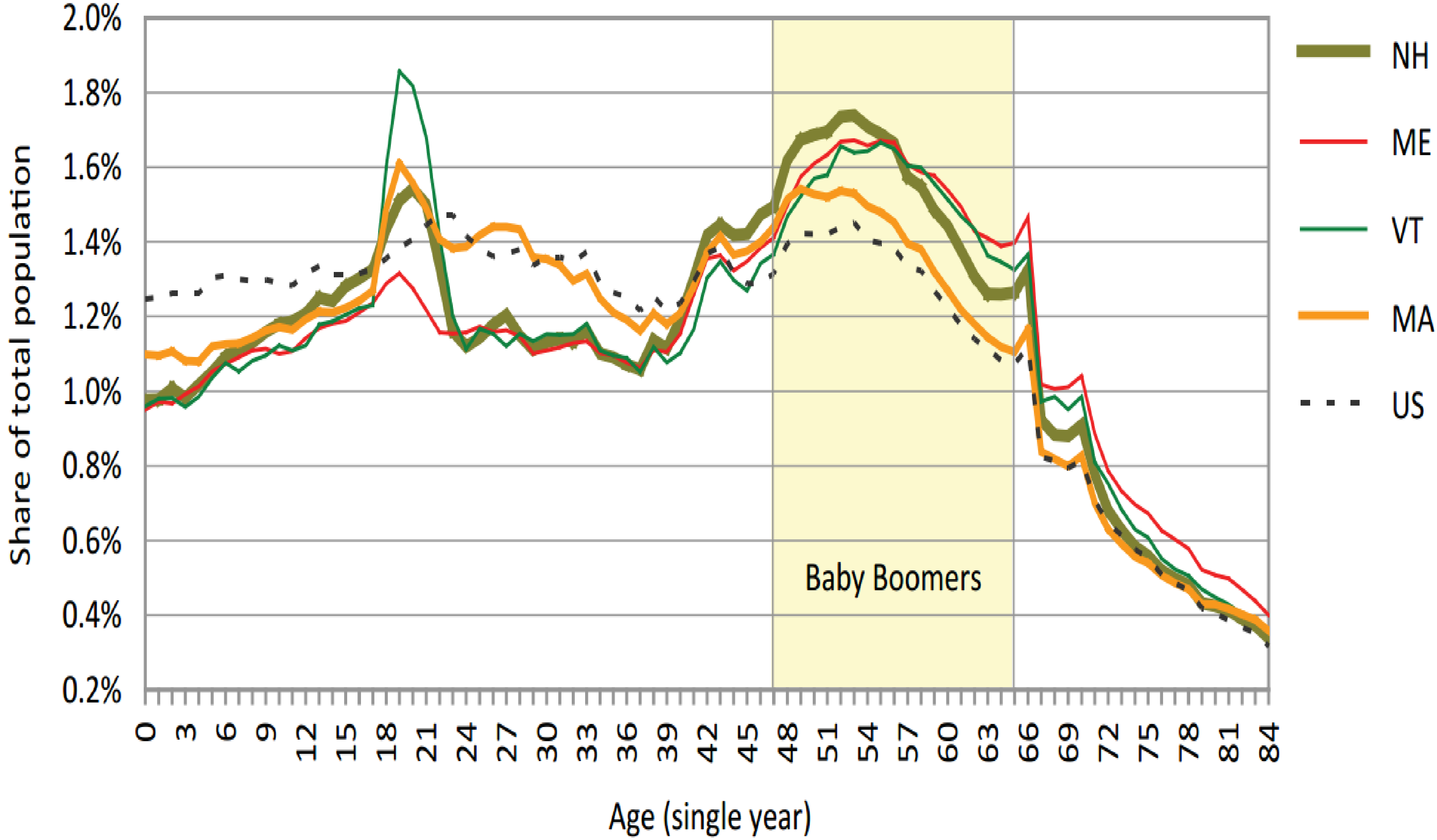


Source: U.S. Census Bureau

Birth rates are down throughout the nation, but much more in Maine and northeastern states than other regions...

