

# State of the State Economy

MDF BOARD MEETING

MARCH 8, 2022

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AMANDA RECTOR

MAINE STATE ECONOMIST

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES



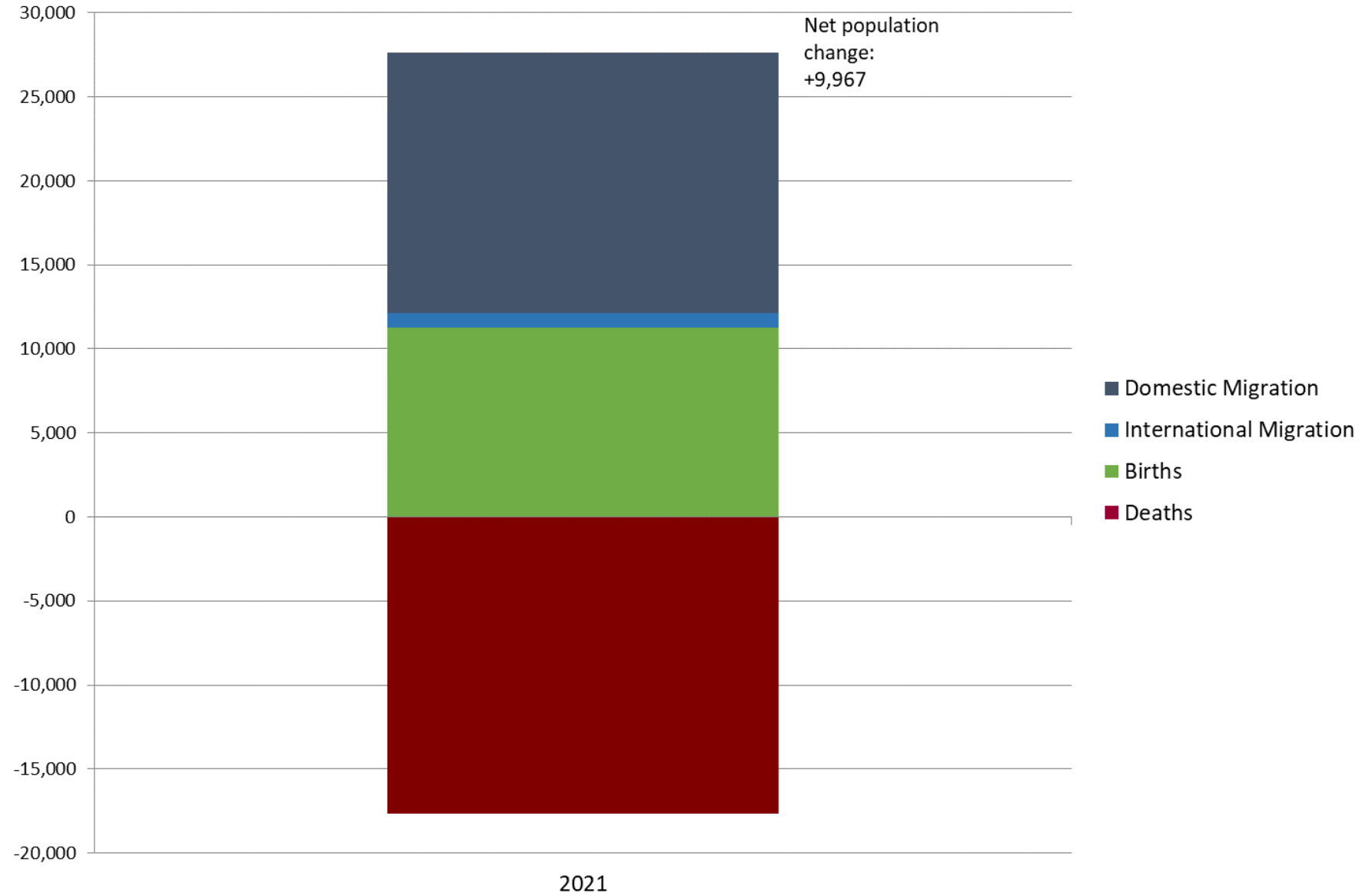
# Components of Population Change, Maine

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

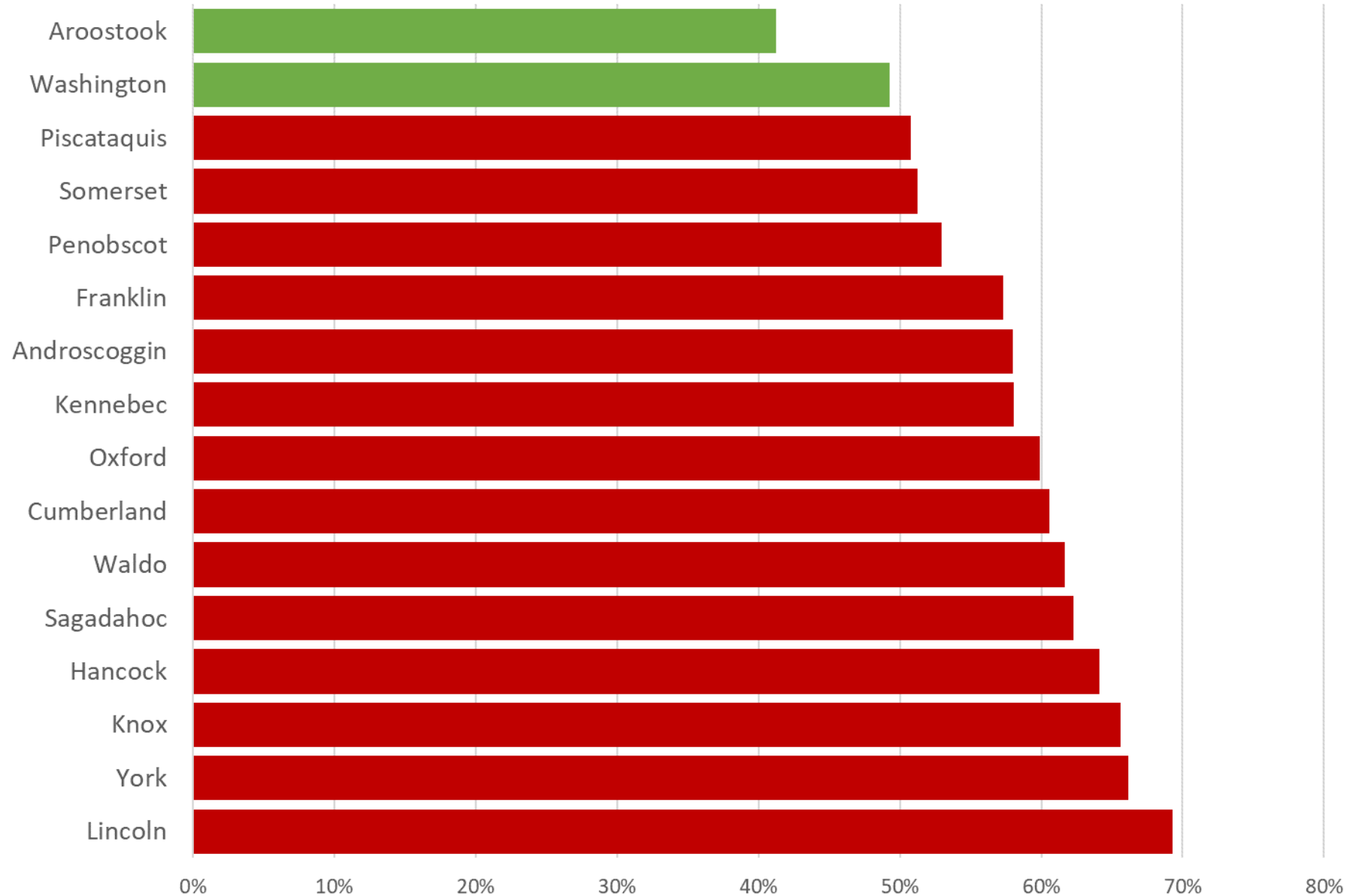
Population increase of 2.6%  
from 2010-2020 (42<sup>nd</sup> in U.S.)

