

Investing in Maine's Future

**Creating Jobs, Innovation, and
Economic Growth**

**Council on Jobs, Innovation
and the Economy**

October 23, 2007

Brookings recommended a significant investment in innovation

- \$20 million Cluster Development Fund
- \$180 million Research and Development Fund

Council on Jobs, Innovation and the Economy formed to specify the structures and mechanisms to bring these recommendations into being

Maine's economy is transforming

OLD

- Paper, textiles, and shoes
- Cost-focused
- Attract non-Maine companies

NEW

- Innovation driven
- Built on Maine's advantages
 - Coast
 - Forests
 - Promising growth sectors

How does innovation translate into Maine jobs?

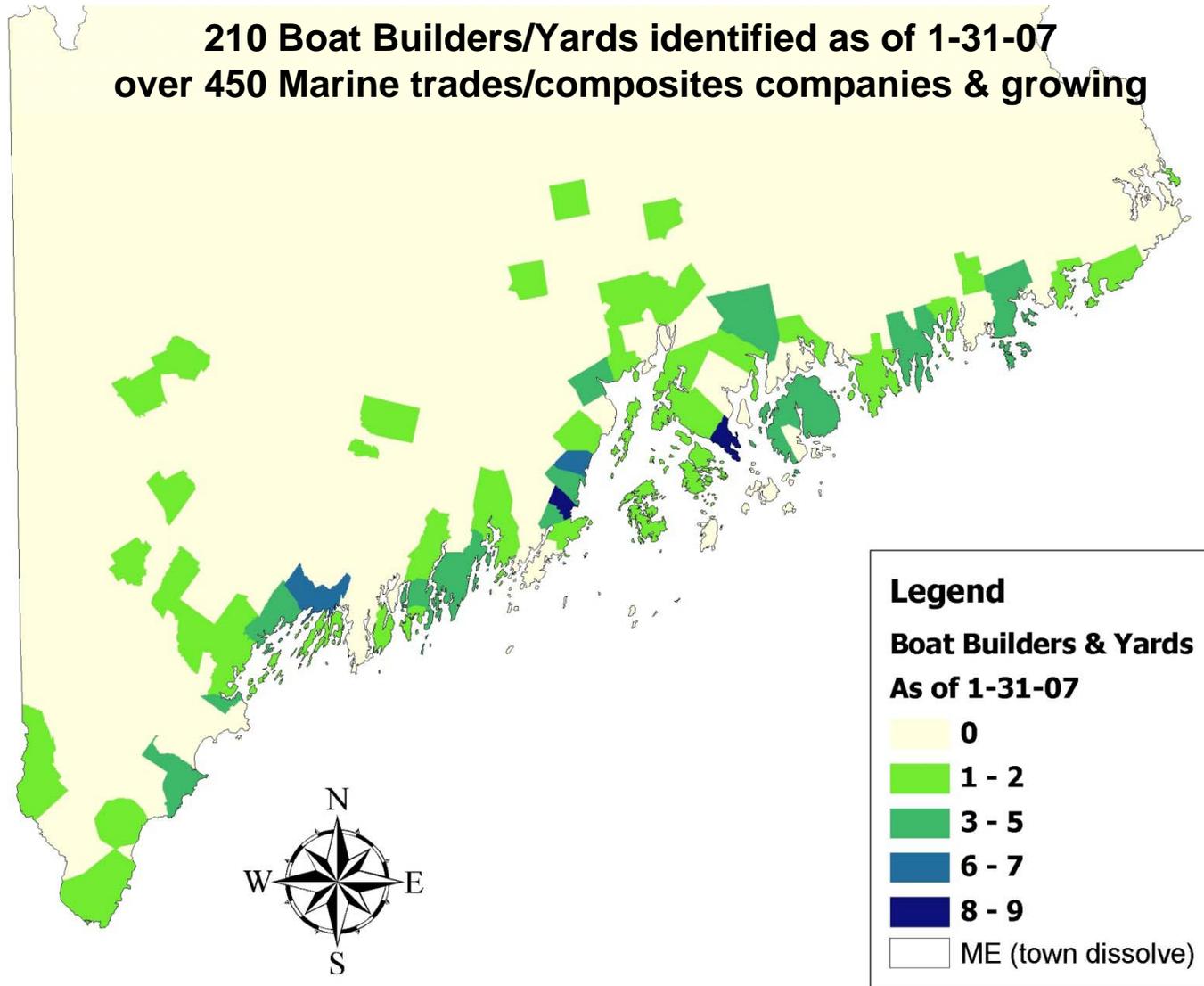


- R & D
- Marketing/Product Innovation

- Small and Midsize Business
- Clusters

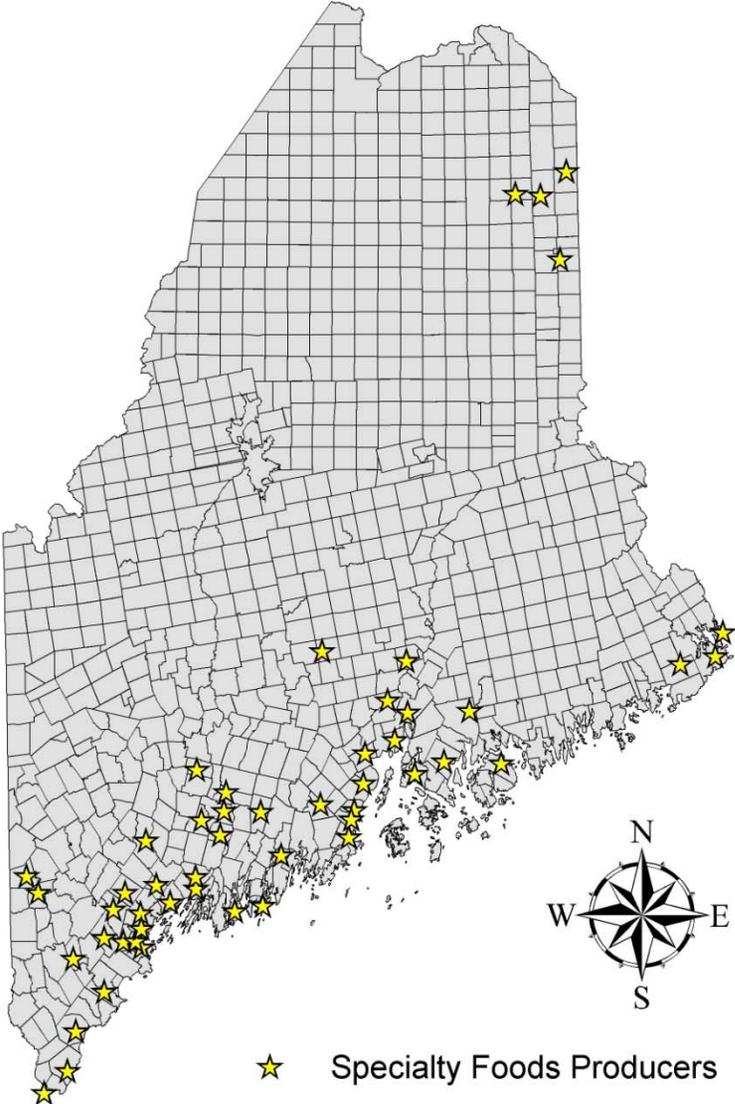
Cluster example: Boat Building and Composite Technology