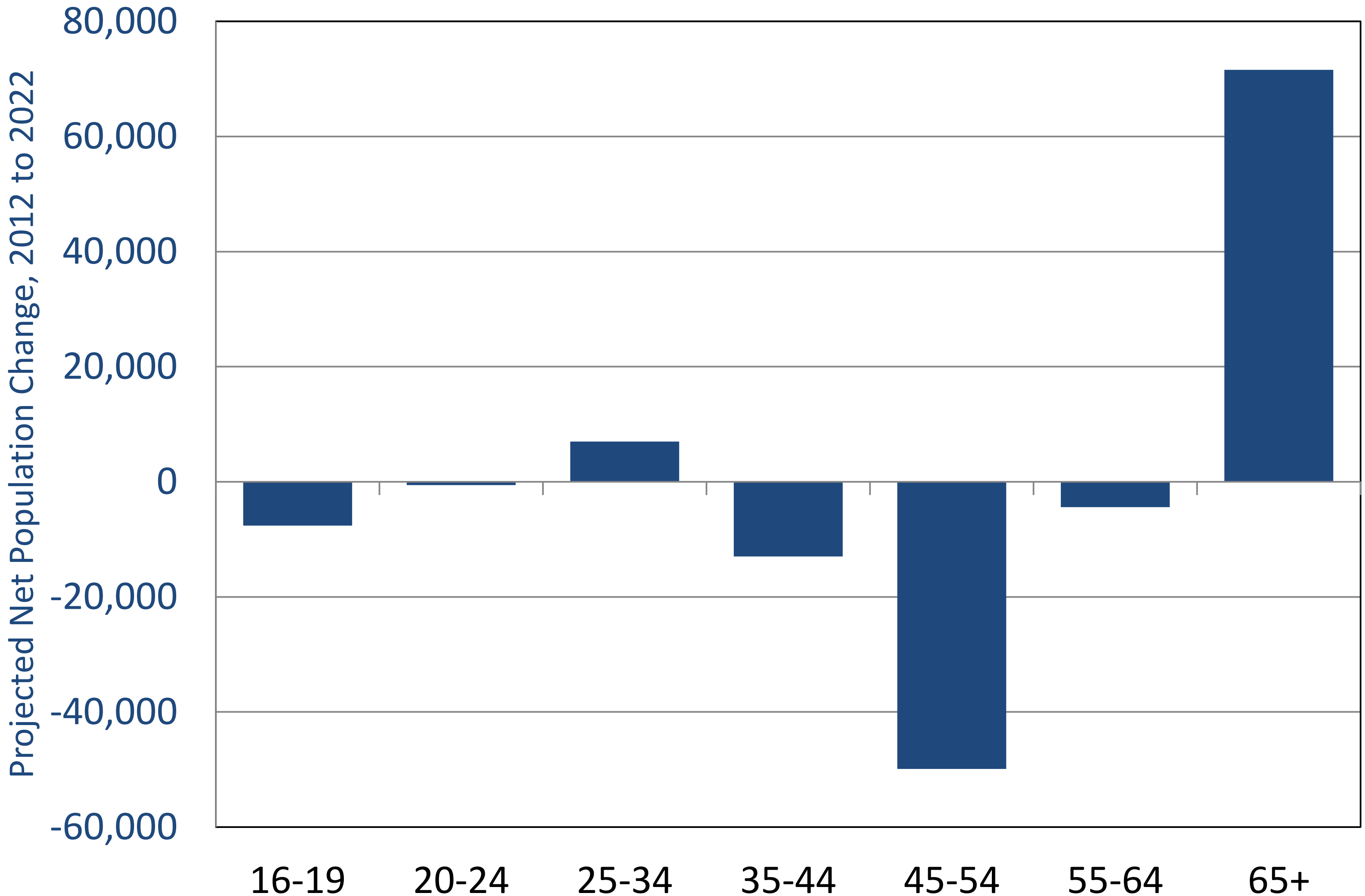
Why?

We now have a very advanced age structure with a high share of population in their 60s, soon to exit the workforce, and the low share of young people to replace them