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

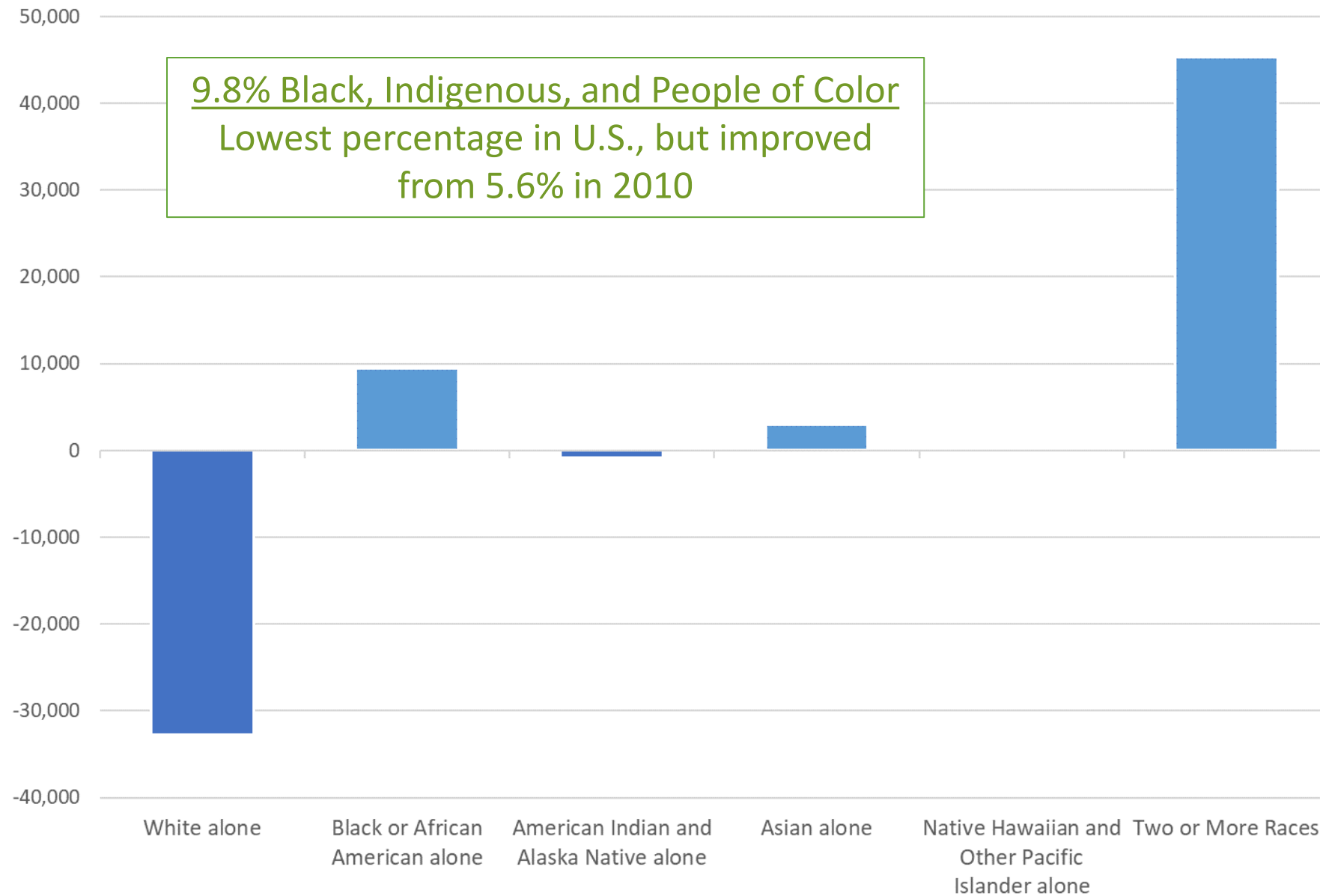
Net migration = 12.0 per  
thousand (7<sup>th</sup> in U.S.)



