

State of the State Economy

POLICY LEADERS ACADEMY

JANUARY 7, 2022

AMANDA RECTOR

MAINE STATE ECONOMIST

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES



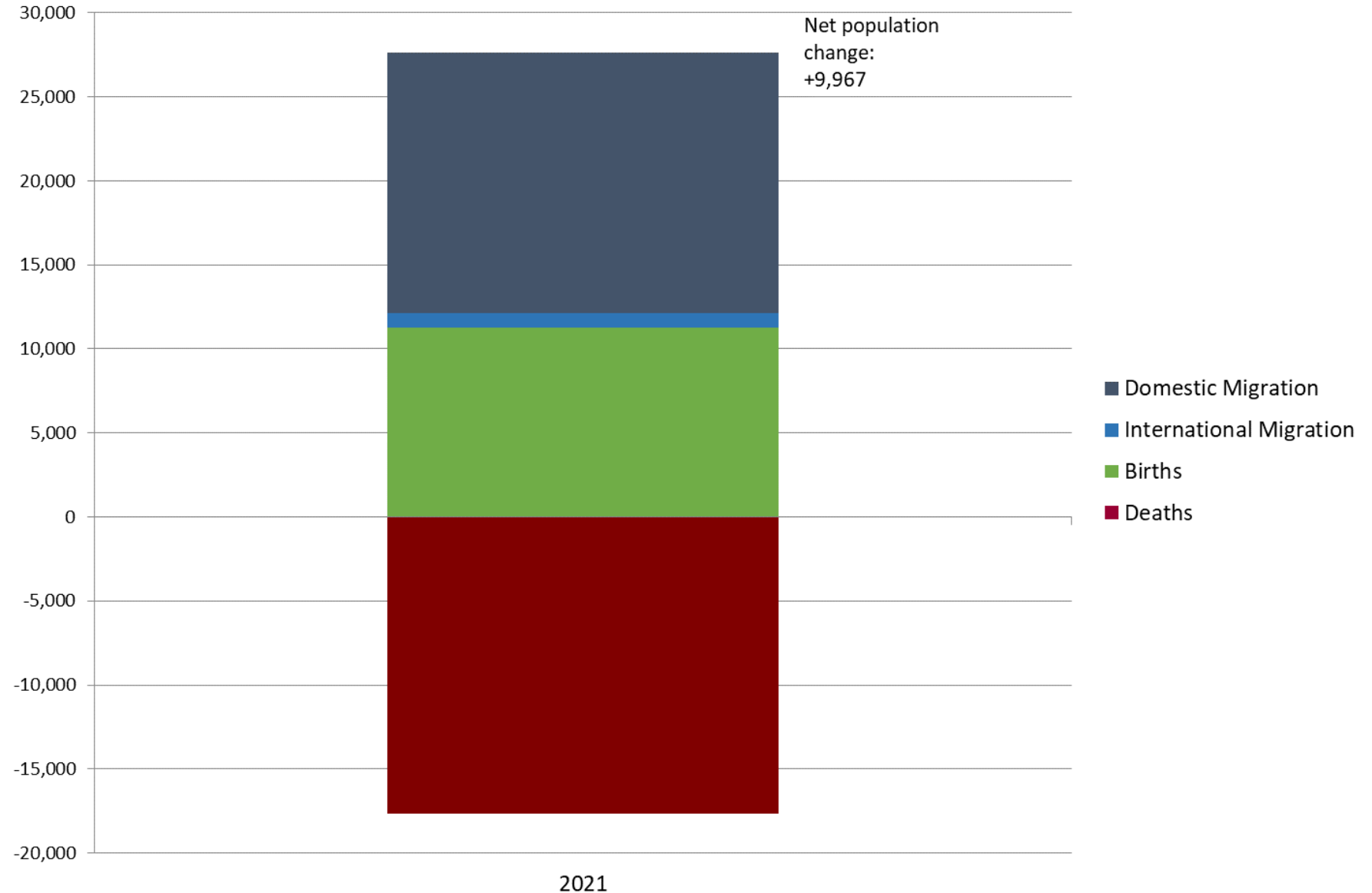
Components of Population Change, Maine

2020 Decennial Population =
1,362,359 (42nd in U.S.)

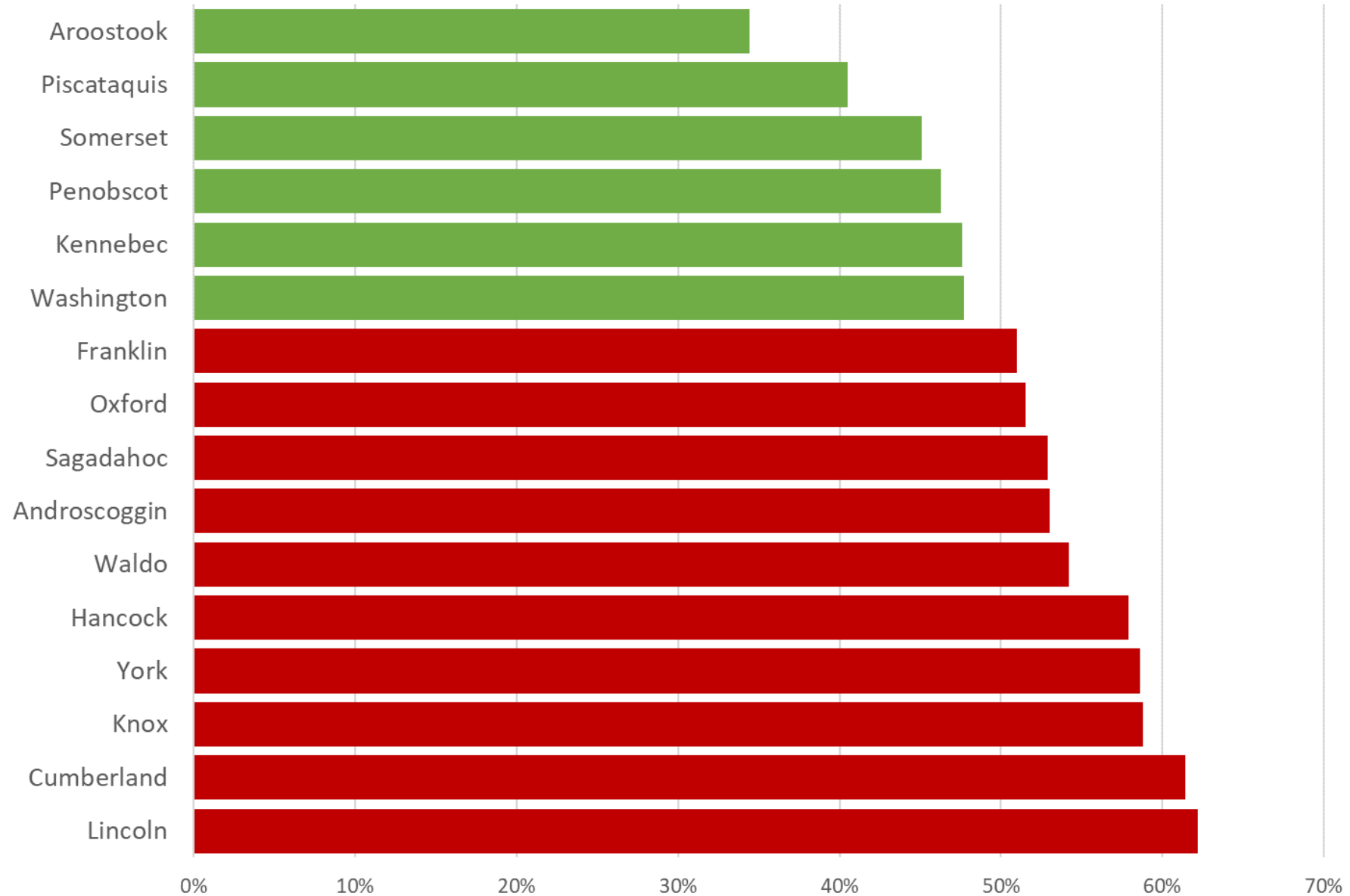
Population increase of 2.6%
from 2010-2020 (42nd in U.S.)

Population increase of 0.7%
from 2020-2021 (14th in U.S.)