210 Boat Builders/Yards identified as of 1-31-07
over 450 Marine trades/composites companies & growing



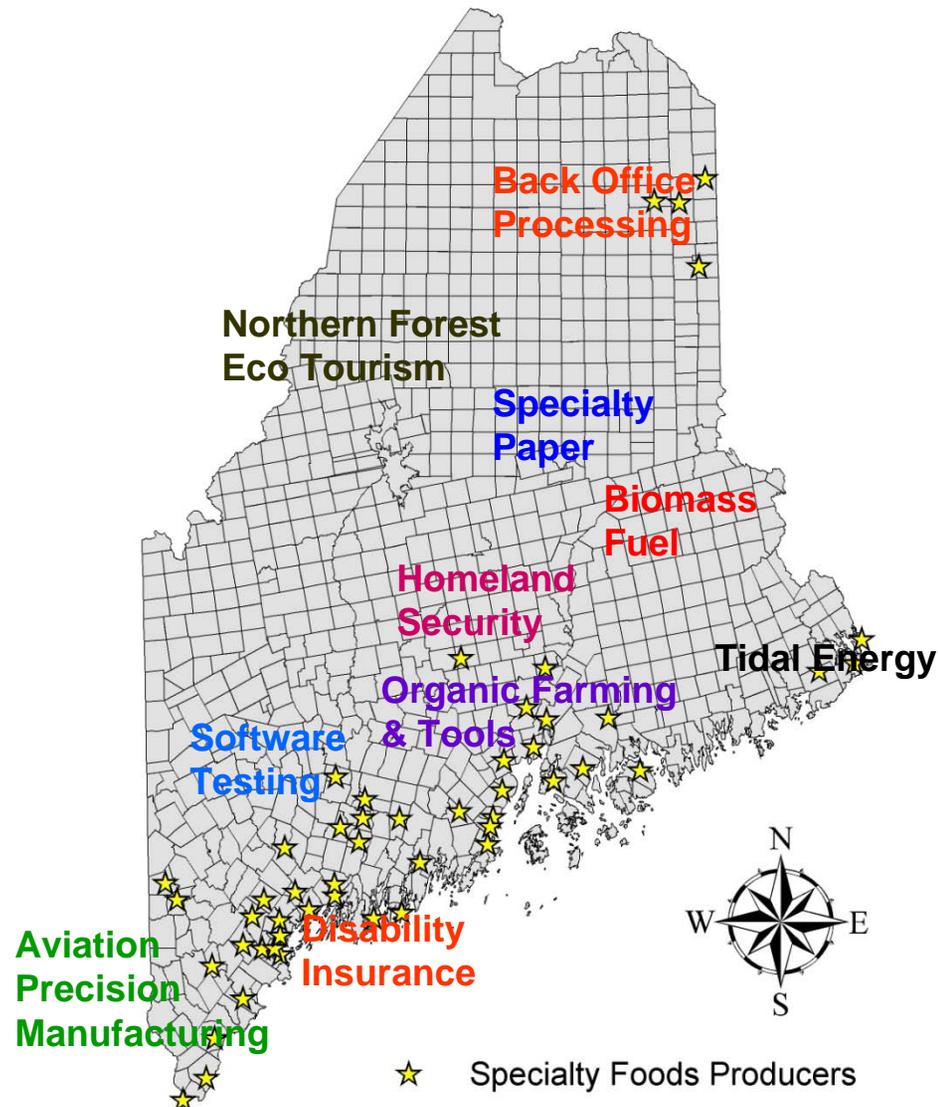
Source: Maine's North Star Alliance, Business Database

Emerging Cluster: Specialty Food Products



Source: Small Business Enterprise Growth Fund, CEI

Examples of recent industry-led cluster activity



Clusters have become the foundation of regional economic development strategies around the country

- 103 cluster initiatives reviewed
- 23 states

Sample Clusters

Fishing

Plastics

Optics

Forestry

Metal Manufacturing

Software

Organic Farming

Boat Building

Medical Devices

Insurance

Composites

Biotech

Bio fuels

Maine's Debt Ranking vs. other states

Net Tax-Supported Debt as a % of Personal Income

1 Hawaii 12.1%	31 Nevada 2.2%
2 Massachusetts 9.8%	32 Michigan 2.1%
3 Connecticut 8.0%	33 Minnesota 2.1%
4 New Jersey 7.9%	34 Maine 2.0%
5 New York 6.7%	35 Virginia 1.7%
6 Illinois 5.9%	36 Missouri 1.6%
7 Delaware 5.3%	37 Arkansas 1.6%
8 Washington 4.9%	38 Indiana 1.4%
9 Mississippi 4.8%	39 Oklahoma 1.4%
10 New Mexico 4.7%	40 New Hampshire 1.4%
11 California 4.6%	41 Montana 1.4%
12 Kentucky 4.5%	42 North Dakota 1.2%
13 Wisconsin 4.5%	43 Texas 1.0%
14 Oregon 4.5%	44 Colorado 0.9%
15 West Virginia 4.4%	45 Tennessee 0.8%
16 Rhode Island 4.1%	46 South Dakota 0.7%
17 Kansas 3.8%	47 Idaho 0.6%
18 Florida 3.2%	48 Iowa 0.4%
19 Louisiana 3.1%	49 Wyoming 0.3%
20 Maryland 3.0%	50 Nebraska 0.1%
21 Ohio 2.9%	MEAN: 3.2%
22 North Carolina 2.8%	MEDIAN: 2.5%
23 Utah 2.7%	Puerto Rico 61.2%
24 Georgia 2.7%	
25 Alaska 2.6%	
26 South Carolina 2.5%	
27 Pennsylvania 2.3%	
28 Vermont 2.2%	
29 Arizona 2.2%	
30 Alabama 2.2%	