## Percent of Households Unable to Afford Median Home, 2021

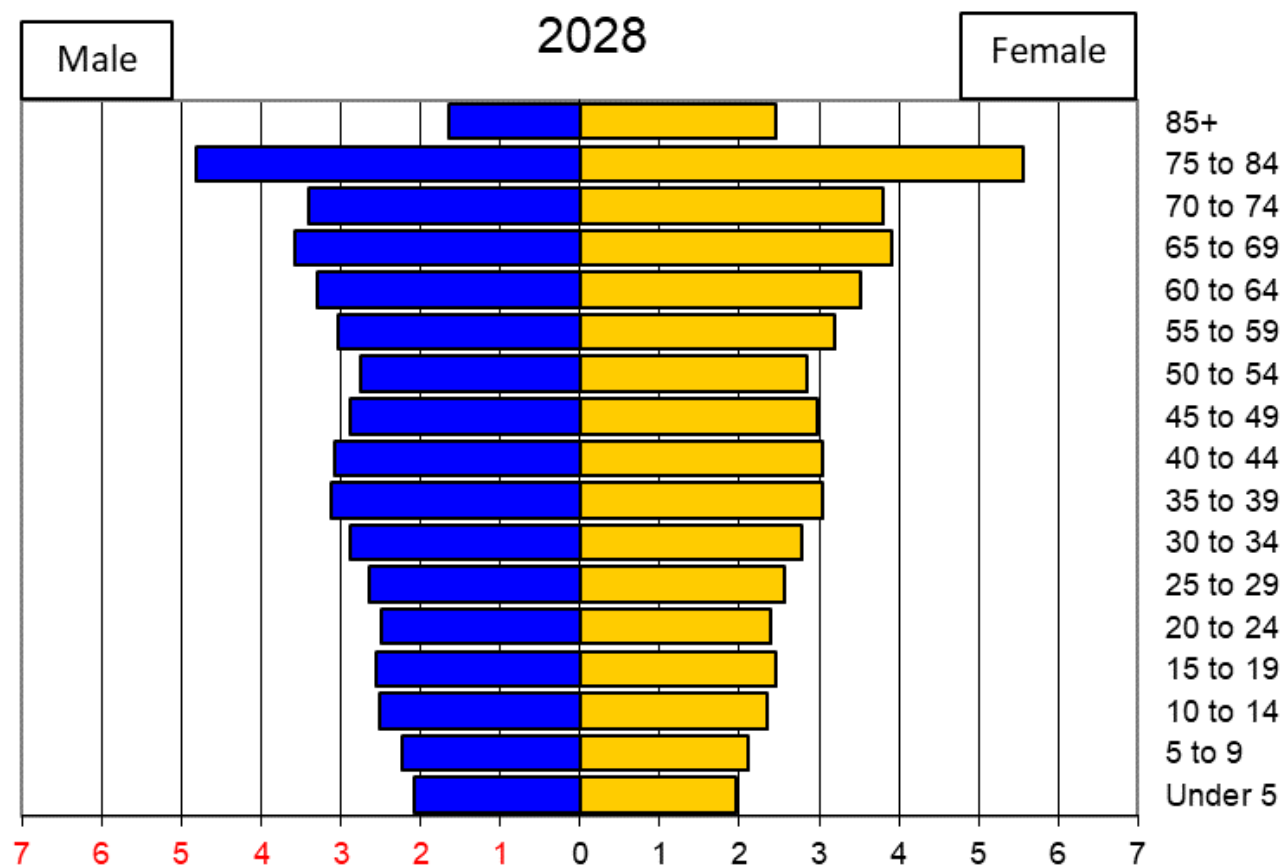


Change in Maine Population by Race, 2010-2020

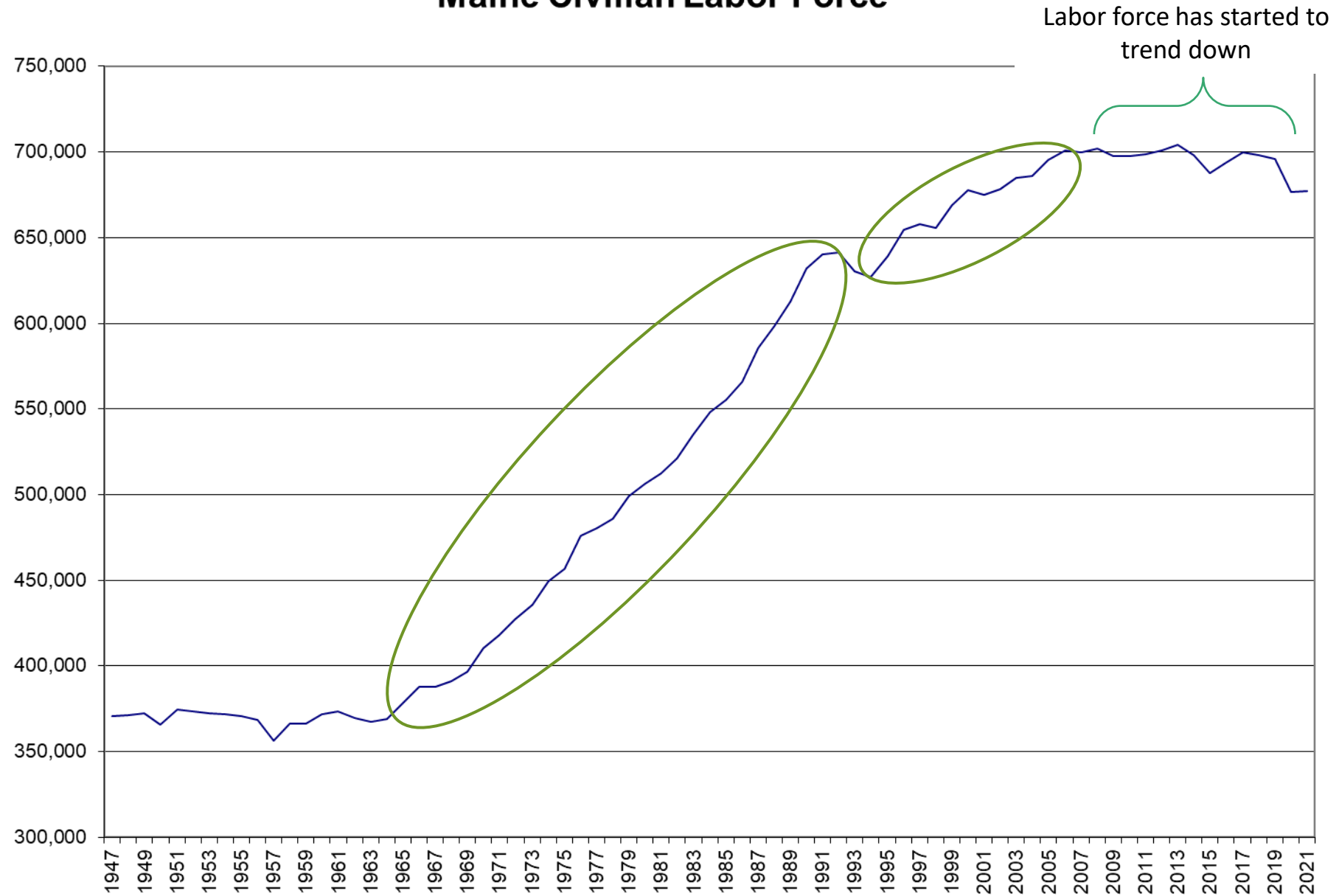


# The Baby Boom Wave

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



# Maine Civilian Labor Force

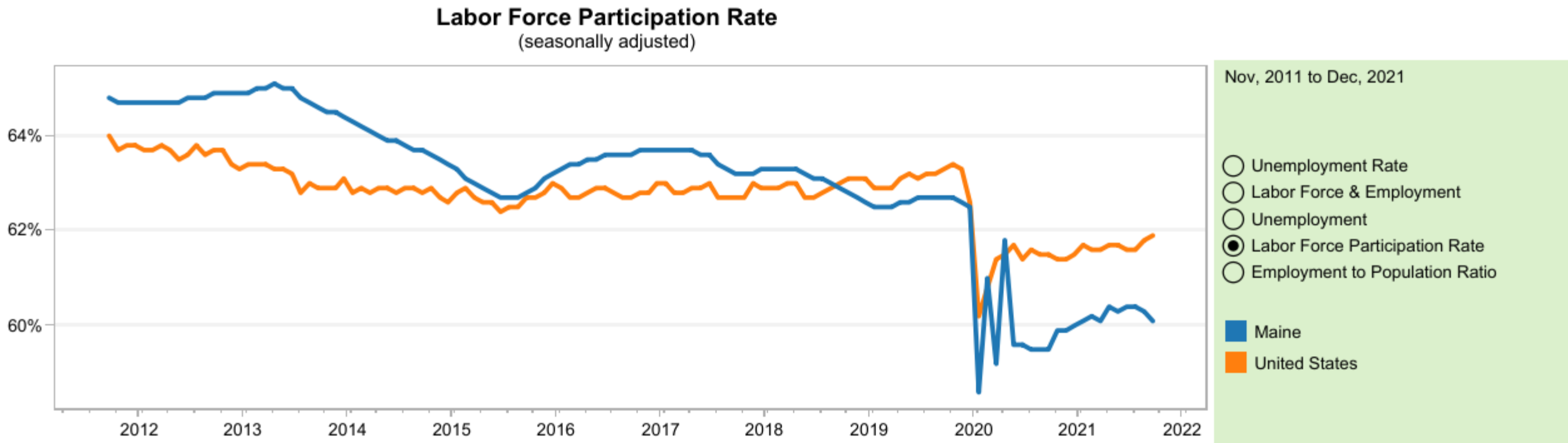


Based on national results from a study by the Federal Reserve Bank of St. Louis, the Maine Department of Labor estimates that **15,000 or more** of the 22,000 people who have left the labor force in Maine could be retirees

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In 2020, 22% of all parents were either not working (9%) or working less (13%) due to disruptions to childcare or education.

In Dec. 2021, unemployment in Maine was 10,200 higher than in Feb. 2020 and the labor force was 22,000 lower





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

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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