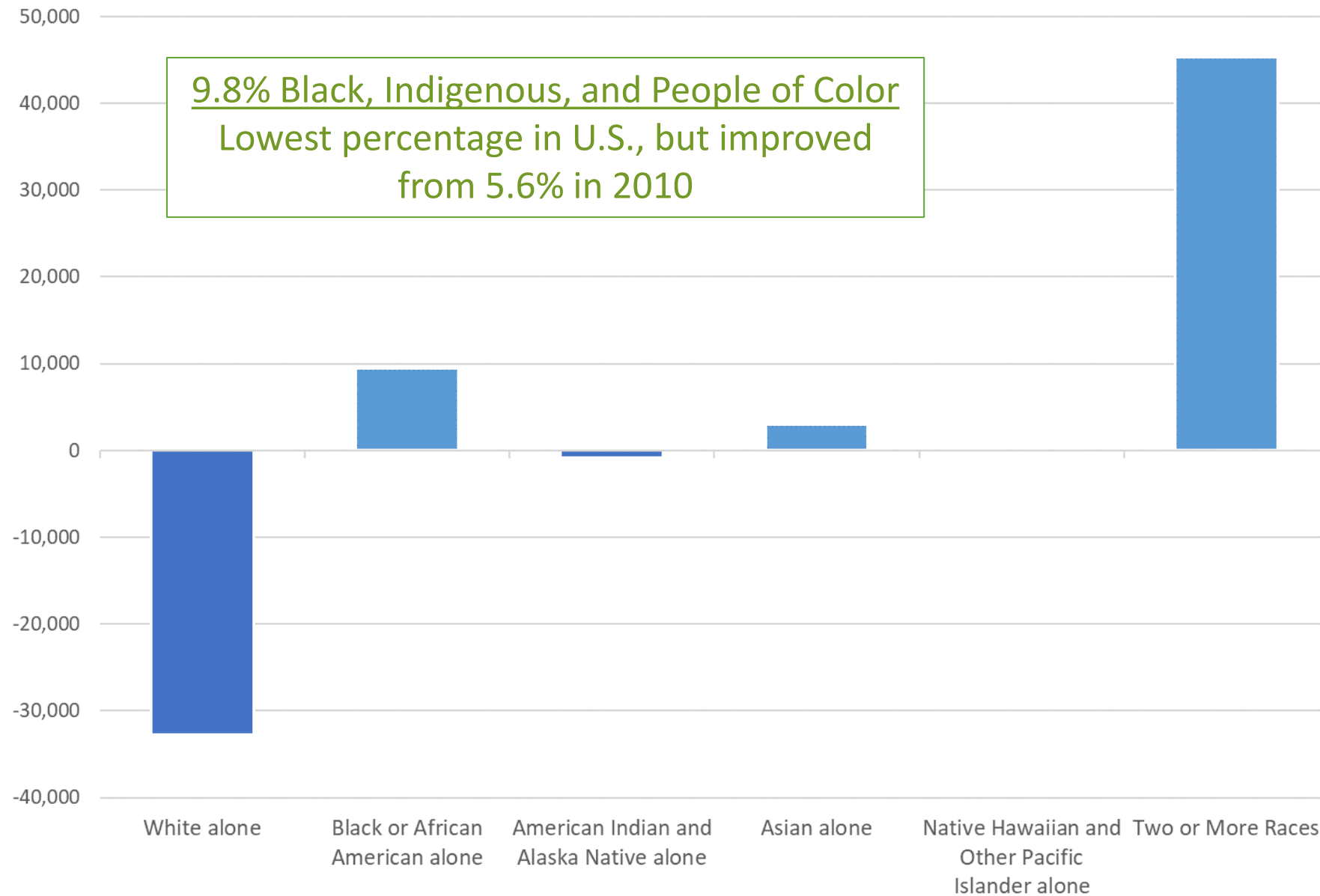
Net migration = 12.0 per
thousand (7th in U.S.)



Percent of Households Unable to Afford Median Home

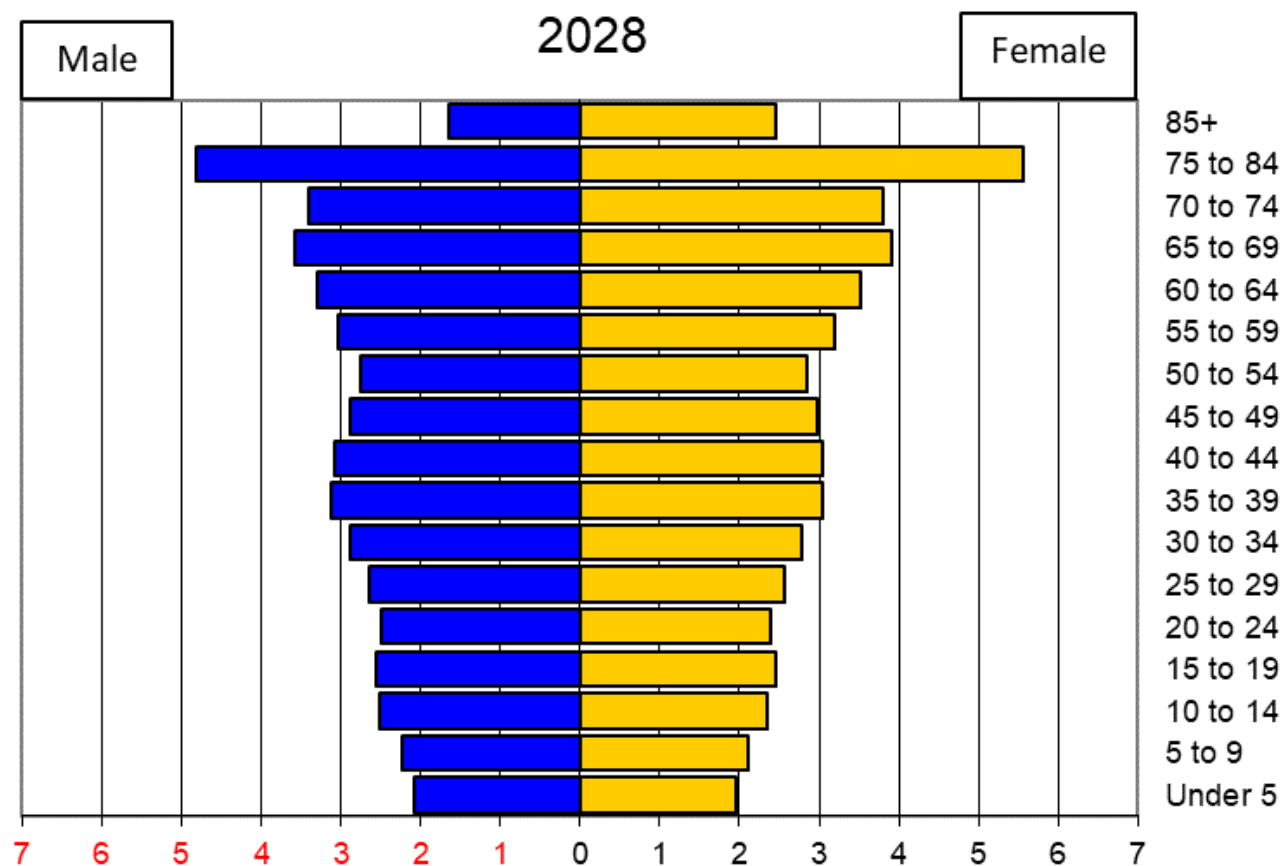


Change in Maine Population by Race, 2010-2020

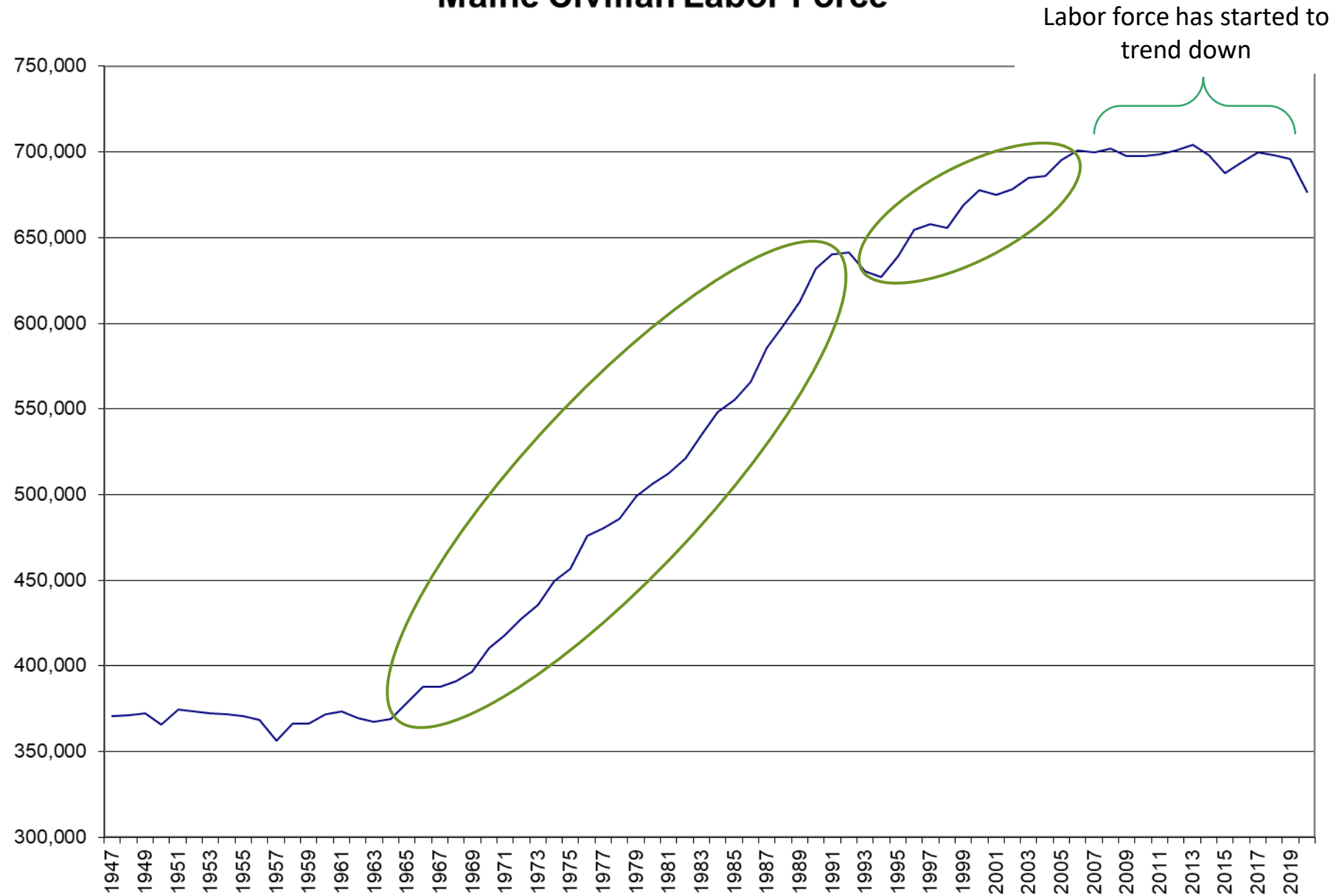


The Baby Boom Wave

Maine is the oldest state...
...by median age (45.0 years)
...and by % of population age 65+ (21.3%)