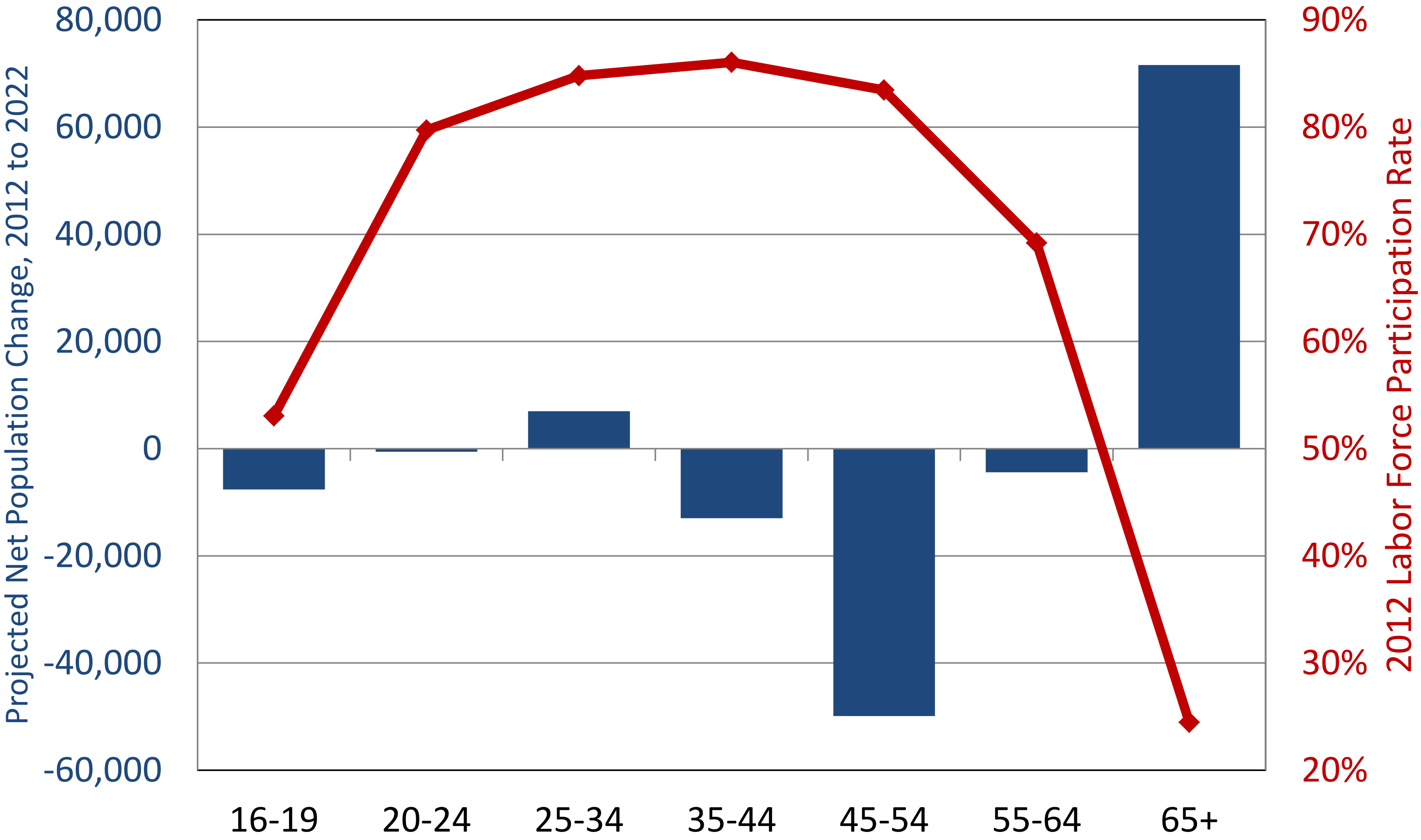


Workforce Outlook

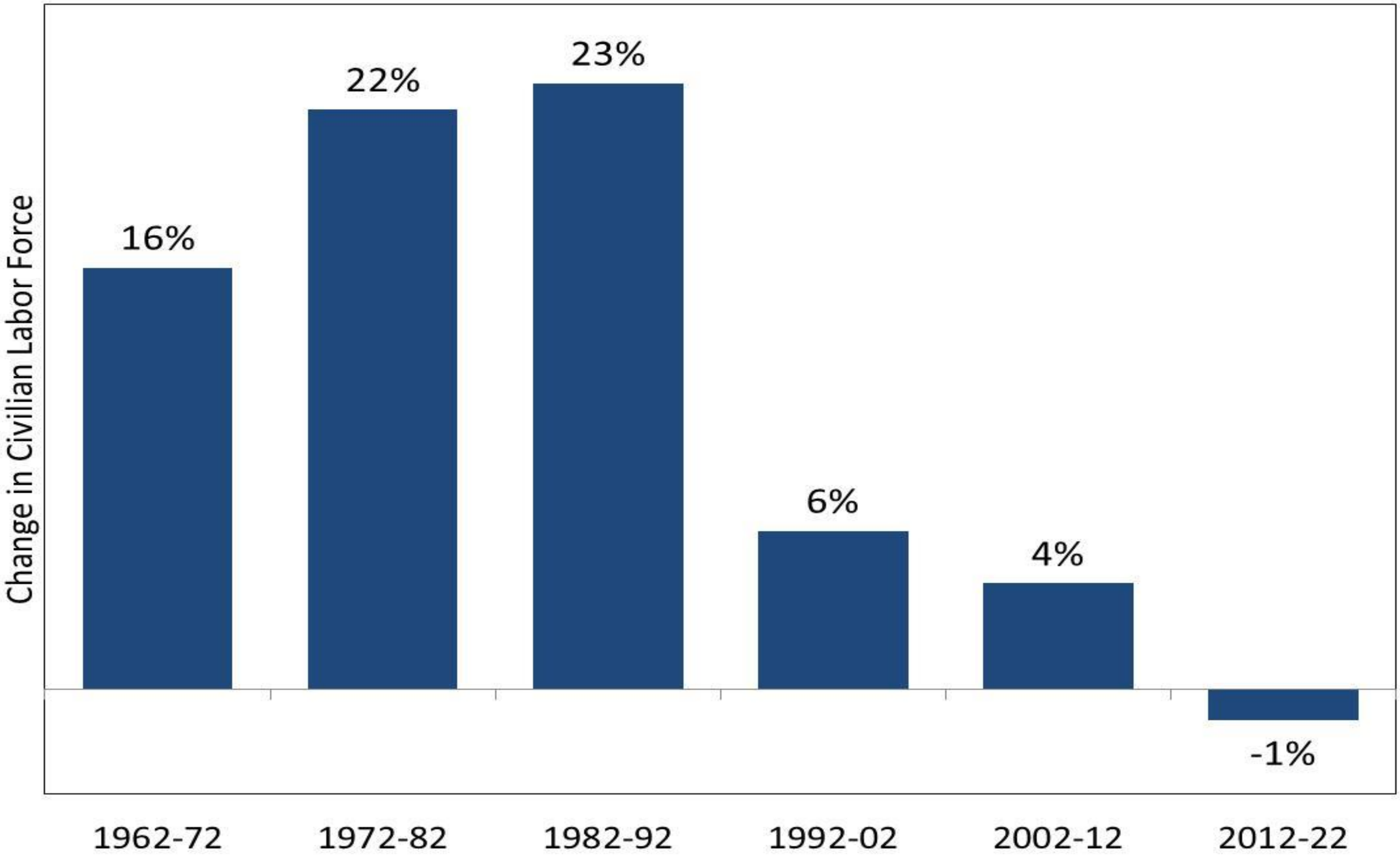
Through 2022, the total population is not expected to change, but the number of seniors is expected to rise significantly while the prime working-age population declines