*** This figure is based on 2004 Personal Income. It is not included in any totals, averages, or median calculations but is provided for comparison purposes only.*

Net Tax-Supported Debt Per Capita

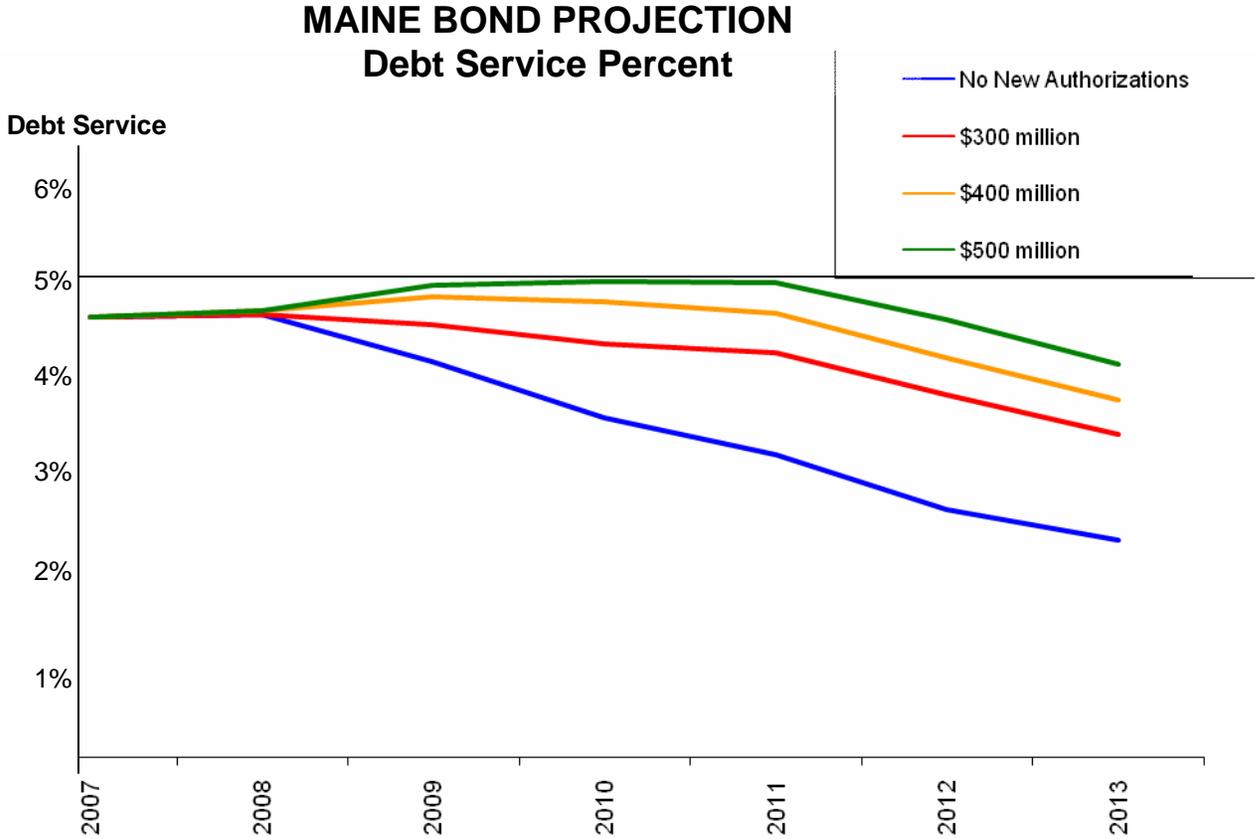
1 Massachusetts \$4,128	31 South Carolina \$661
2 Hawaii \$3,905	32 Arizona \$607
3 Connecticut \$3,624	33 Maine \$606
4 New Jersey \$3,276	34 Alabama \$603
5 New York \$2,569	35 Virginia \$601
6 Illinois \$2,026	36 Missouri \$496
7 Delaware \$1,845	37 Indiana \$474
8 Washington \$1,684	38 New Hampshire \$514
9 California \$1,597	39 North Dakota \$342
10 Wisconsin \$1,437	40 Arkansas \$409
11 Rhode Island \$1,402	41 Oklahoma \$395
12 Oregon \$1,350	42 Montana \$377
13 Kentucky \$1,225	43 Colorado \$314
14 New Mexico \$1,222	44 Texas \$307
15 Mississippi \$1,171	45 Tennessee \$234
16 Maryland \$1,169	46 South Dakota \$225
17 Kansas \$1,169	47 Idaho \$152
18 West Virginia \$1,119	48 Iowa \$110
19 Florida \$976	49 Wyoming \$103
20 Ohio \$915	50 Nebraska \$27
21 Alaska \$880	MEAN: \$1,060
22 Louisiana \$855	MEDIAN: \$754
23 North Carolina \$804	Puerto Rico \$7,312
24 Georgia \$784	
25 Pennsylvania \$762	
26 Minnesota \$746	
27 Nevada \$717	
28 Utah \$707	
29 Vermont \$707	
30 Michigan \$683	