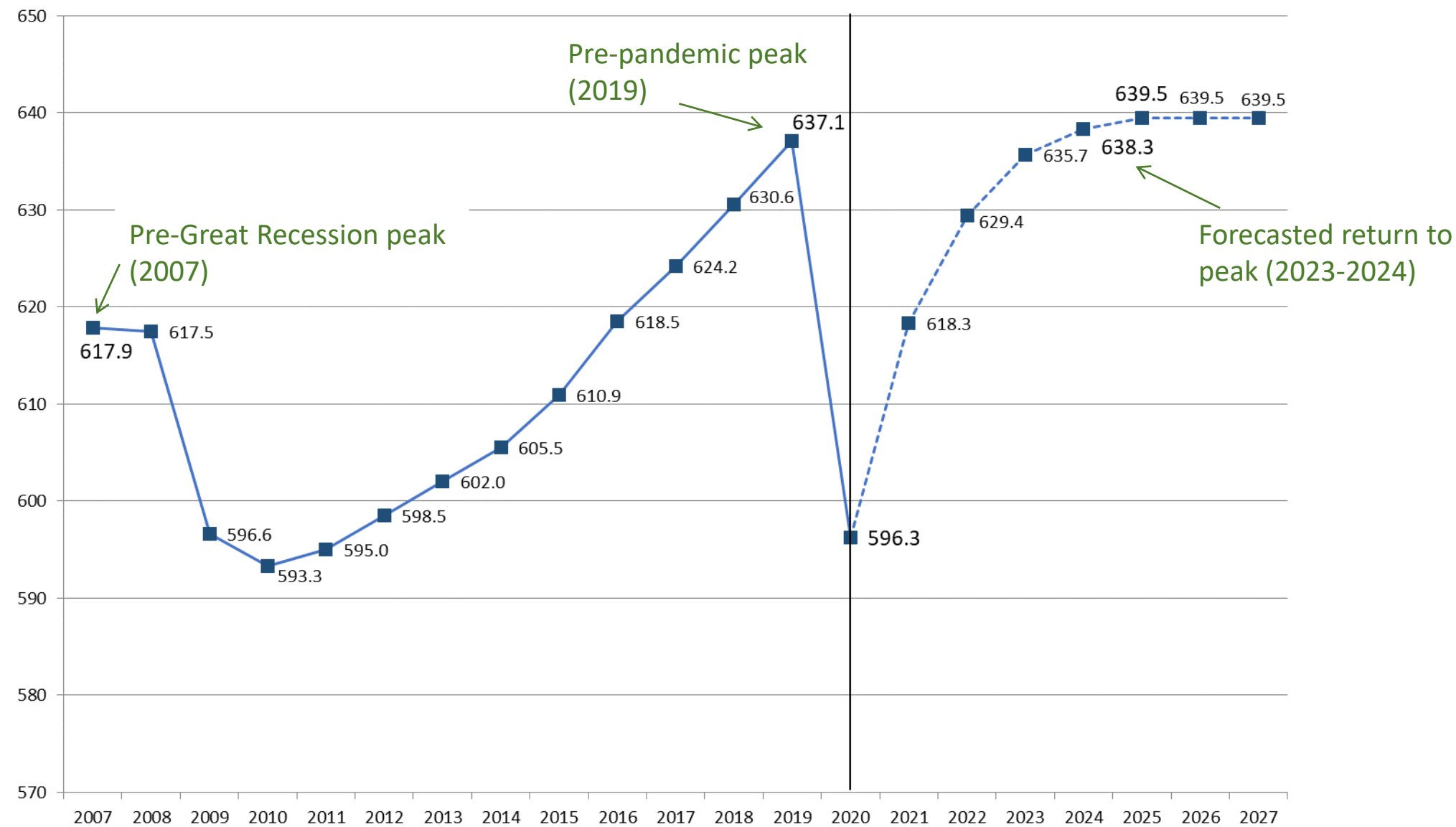
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Respondents said the most needed supports for return to work were “relevant job opportunities or leads” (32%) followed by “additional skills training opportunities” (20%)

- 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

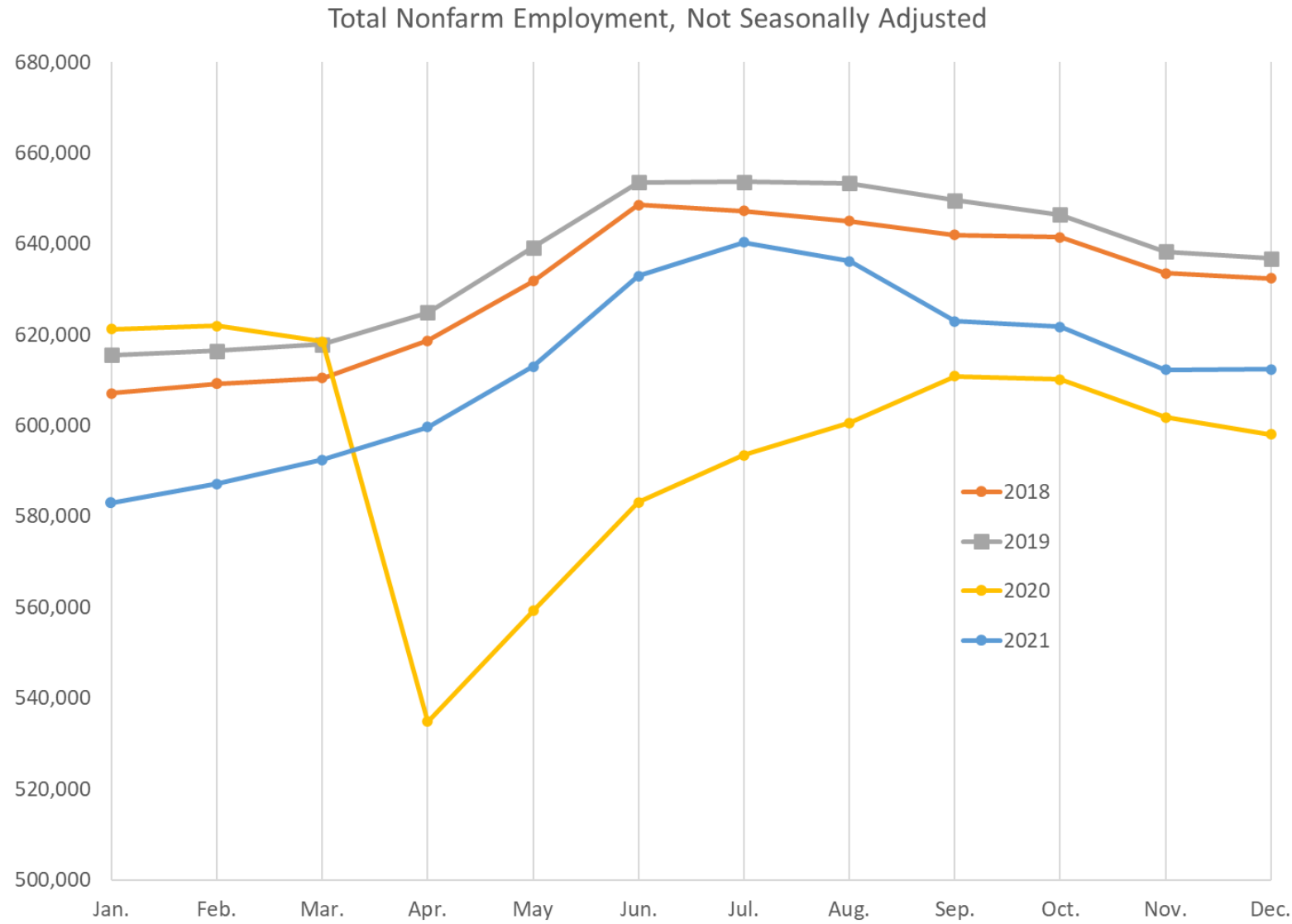
Of those who did return to work, the most commonly cited enabling factors were that their previous employer rehired them (38%) and finding a job that matched their skillset (26%)