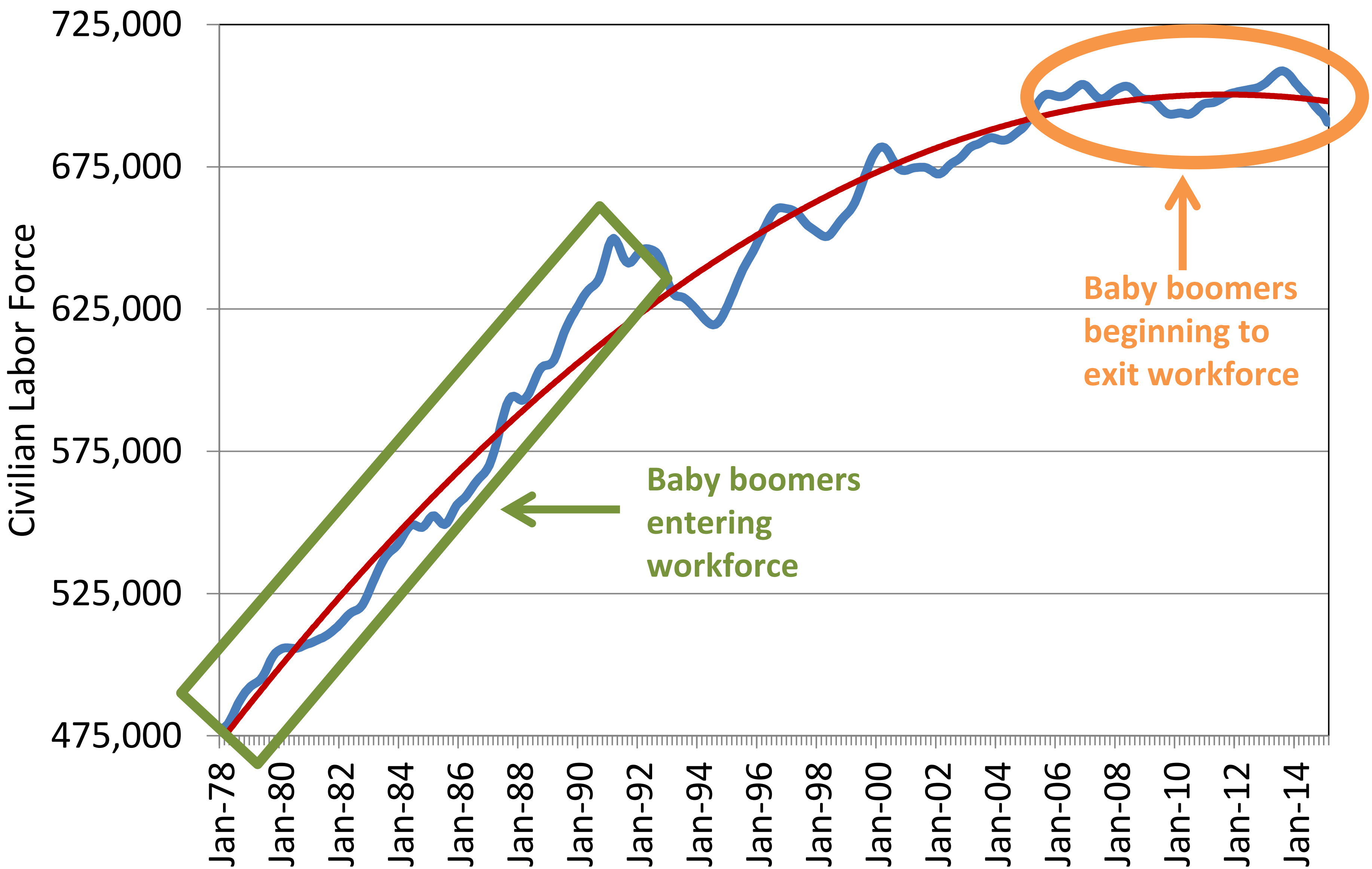
This is important because labor force participation differs by age. The 25 to 54 age group that has the highest attachment to the workforce is declining.