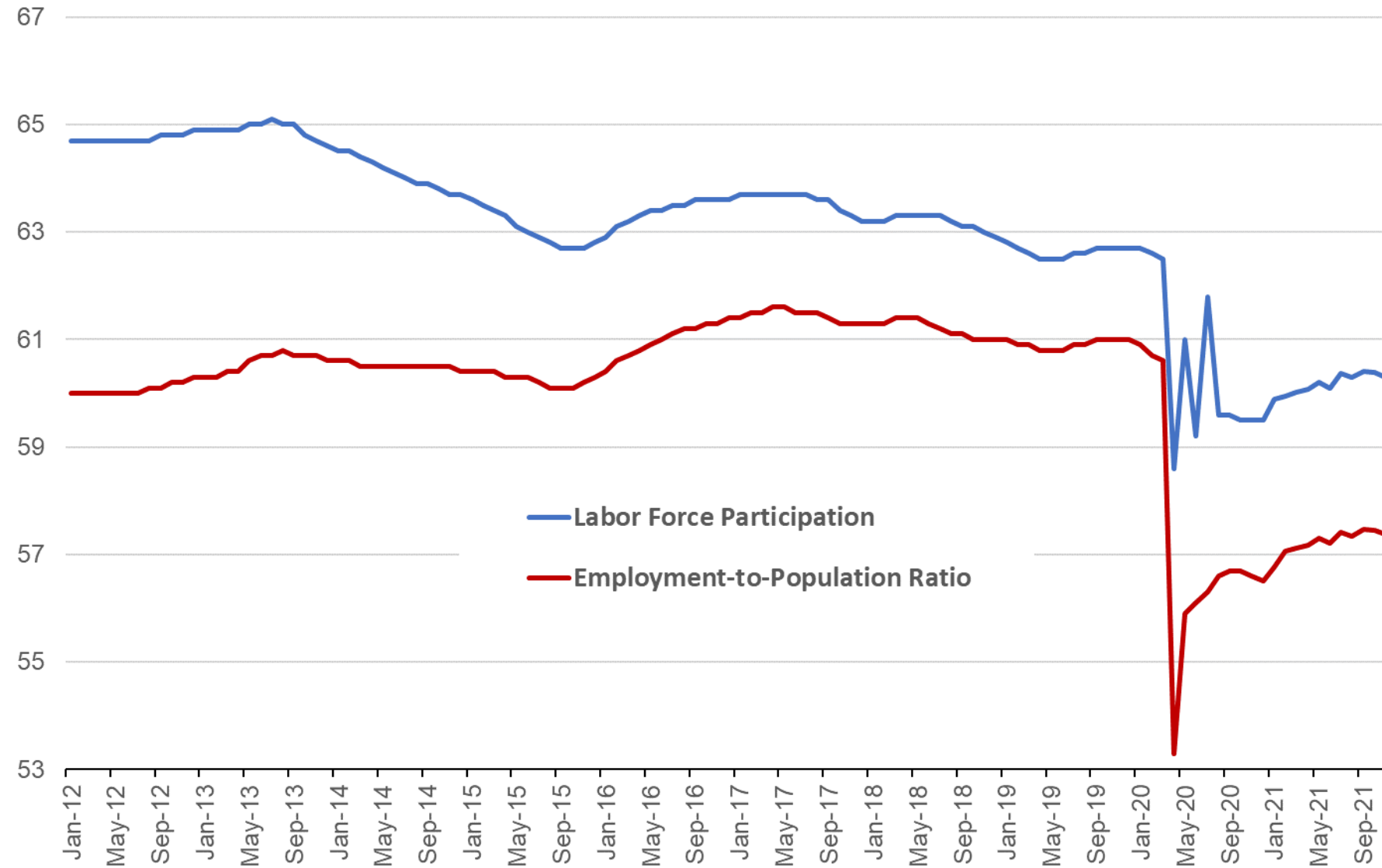


Maine Civilian Labor Force



Labor Force Participation & Employment-to-Population Ratio

(Seasonally Adjusted)



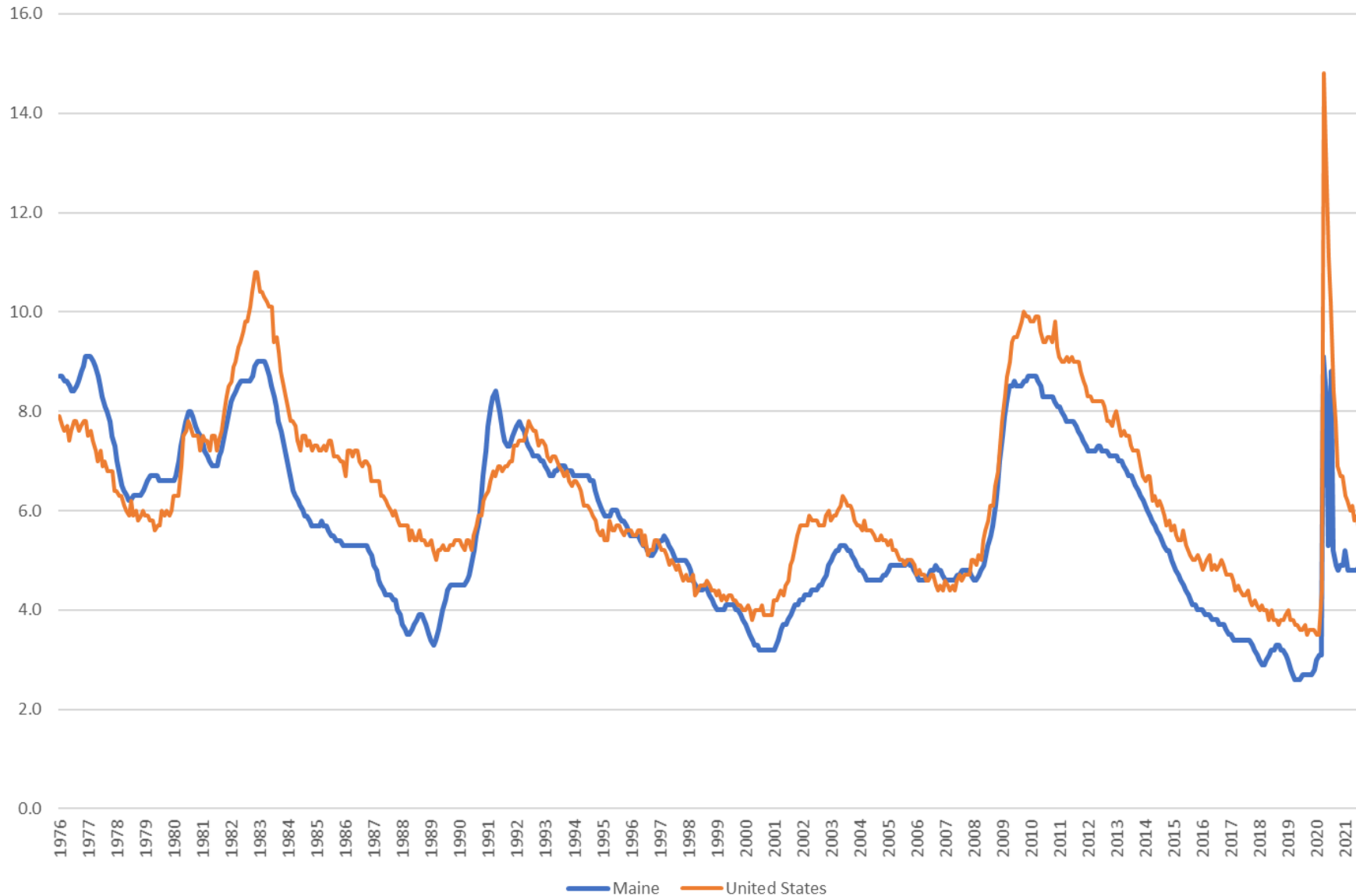
Nationally, 29% of adults who retired in the prior year (2020) indicated that factors related to the pandemic contributed to their retirement timing

22% of all parents were either not working (9%) or working less (13%) due to disruptions to childcare or education.

11% of mothers and 6% of fathers said they were not working due to disruptions in school or childcare, equating to nearly two percentage points fewer working adults.

Black, Hispanic, and single mothers, along with low-income mothers were more likely to be not working or working less due to childcare/school disruptions

Unemployment Rate
(seasonally adjusted)



In April 2020, Maine's official unemployment rate was 9.1% - the highest since February 1977. Even so, it underrepresented the true unemployment rate due to technical issues.