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

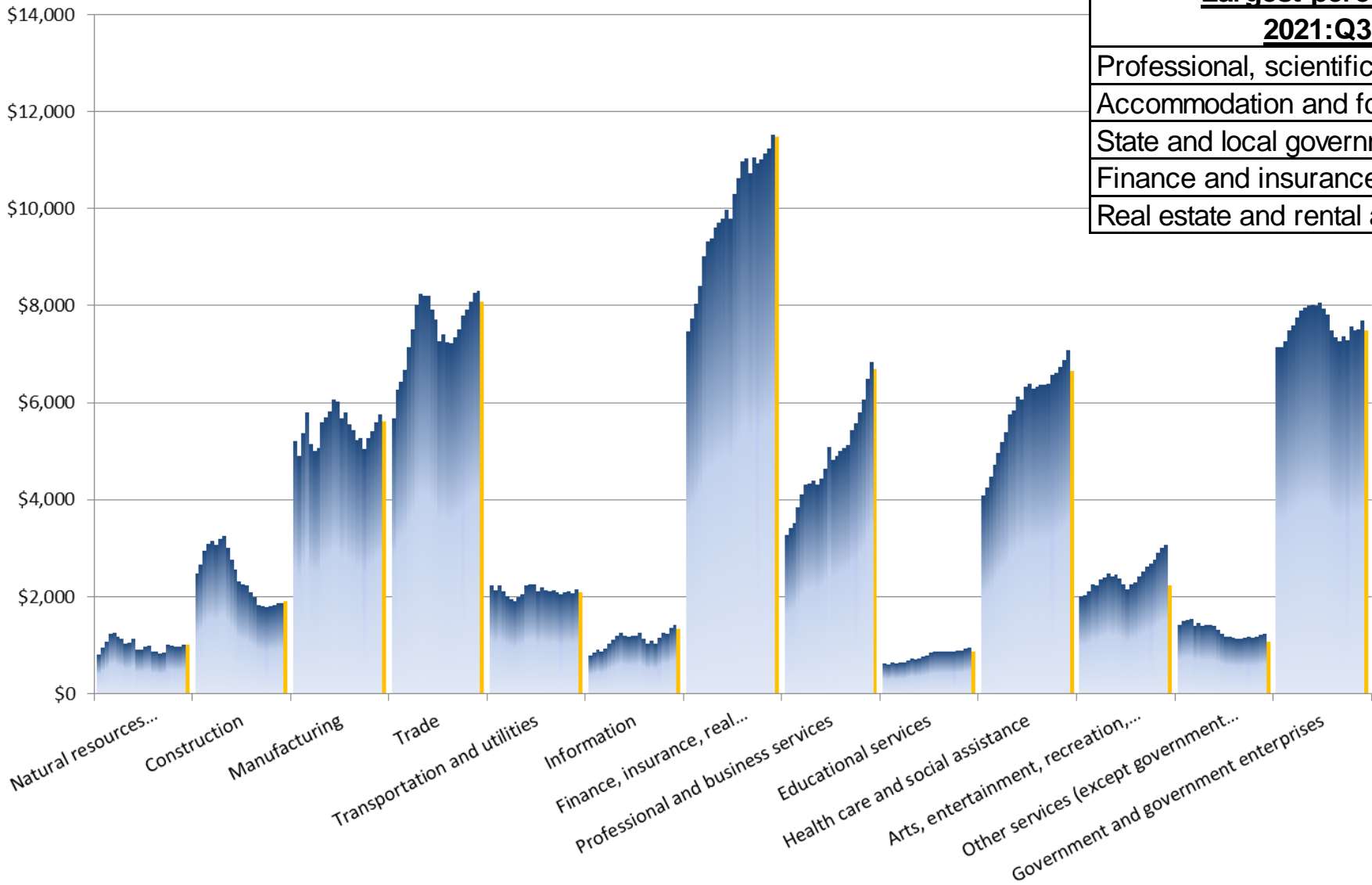


96% of job losses between Feb. 2020 and Dec. 2021 are from three key sectors:

- 11,500 from leisure and hospitality (mostly restaurants and bars)
- 6,400 from state and local government (mostly public education)
- 4,900 from healthcare and social assistance (mostly social assistance and long-term care, plus hospitals)



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



<u>Largest percentage point contributions to 2021:Q3 real GDP growth (1.7%)</u>	
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

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\*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