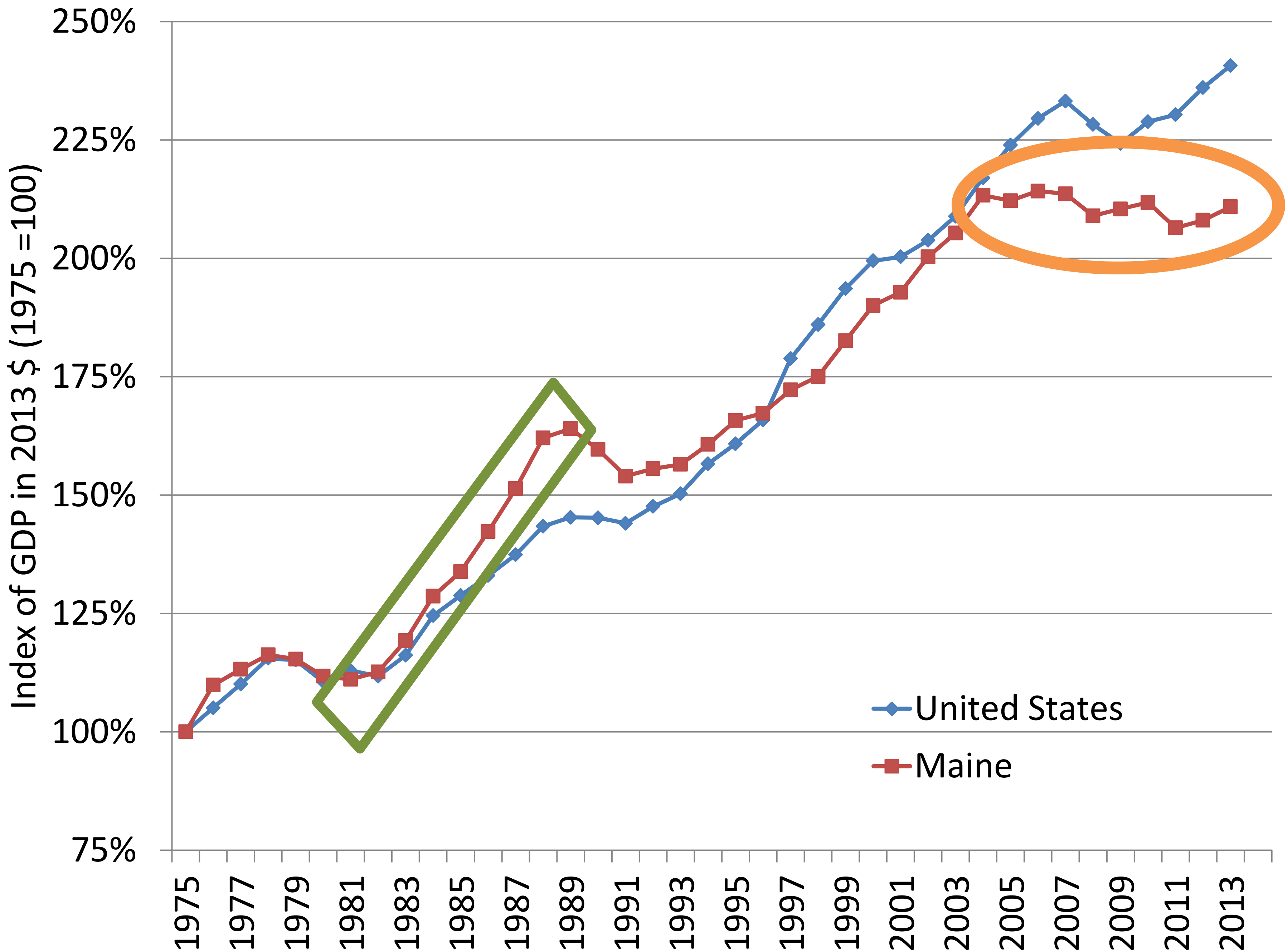


As a result, for the first time we forecast that the size of the labor force will decline through 2022



The labor force peaked in the middle of 2013



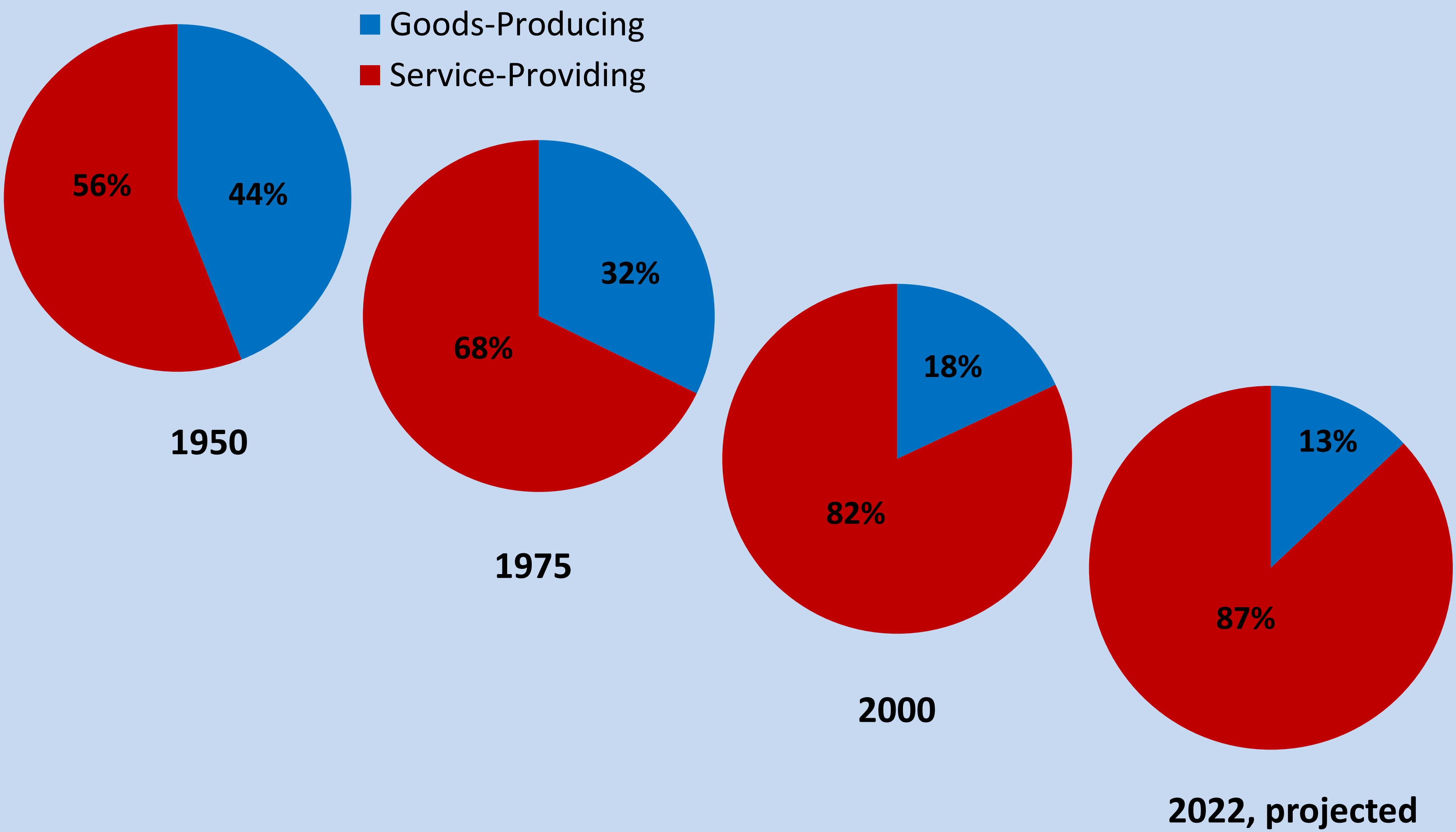


Index of GDP in 2013 $ (1975 =100)
250%
225%
200%
175%
150%
125%
100%
75%
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
United States
Maine

Aging is constraining our growth potential for jobs, GDP, and total income as well. The tightening labor market will create a more competitive landscape for employers to attract staff. This should lead to rising wages – and a very favorable situation for young people.