Maine DOL surveyed unemployment claimants and active job seekers on barriers to return to work

The most commonly cited barriers were “lack of opportunities that match my skill set” (34%) and “COVID health risks or concerns” (31%)

- COVID-related health concerns were cited by 44% of respondents age 55+ compared to 15% of respondents under age 24
- Around 25% of “other” barriers cited by age 55+ were related to ageism

Other reasons preventing return to work were concerns about job quality, inaccessibility of opportunities, and lack of social supports such as childcare or transportation

- Respondents outside of Cumberland and York counties were more likely to cite “no relevant jobs in my area,” especially in Franklin, Washington, and Piscataquis counties

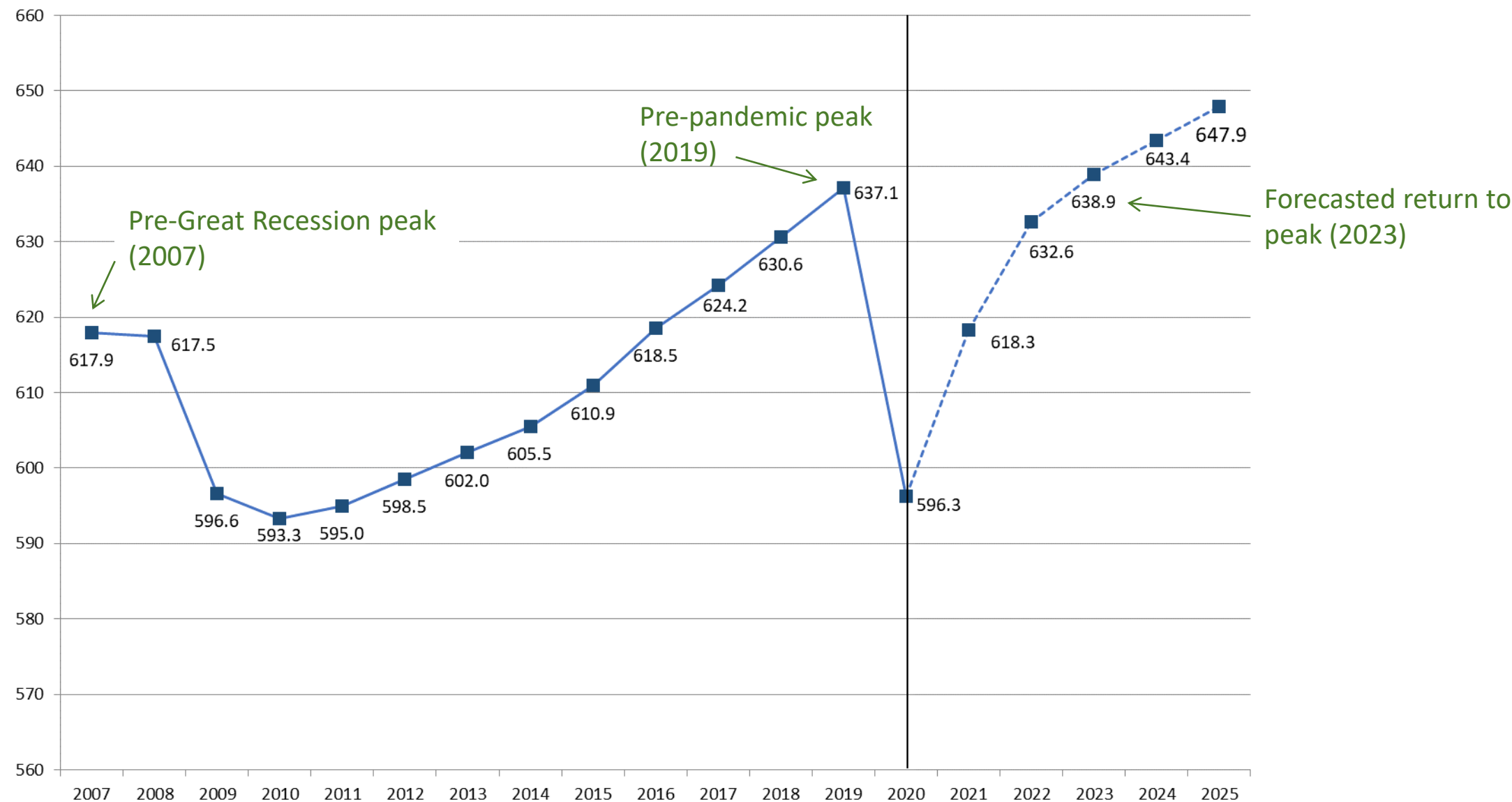
Maine DOL surveyed unemployment claimants and active job seekers on barriers to return to work

Respondents said the most needed supports for return to work were “relevant job opportunities or leads” (32%) followed by “additional skills training opportunities” (20%)

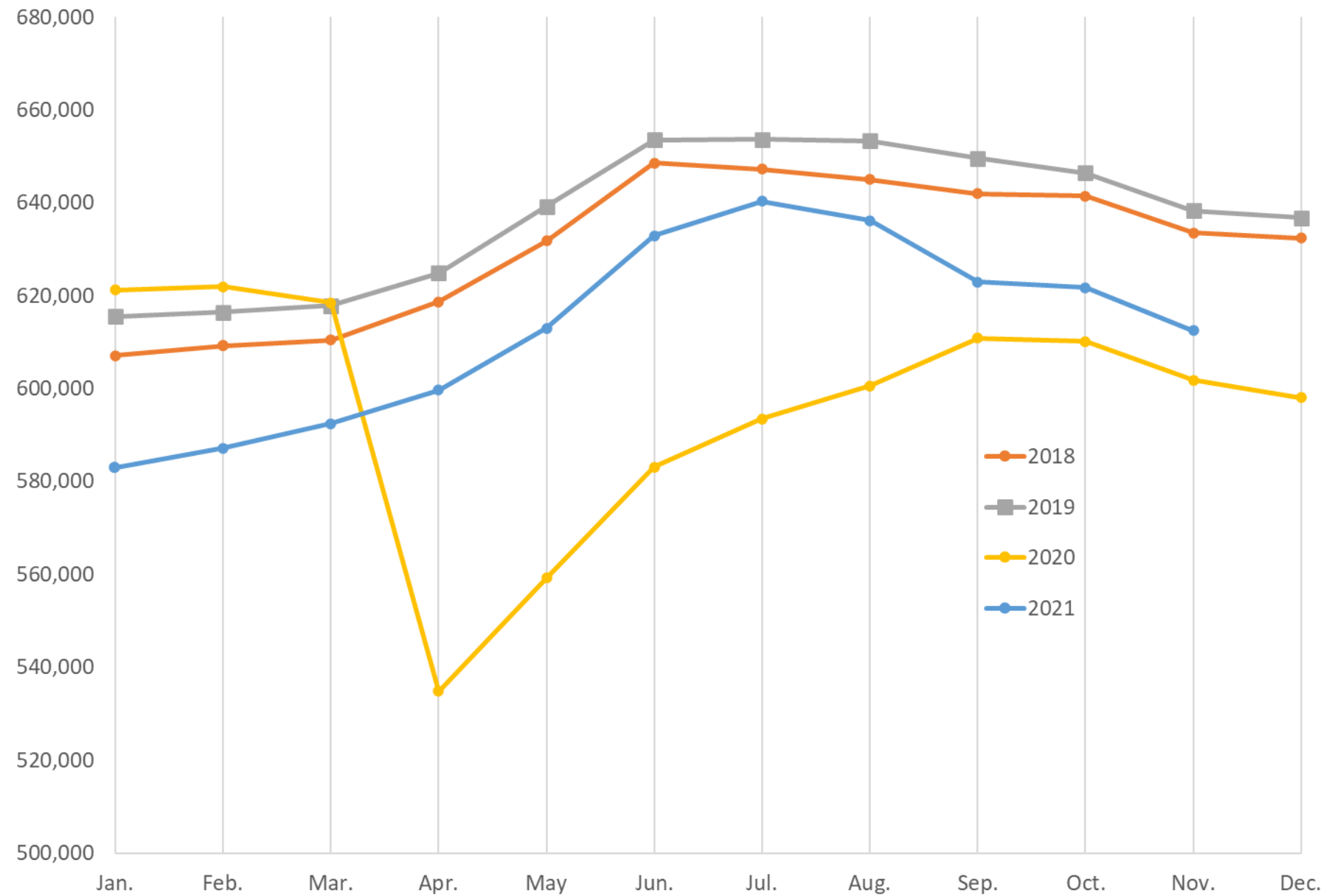
- 39% of respondents age 25-44 cited childcare as a need, compared to 16% overall
- Respondents age 18-35 were more likely to cite structural and social supports as needs, such as affordable housing (34%) and mental health support (27%)
- BIPOC respondents were more likely than white respondents to cite structural and social supports as needs, including affordable housing and transportation access

Of those who did return to work, the most commonly cited enabling factors were that their previous employer rehired them (38%) and finding a job that matched their skillset (26%)