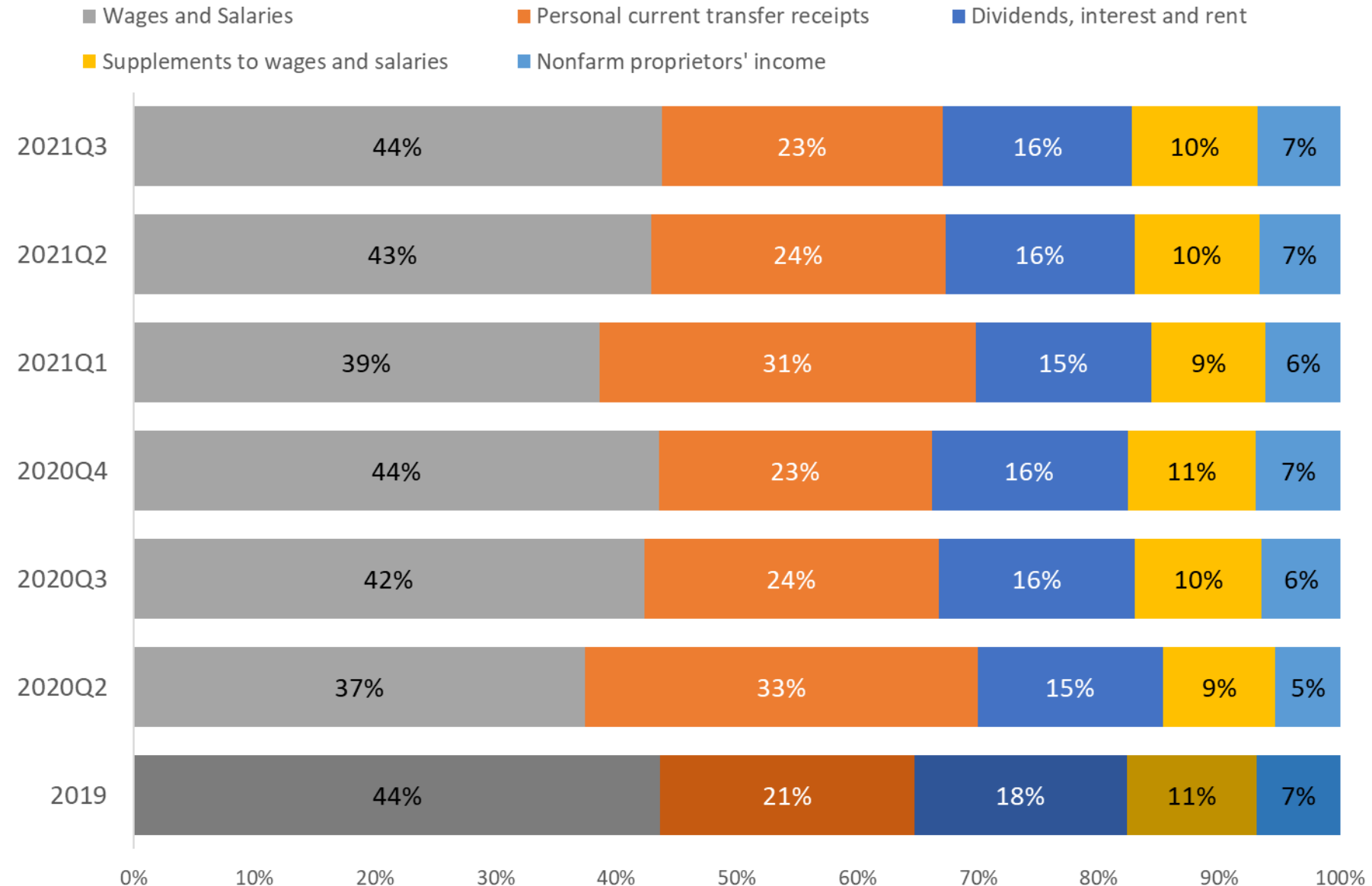
Black alone, not Hispanic: 20%

Asian alone, not Hispanic: 14%

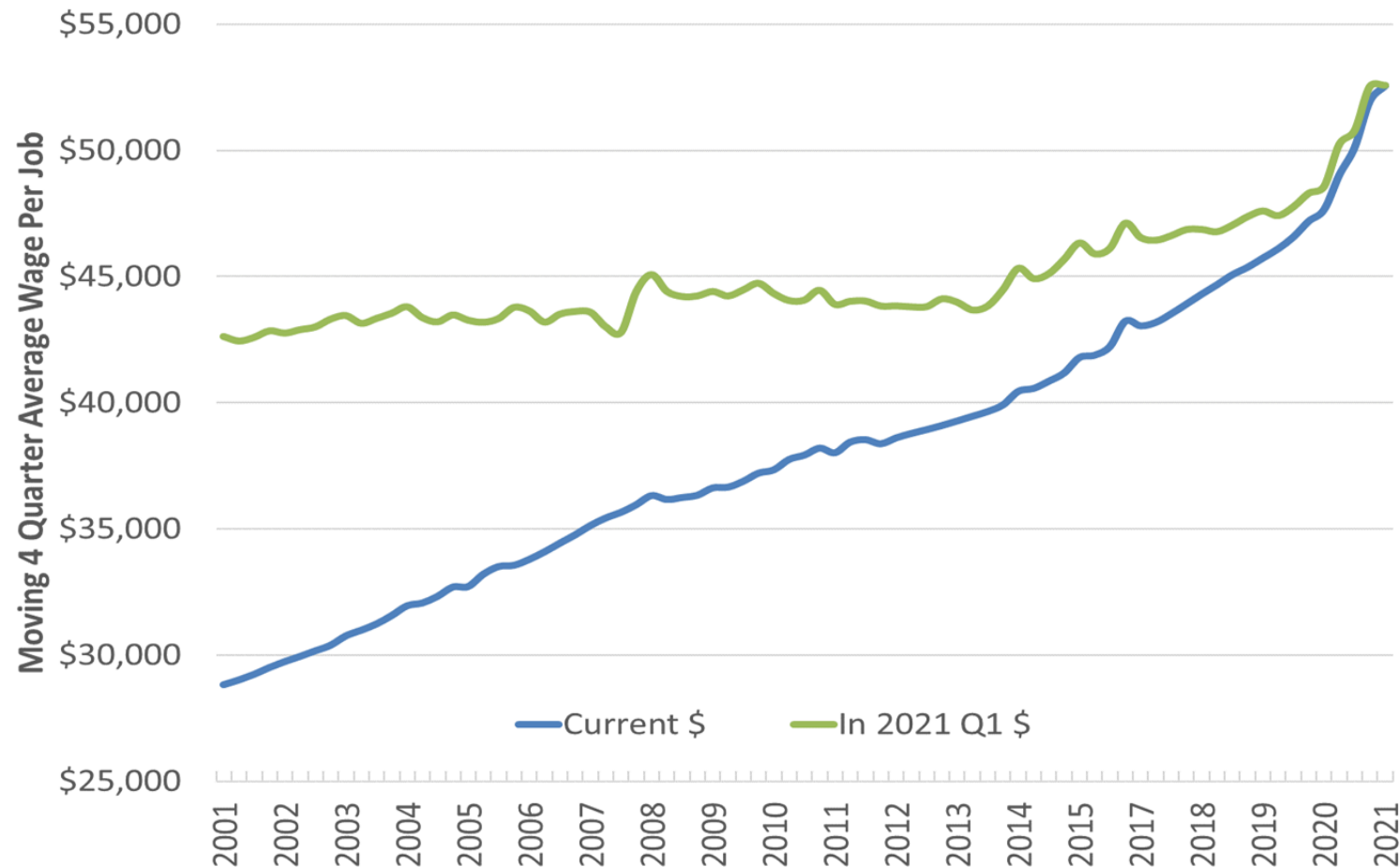
Two or more races + Other races, not Hispanic: 18%

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





National impact of transfer receipts

2020 Supplemental Poverty Measure (SPM) = 9.1%

- 2.6 percentage points LOWER than 2019
- Without stimulus payments, the SPM would have been 12.7%

People moved out of poverty due to federal programs:

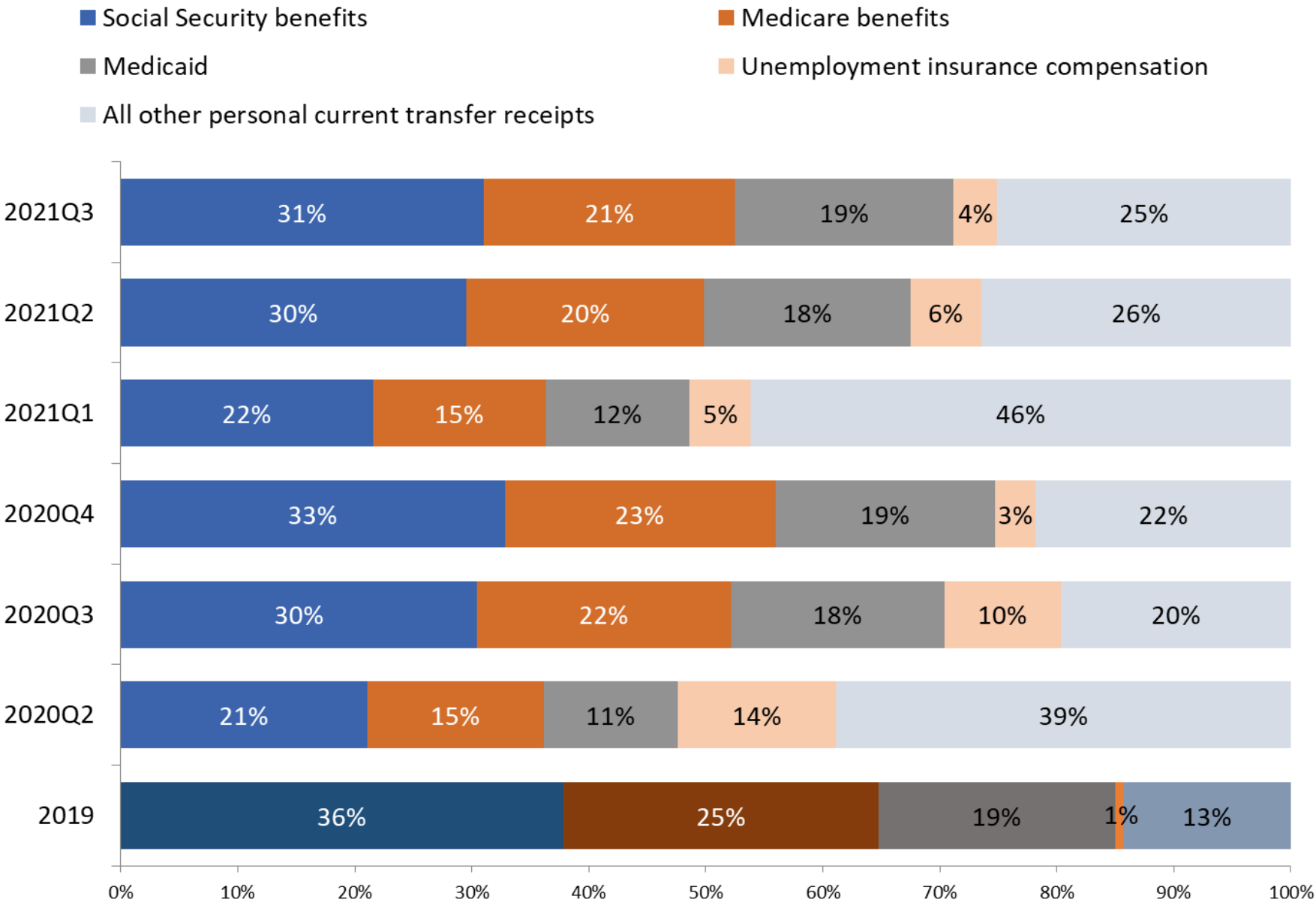
Social Security moved 26.5 million people out of poverty