Industry Job Trends & Outlook

Employment has long been shifting from businesses that produce goods to those that provide services



Jobs *(in thousands)*

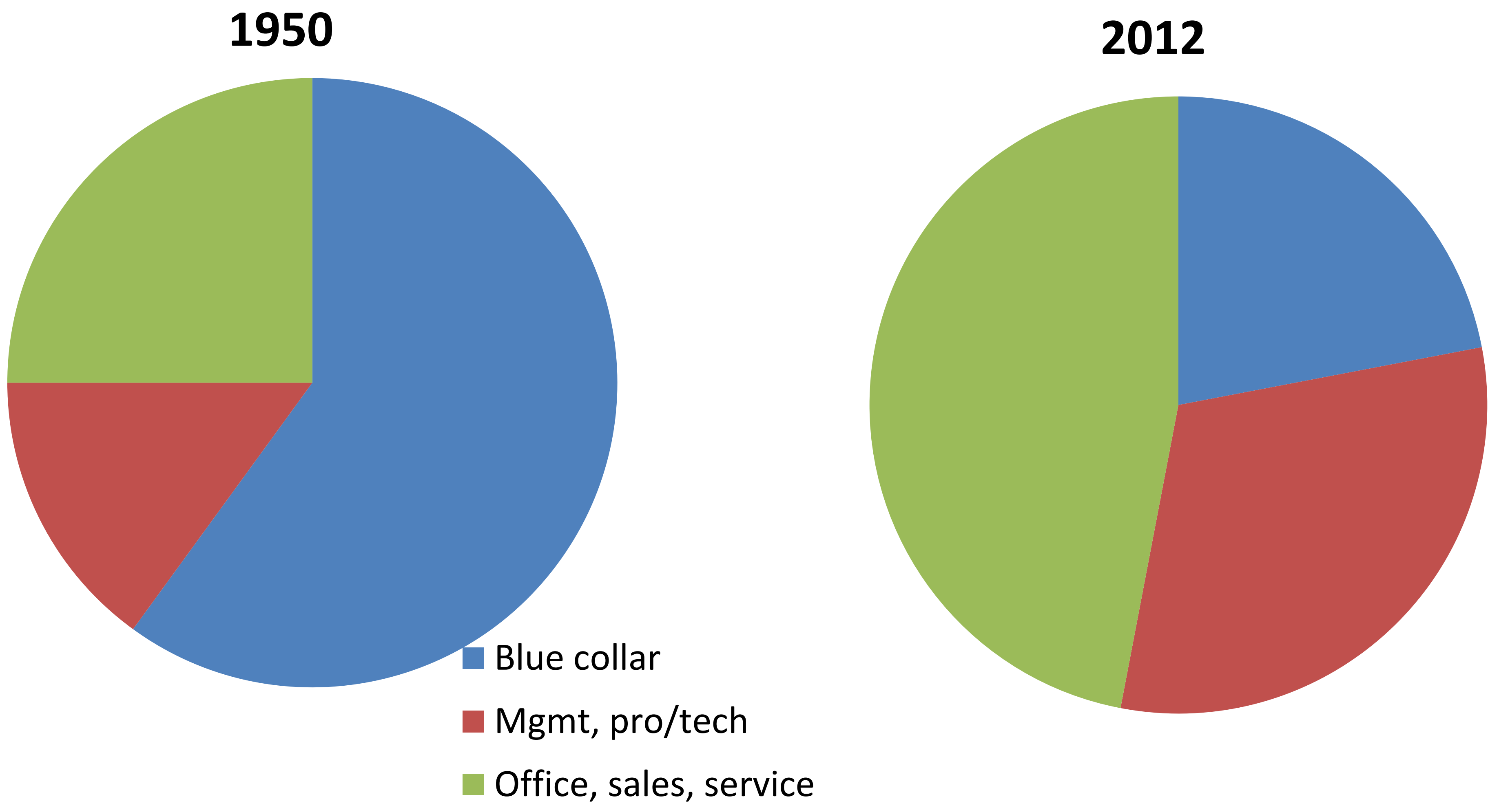
	1953	1983	2013
Total	*276*	*425*	*602*
Manufacturing	115	109	50
Manufacturing Share of Jobs	**42%**	**26%**	**8%**
Lumber	20	13	8
Paper	18	18	7
Textiles	24	7	2
Leather	20	20	2
4 Heritage Mfg Industries	82	59	18
Heritage Share of Jobs	**30%**	**14%**	**3%**
Healthcare	?	35	101
Healthcare Share of Jobs	**?**	**8%**	**17%**

Growth is primarily expected in healthcare, professional services, and hospitality, offset by declines in manufacturing and government. Little net job change is expected in most other sectors.