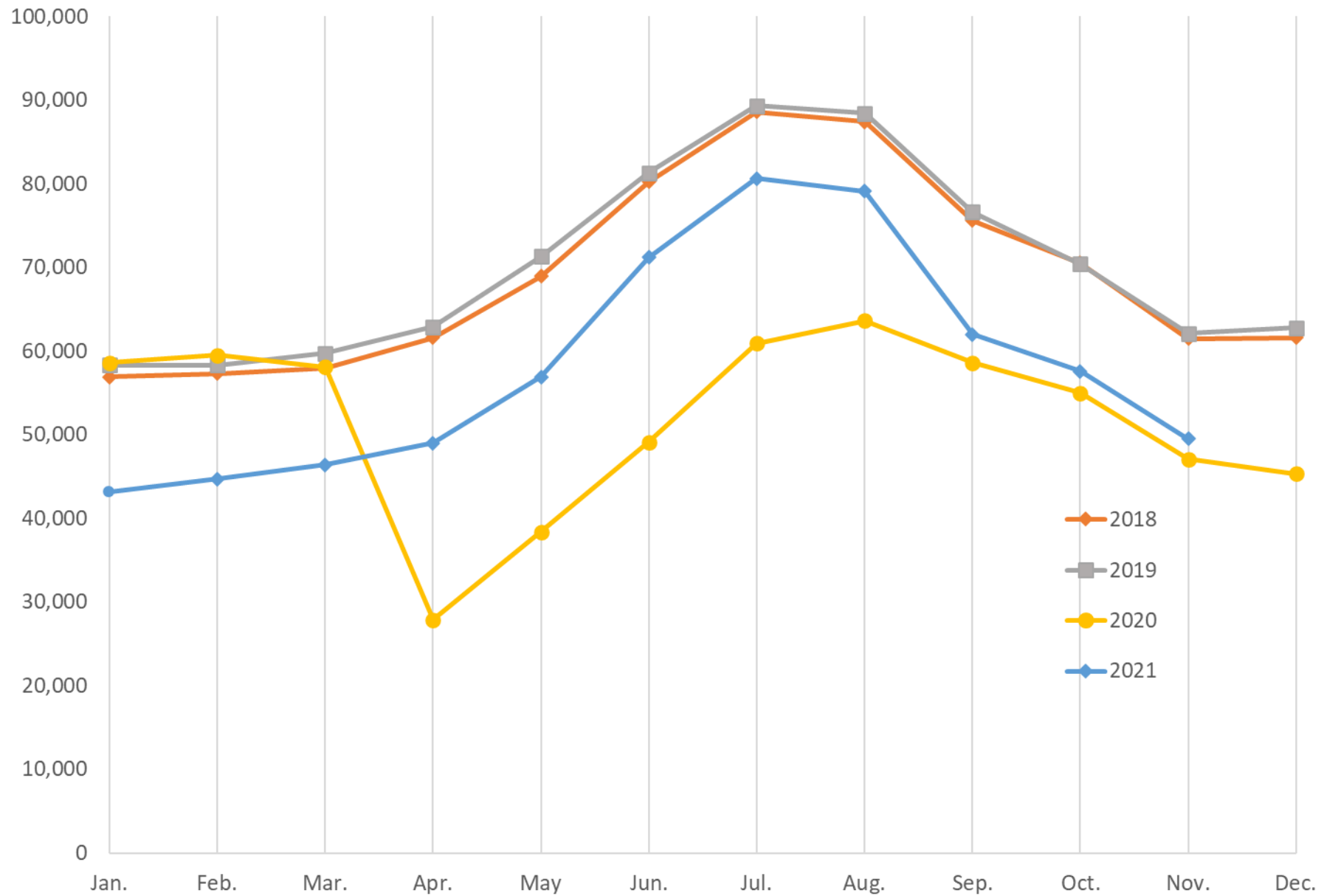
Total Nonfarm Employment (in thousands)
History and CEFC forecast



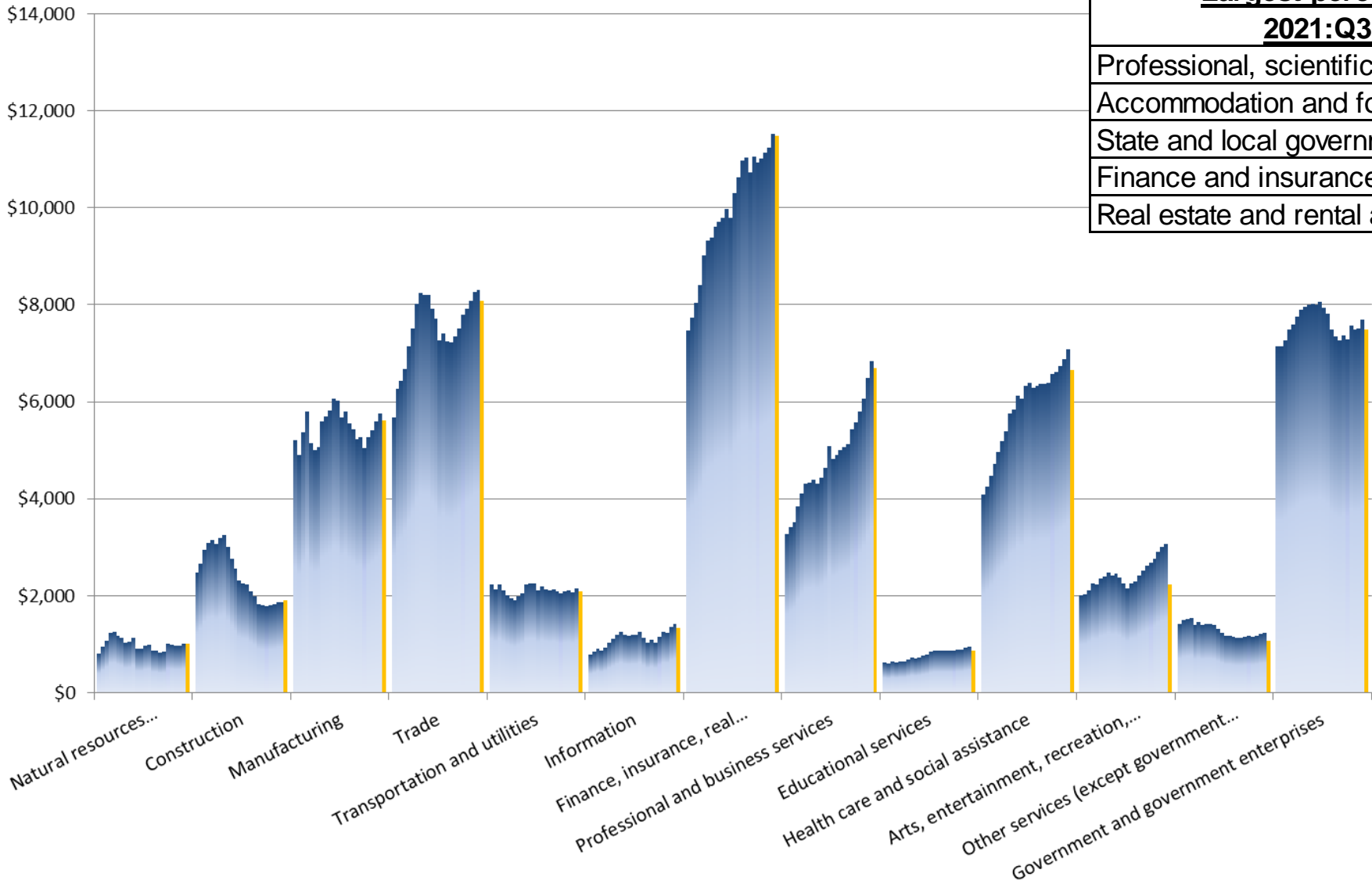
Total Nonfarm Employment, Not Seasonally Adjusted



Leisure and Hospitality Employment, Not Seasonally Adjusted



Maine Real GDP by Industry, 1997-2020
(in millions of chained 2012 dollars)



Largest percentage point contributions to 2021:Q3 real GDP growth (1.7%)	
Professional, scientific, and technical services	0.55
Accommodation and food services	0.55
State and local government	0.54
Finance and insurance	0.52
Real estate and rental and leasing	0.41

Black, Indigenous, and People of Color have seen higher rates of employment income loss

*National data used for reliability, but Maine appears to have similar trends

White alone, not Hispanic: 10% of households reported experiencing a loss of employment income in the past four weeks, either for themselves or a household member