Unemployment benefits = 5.5 million

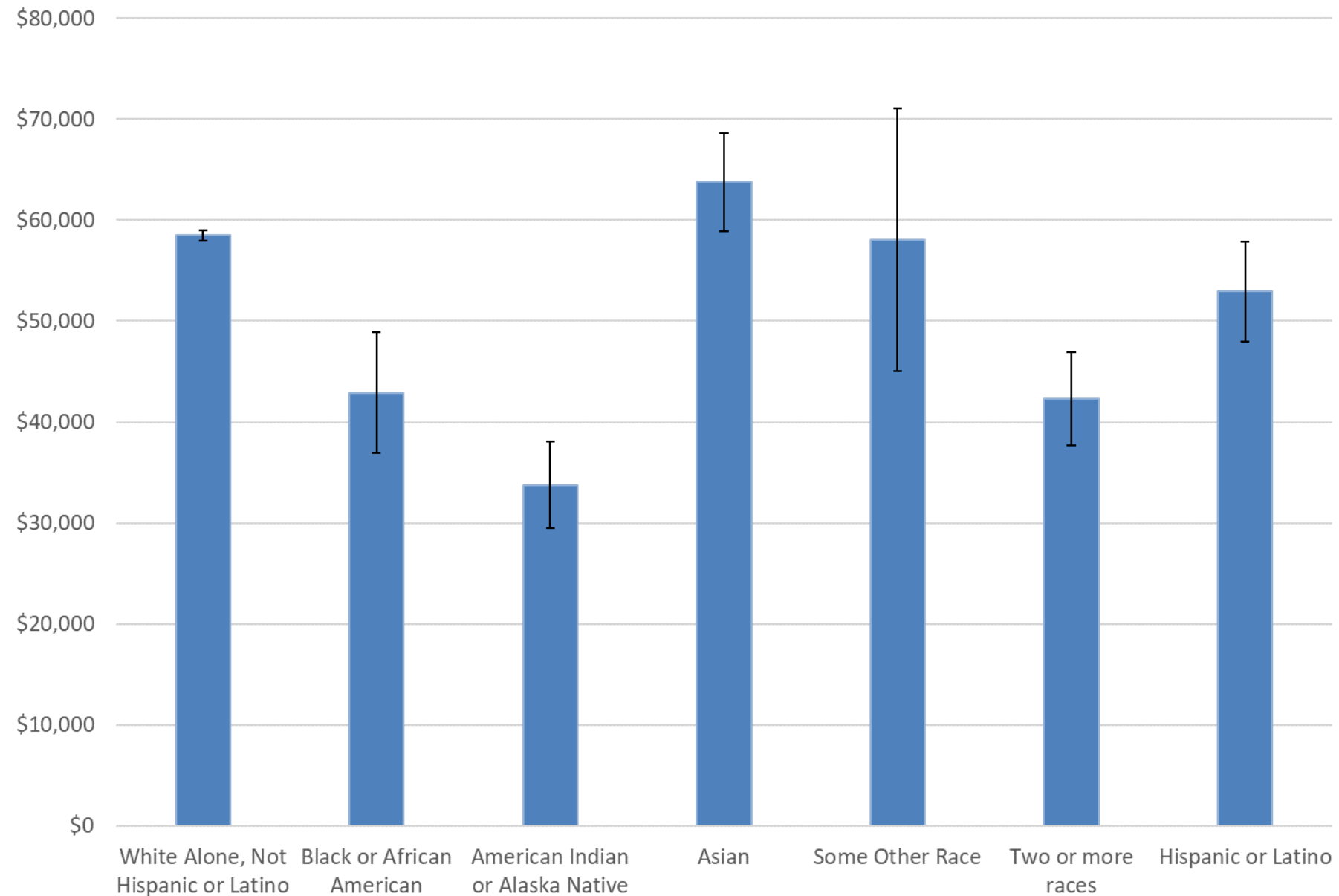
Stimulus payments = 11.7 million

Sources: U.S. Bureau of Economic Analysis;  
U.S. Census Bureau, <https://www.census.gov/newsroom/press-releases/2021/income-poverty-health-insurance-coverage.html>

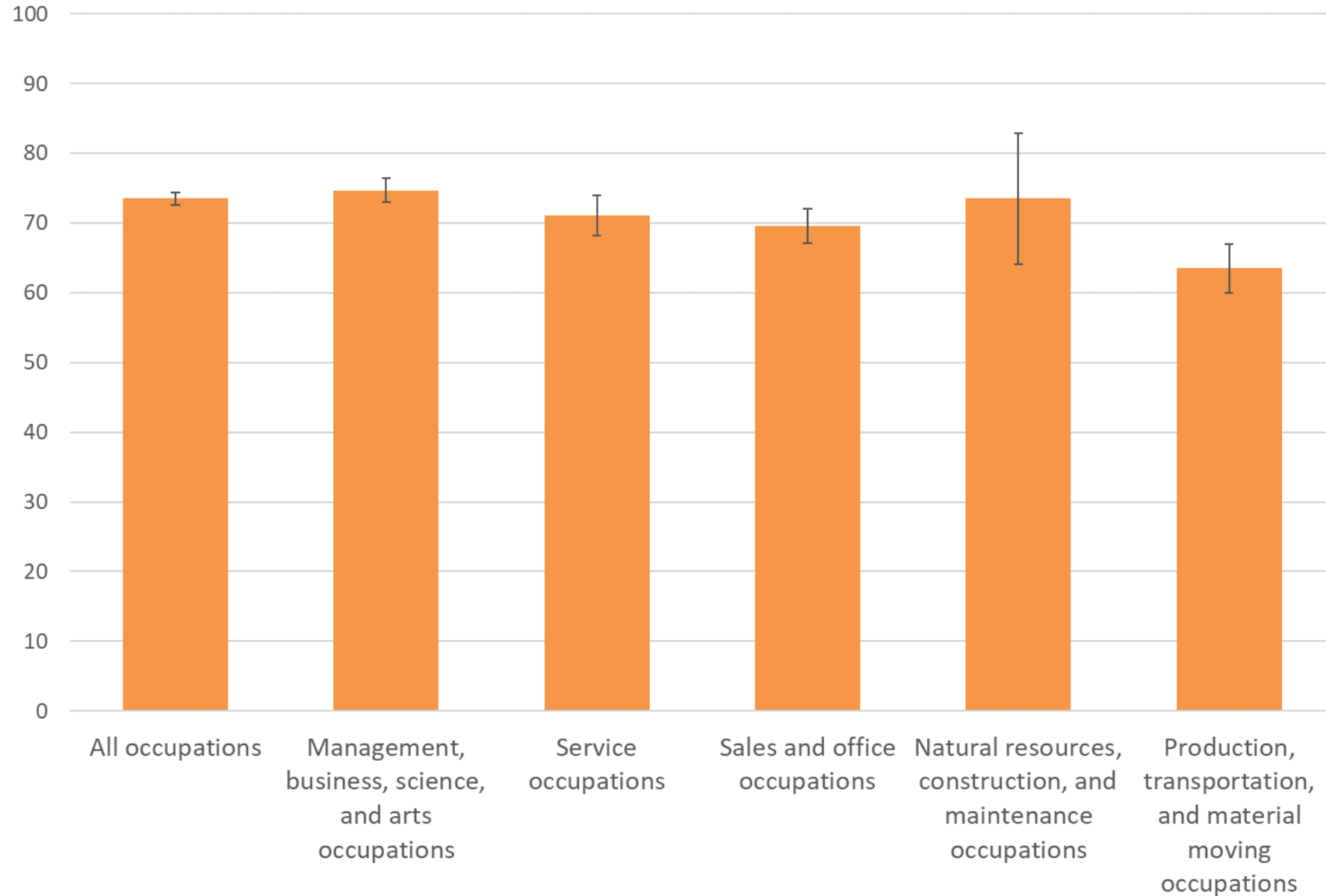
Components of Personal Current Transfer Receipts, Maine