*Projected change in jobs by **sector**, 2012-2022*

Occupational Job Trends & Outlook

The occupational structure of employment has shifted away from blue-collar jobs



Skill Demands are Changing

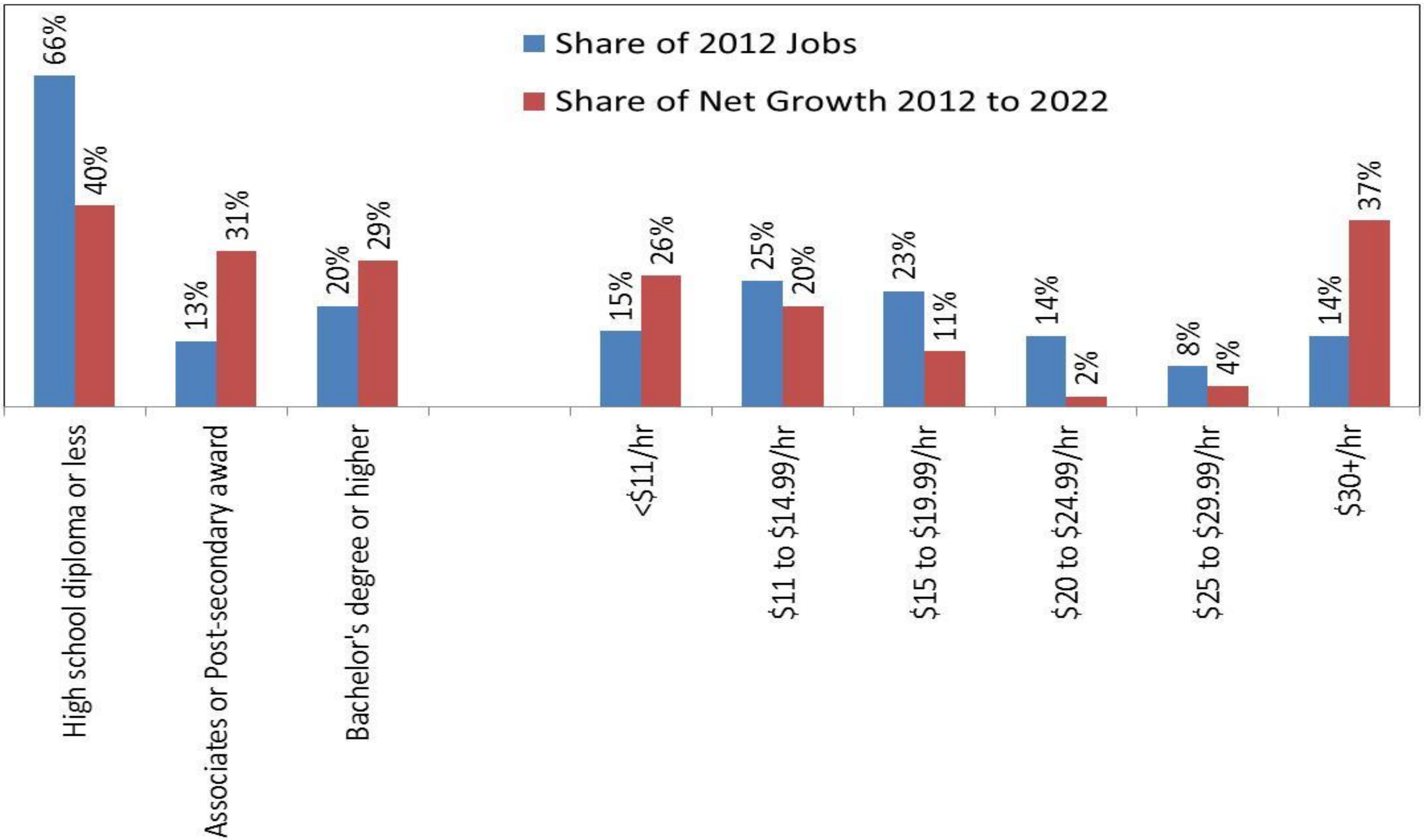
- **High Skill Occupations –** Functions require analytical ability, critical thinking, problem solving, reasoning, and creativity. Most require post-secondary education.

- **Middle Skill Occupations –** Routine and repetitive tasks that tend to be procedural. Often require on the job or other forms of training.

Automation

- **Low Skill Occupations –** Physical work that cannot be (or has not yet been) automated. Limited educational requirements.

Growth is expected to continue to be concentrated in occupations that require post-secondary education that pay well and in low-skill, low-paying occupations



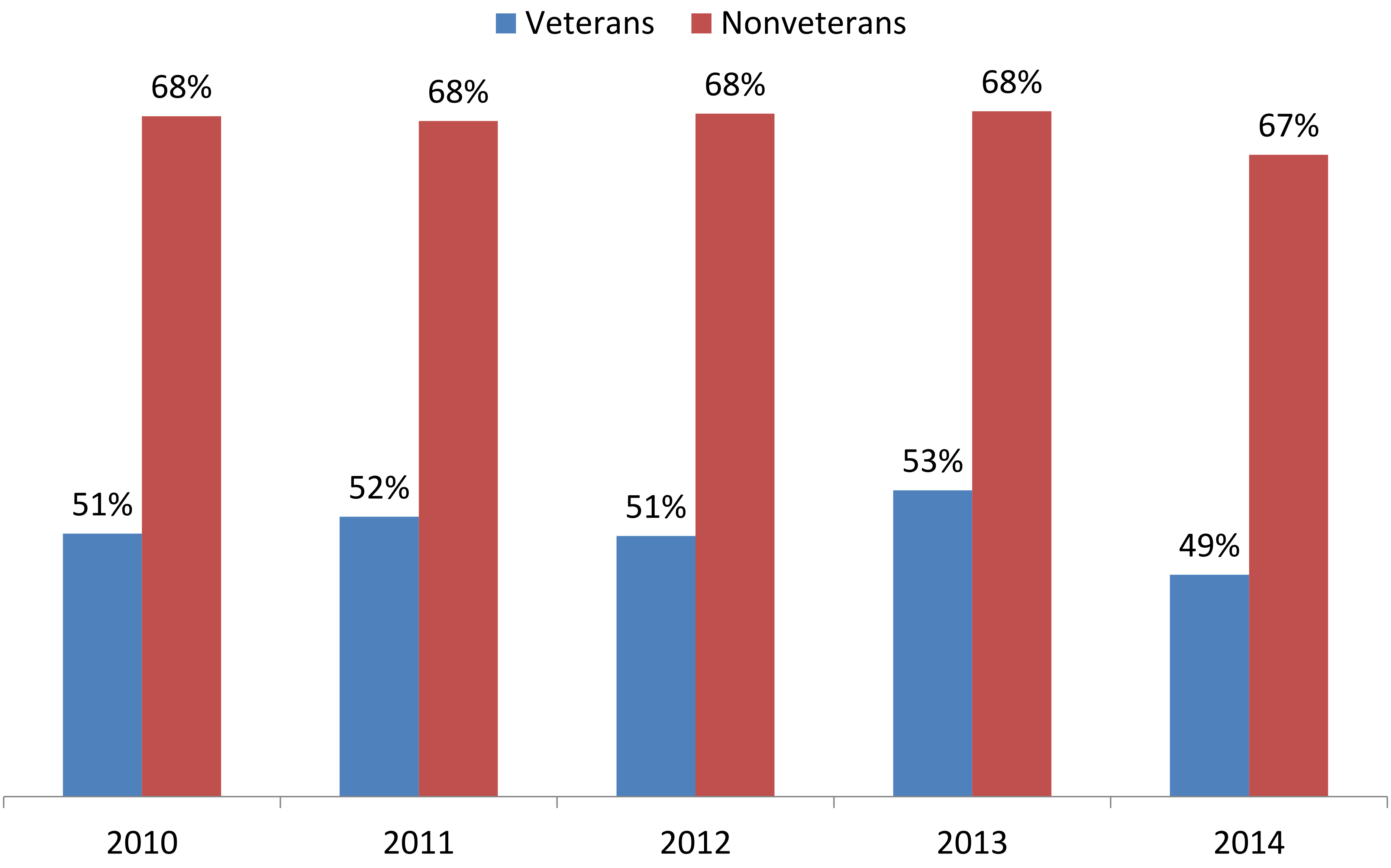
The work attributes valued in growing occupations are very different from those in declining occupations