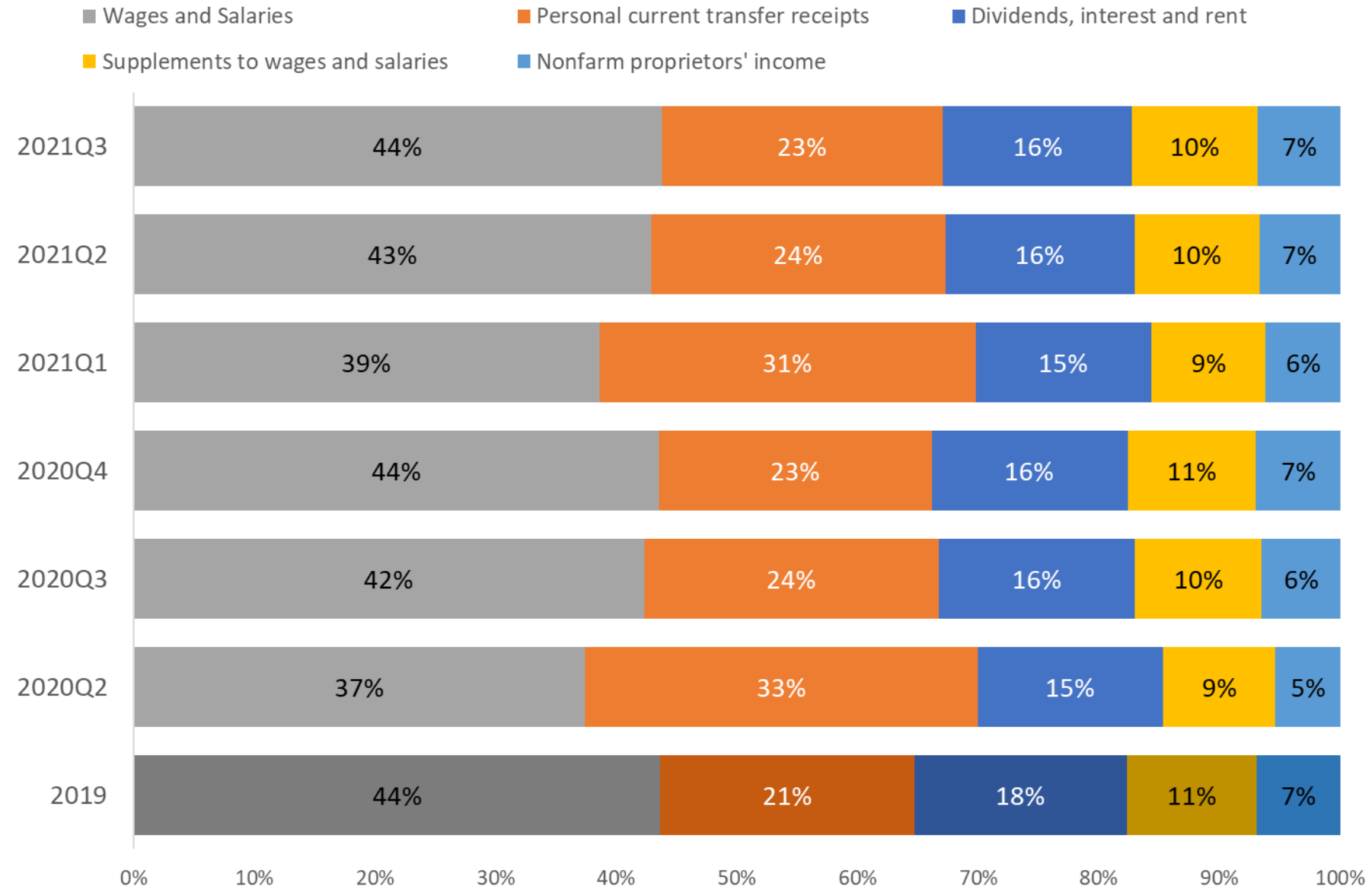
Black alone, not Hispanic: 20%

Asian alone, not Hispanic: 14%

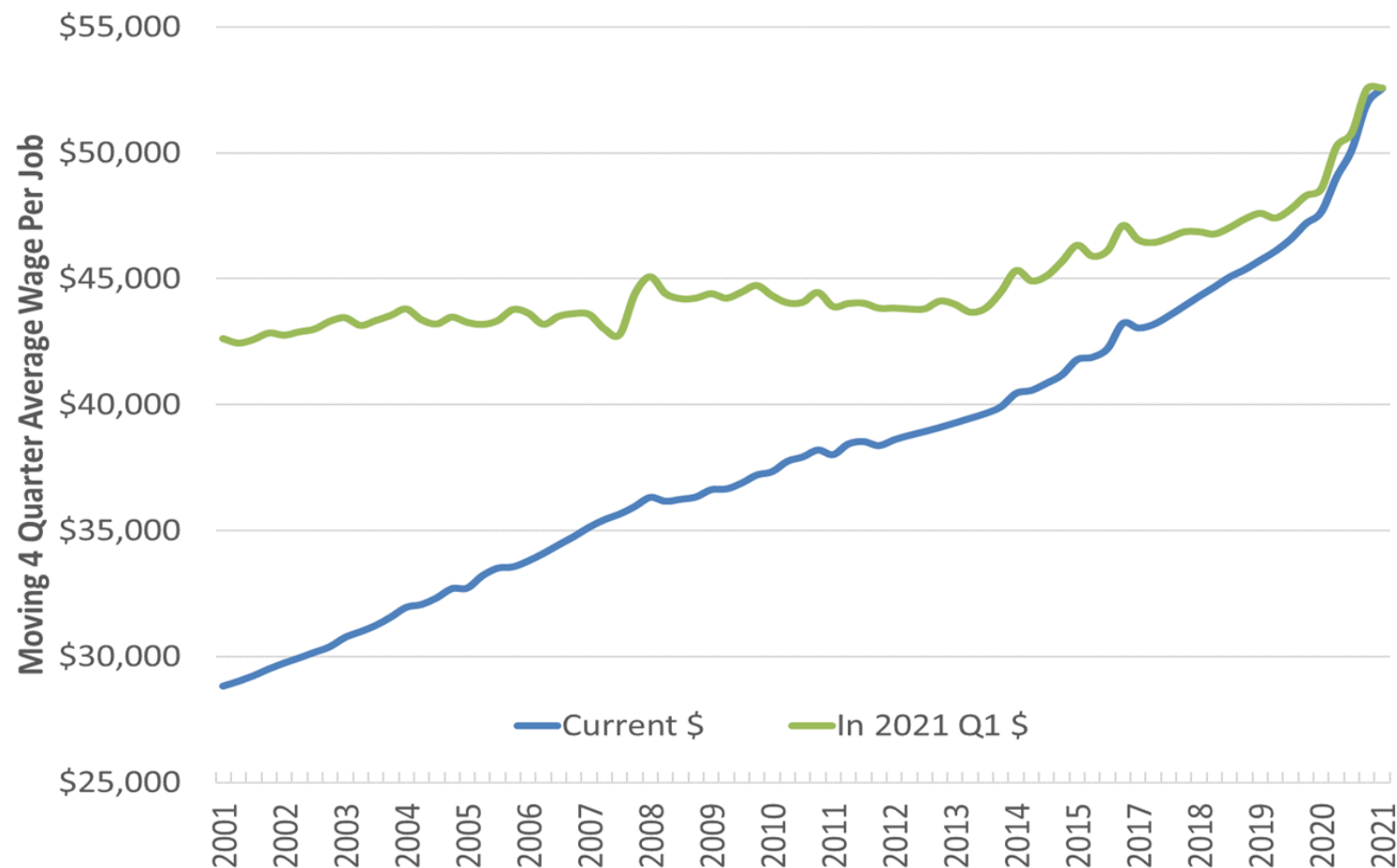
Two or more races + Other races, not Hispanic: 18%

Hispanic or Latino (any race): 26%

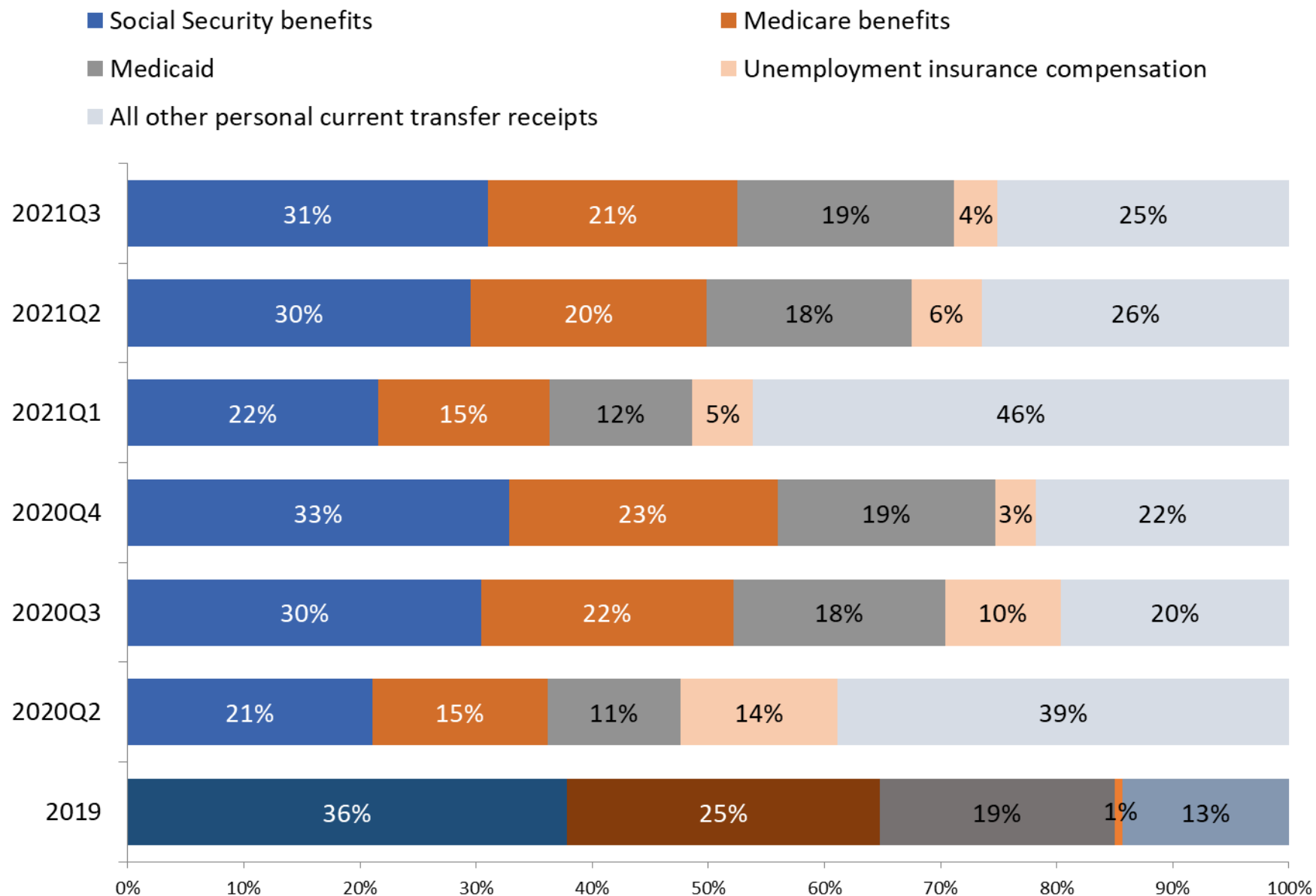
Major Components of Personal Income, Maine