** Issuer Rating (No G.O. Debt)*

*** No General Obligation Debt*

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Debt Service will remain under the 5% rule even with new bonds

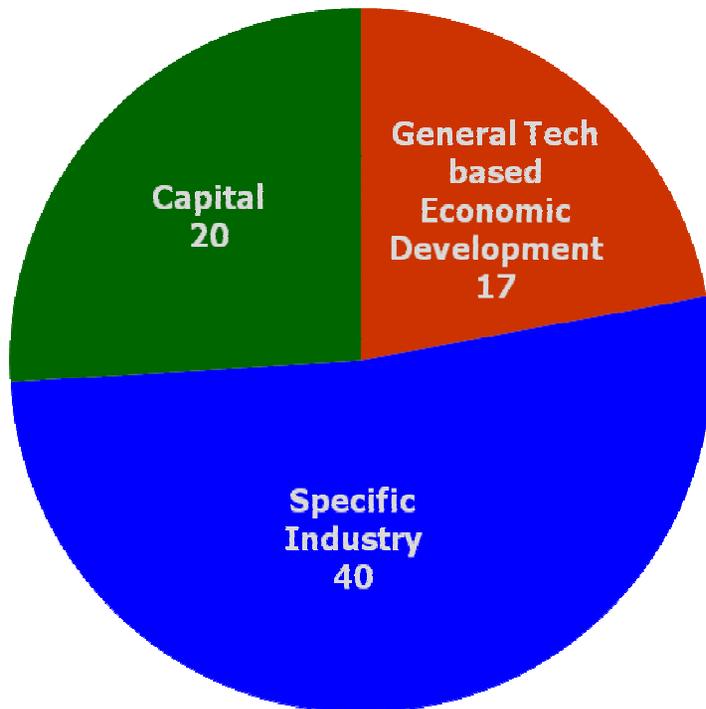


Total Revenue = General Fund Revenue plus Highway Fund Revenue plus Municipal Revenue Sharing

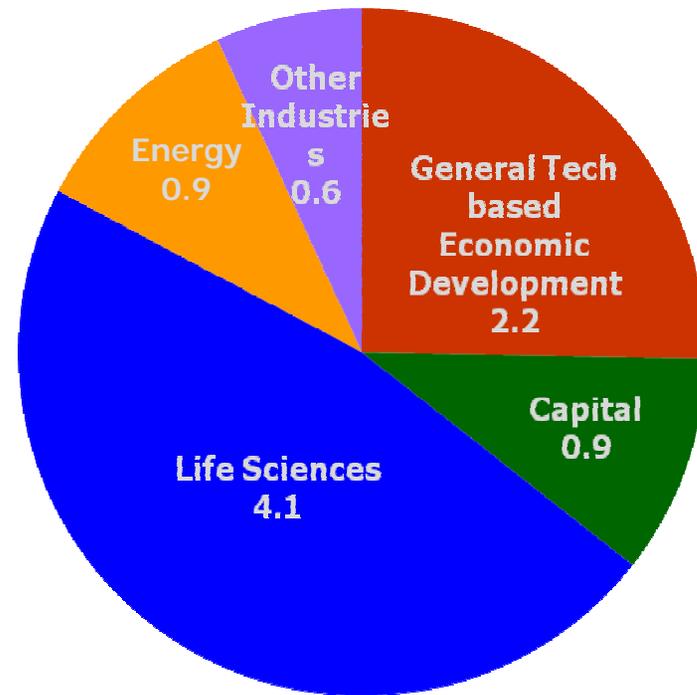
Total Supported Debt Service = Principal and Interest (at 6%) for general obligation bonds, Certificates of Participation (COPs); Capital Leases; Maine Government Facilities Authority (MGFA); GARVEES

Since January 2005 34 states have approved 77 funds in technology based economic development