Examples of knowledge, skill, and ability requirements:

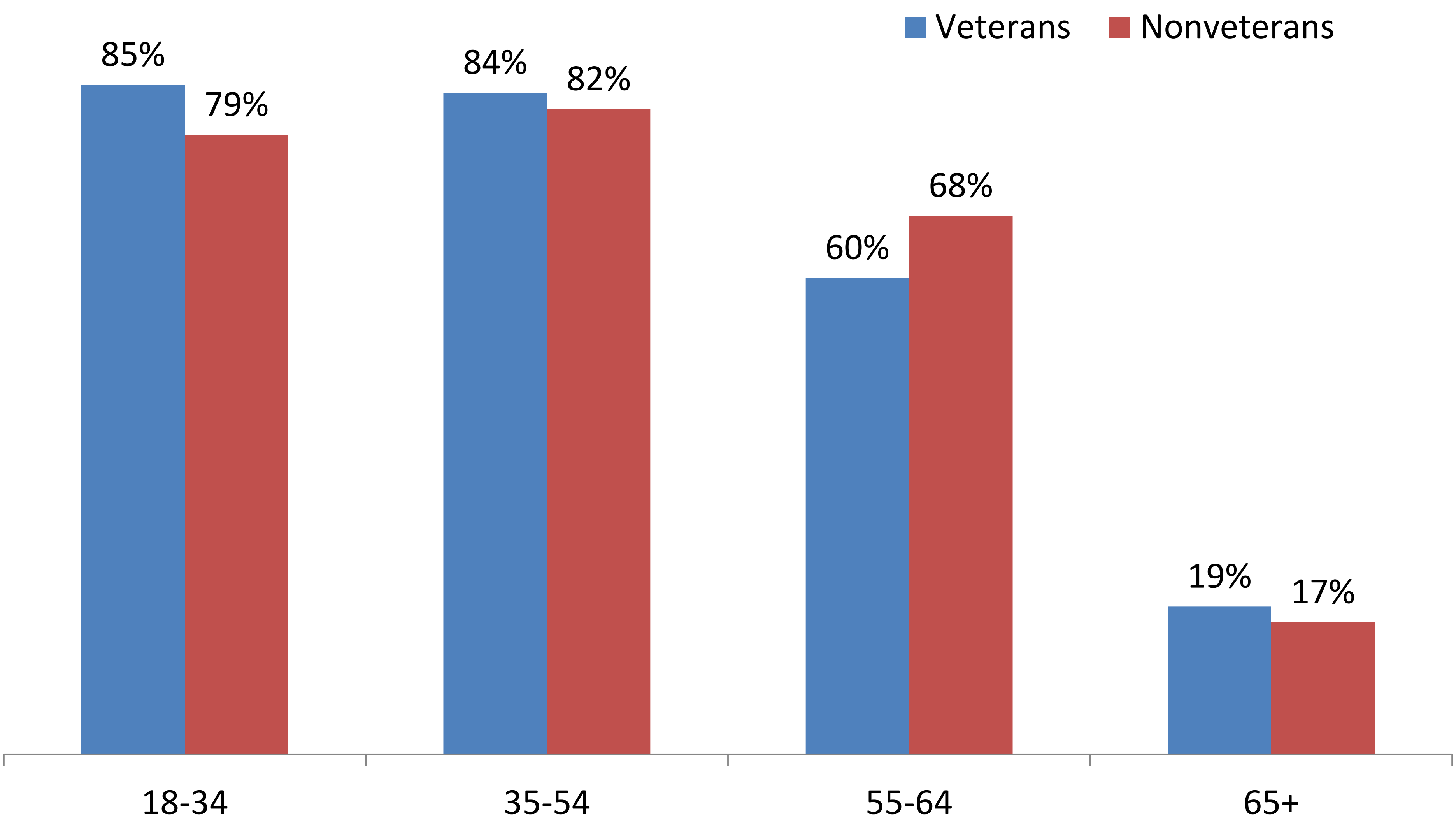
Growing Occupations	Declining Occupations
Critical thinking, problem solving, decision making, mathematics, reading comprehension, deductive reasoning, processing information, analyzing data	Machinery operation, equipment inspection, tool selection, physical strength, following instructions, manual dexterity, clerical functions

Veterans

Labor force participation of Veterans is lower than for non-Veterans



Though participation of Vets is higher in most age groups. The average is lower because a much larger share of Vets are retirement age.



Unemployment rates continue to trend lower for Vets and non-Vets. Estimates for Vets are based on small data samples, so there is more variability.