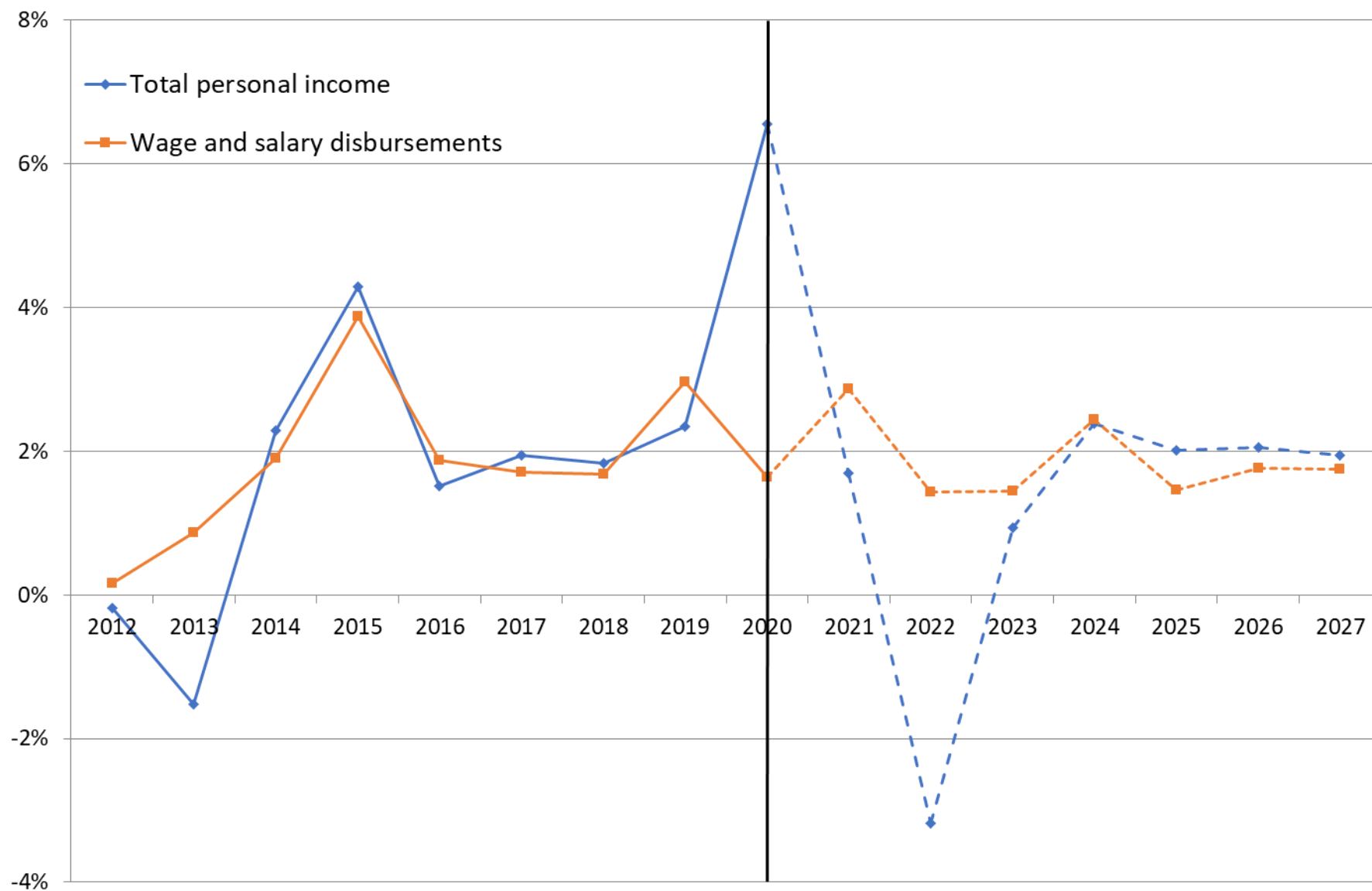
## Median Household Income, Maine



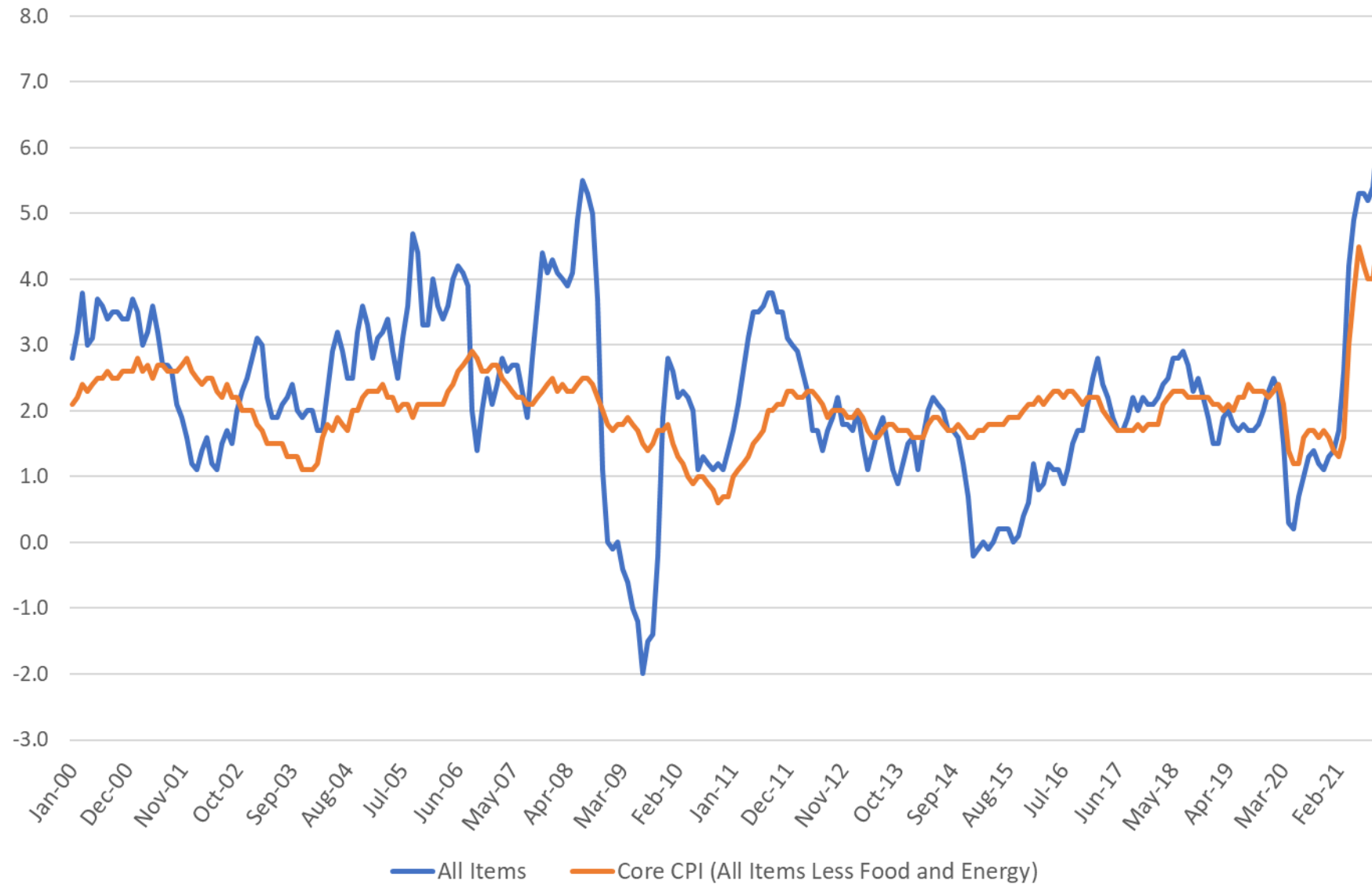
## Women's Earnings as a Percent of Men's Earnings by Occupation, Maine



## Percent Change in Real Personal Income, Maine 2010-2020 and forecast to 2027



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



Maine Taxable Retail Sales	% Change from Dec. 2020 to Dec. 2021	% Change from Dec. 2019 to Dec. 2021	% Change last three months / same 3 month period one year ago
Building Supply	7.8%	48.3%	9.9%
Food Store	-1.5%	18.0%	1.7%
General Merchandise	14.3%	15.6%	13.6%
Other Retail	10.1%	34.2%	12.7%
Restaurant	39.6%	2.8%	34.3%
Lodging	88.7%	40.1%	80.8%
Auto Transportation	5.5%	23.7%	6.1%
Total	11.3%	26.1%	13.3%
Business Operating	10.7%	34.4%	15.4%
Personal Consumption	11.4%	24.9%	13.1%

# Things to keep in mind:

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- 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
- The conflict in Ukraine has added another layer of uncertainty and heightened risk to the near-term outlook
- 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?

# Contact Information

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Amanda Rector

Maine State Economist

Department of Administrative and Financial Services

[amanda.rector@maine.gov](mailto:amanda.rector@maine.gov)

<https://www.maine.gov/dafs/economist>