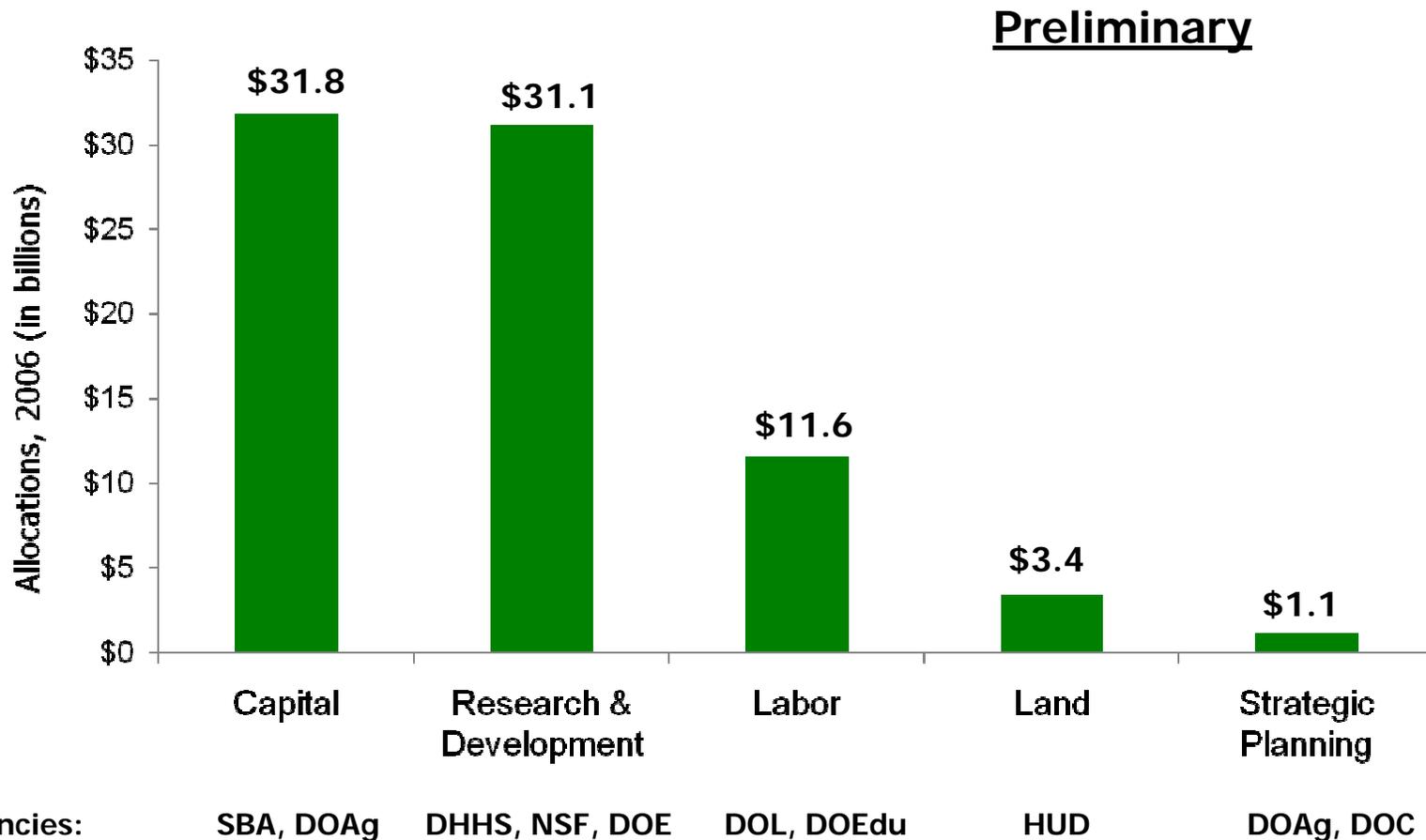
77 Funds



\$8.7 billion



The federal government currently spends almost \$80 billion on regional economic development through 250 programs



Source: Brookings analysis of data from the Catalog of Federal Domestic Assistance;
Programs within R&D include \$2.3 billion set aside for SBIR and STTR

Maine must continue to invest in innovation and economic growth

	Brookings	Council Recommendation	Current Status
Cluster Fund	\$20M	\$20M \$8M included in Gov.'s Budget	\$4M
R & D Bond	\$180M \$60M per year for 3 years	\$150M \$50M per year for 3 years	\$50M Over 2 years (pending Nov. 6 vote)