Higher total wages spread across fewer jobs drove the average wage per job up sharply in the pandemic era



Components of Personal Current Transfer Receipts, Maine



Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020

Official 2020 U.S. poverty rate = 11.4%, 1.0 percentage points higher than 2019

Supplemental Poverty Measure (SPM) = 9.1%, 2.6 percentage points LOWER than 2019

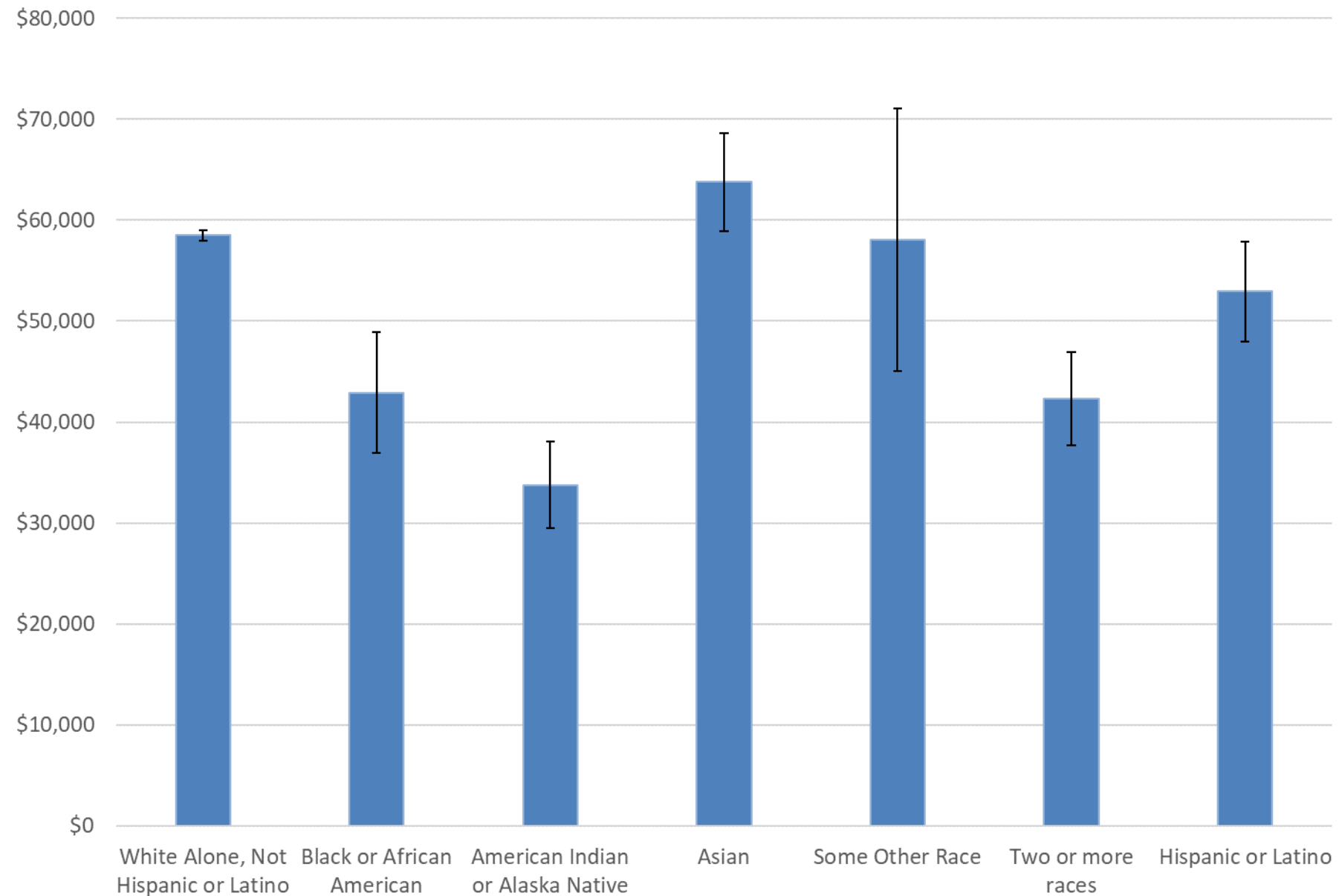
- Without stimulus payments, the SPM would have been 12.7%

Maine was one of 30 states where the 2018-2020 SPM (7.3%) was lower than the official measure (10.0%)

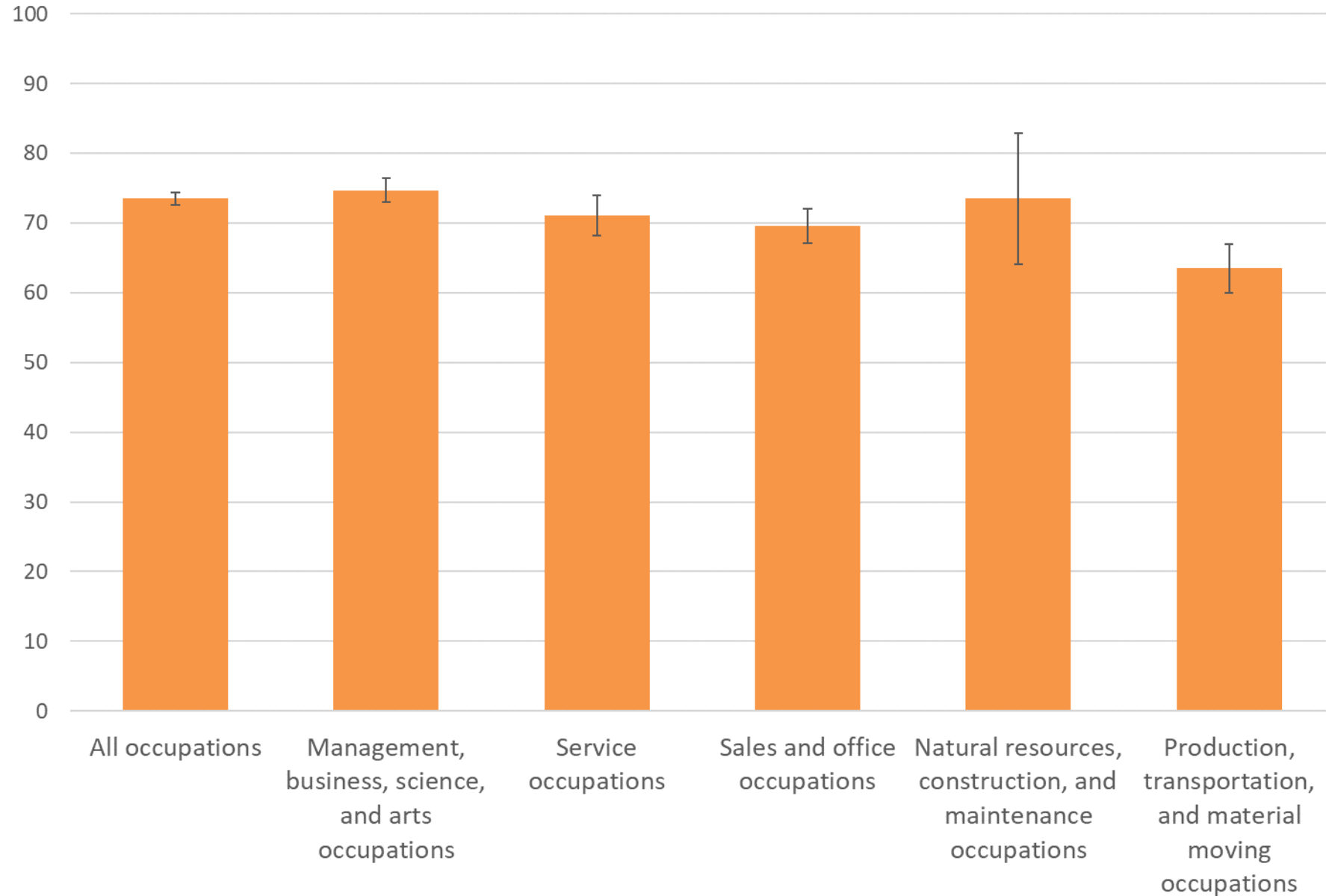
Nationally, people moved out of poverty due to federal programs:

- Social Security moved 26.5 million people out of poverty
- Unemployment benefits = 5.5 million
- Stimulus payments = 11.7 million

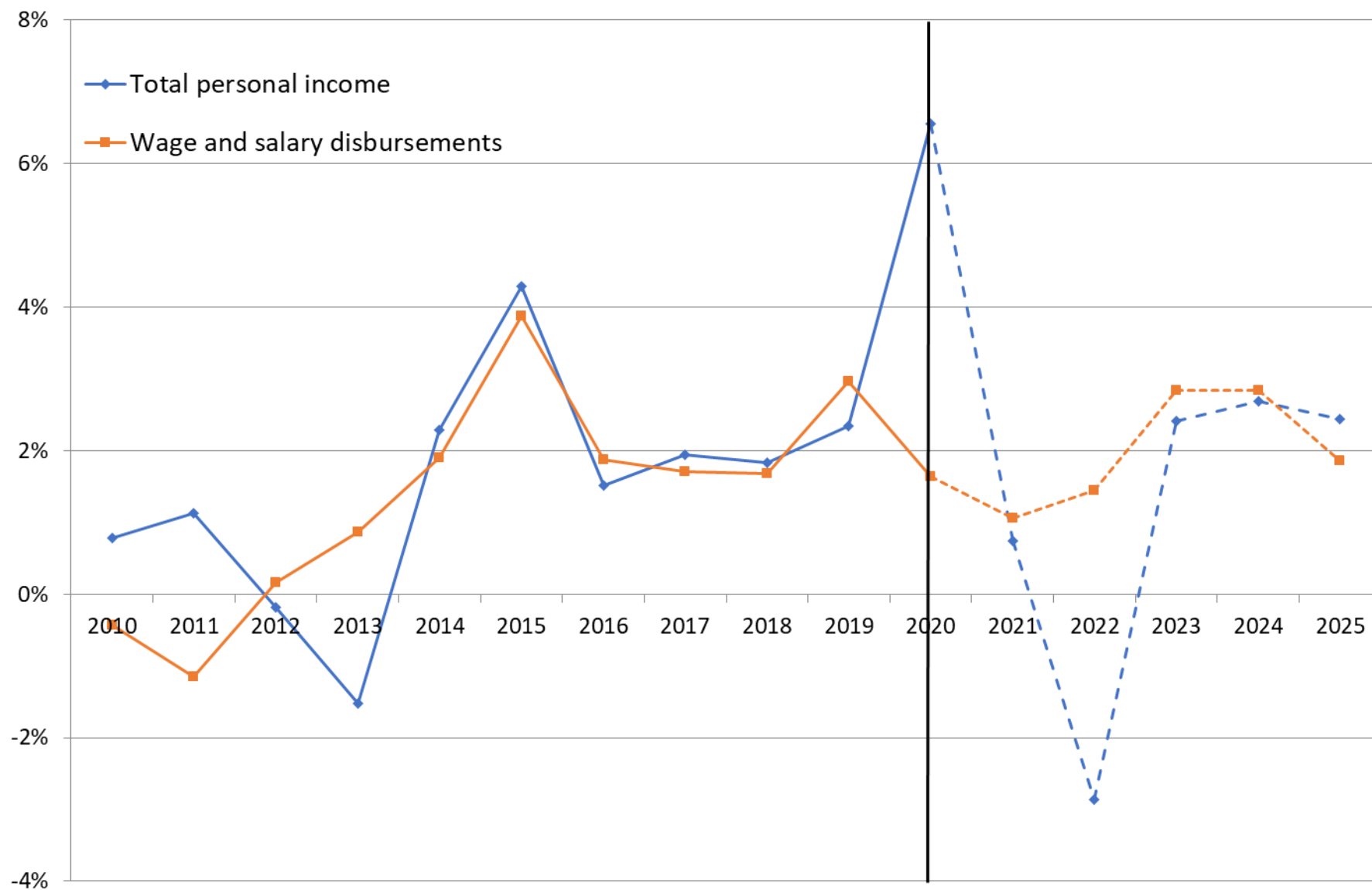
Median Household Income, Maine



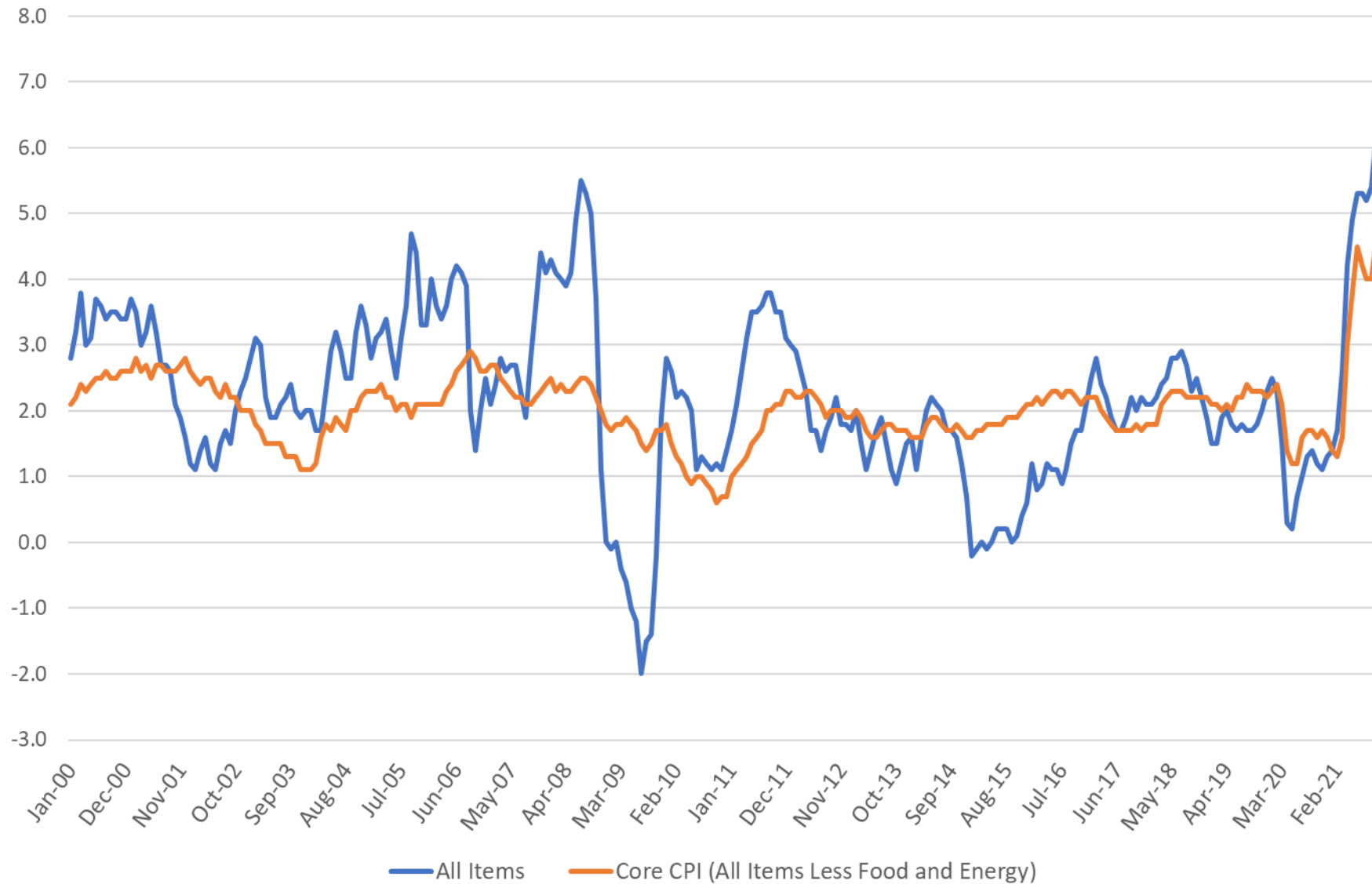
Women's Earnings as a Percent of Men's Earnings by Occupation, Maine



Percent Change in Real Personal Income, Maine 2010-2020 and forecast to 2025



Year-over-year percent change in Consumer Price Index (1982-84=100, seasonally adjusted)



Maine Taxable Retail Sales	% Change from Oct. 2020 to Oct. 2021	% Change from Oct. 2019 to Oct. 2021	% Change last three months / same 3 month period one year ago
Building Supply	7.6%	28.0%	7.3%
Food Store	2.9%	11.1%	4.2%
General Merchandise	9.9%	17.8%	13.1%
Other Retail	11.9%	48.9%	14.7%
Restaurant	27.3%	9.3%	31.0%
Lodging	73.8%	38.9%	63.7%
Auto Transportation	2.0%	13.3%	3.8%
Total	12.0%	22.2%	14.8%
Business Operating	16.4%	18.9%	19.5%
Personal Consumption	11.6%	22.6%	14.3%

Things to keep in mind:

- The 2020 recession was both the deepest and the shortest (2 months) on record; federal support was crucial for staving off what could have been far worse economic consequences
- Much hinges on the path of the pandemic – widespread global vaccinations are needed to bring the public health crisis under control and minimize new variants
- Supply chain issues have become a significant problem, contributing to increased inflation, and an extended period of supply chain disruptions could slow the recovery
- Other trends likely have been accelerated by the pandemic, e.g. gig work and automation
- What happens with remote work, retirements, migration, and job quality in the long term?

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