

Economic and Workforce Conditions in Maine

LERA-MAINE

MAY 9, 2022

AMANDA RECTOR

MAINE STATE ECONOMIST

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES



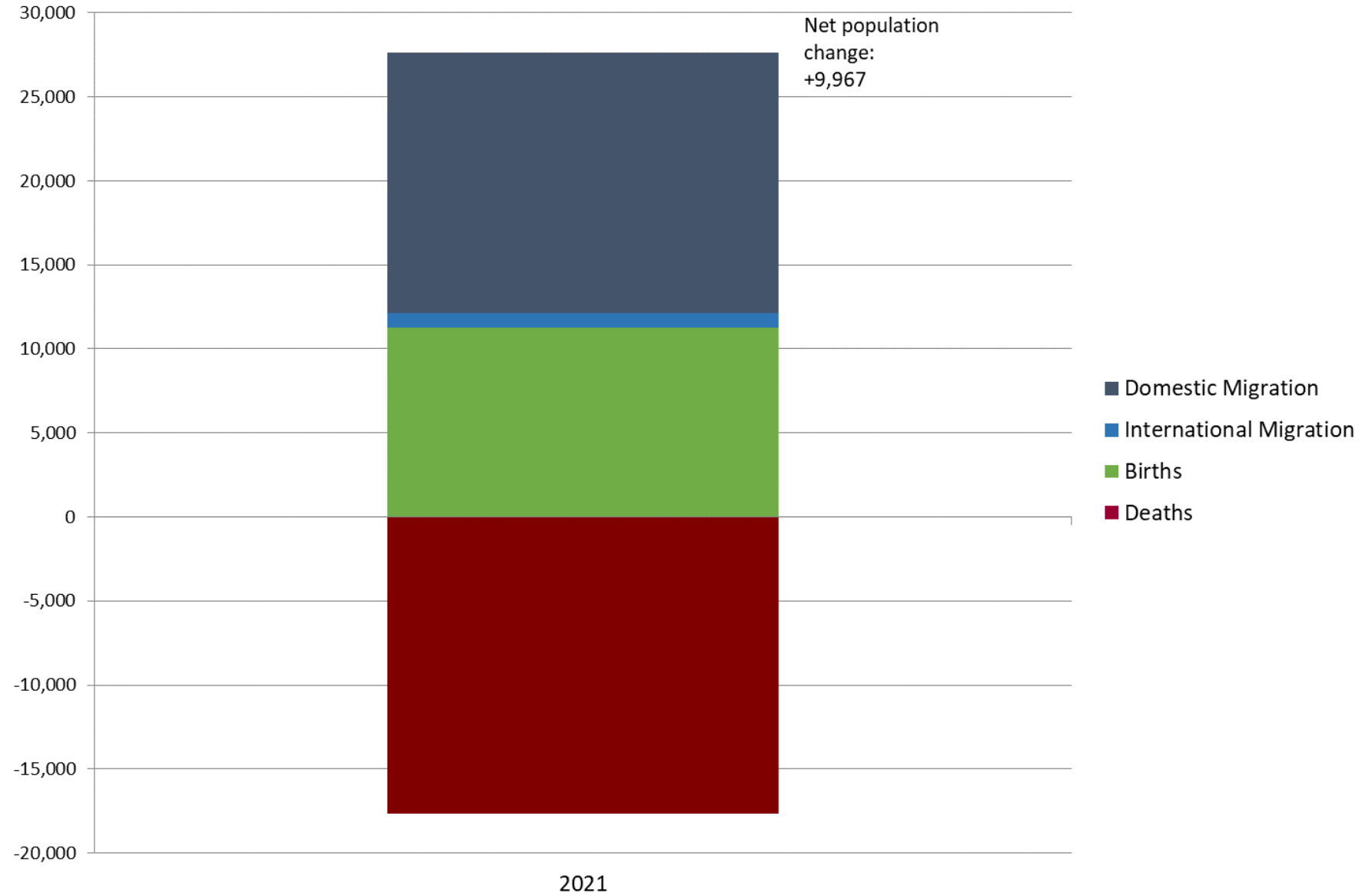
Components of Population Change, Maine

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

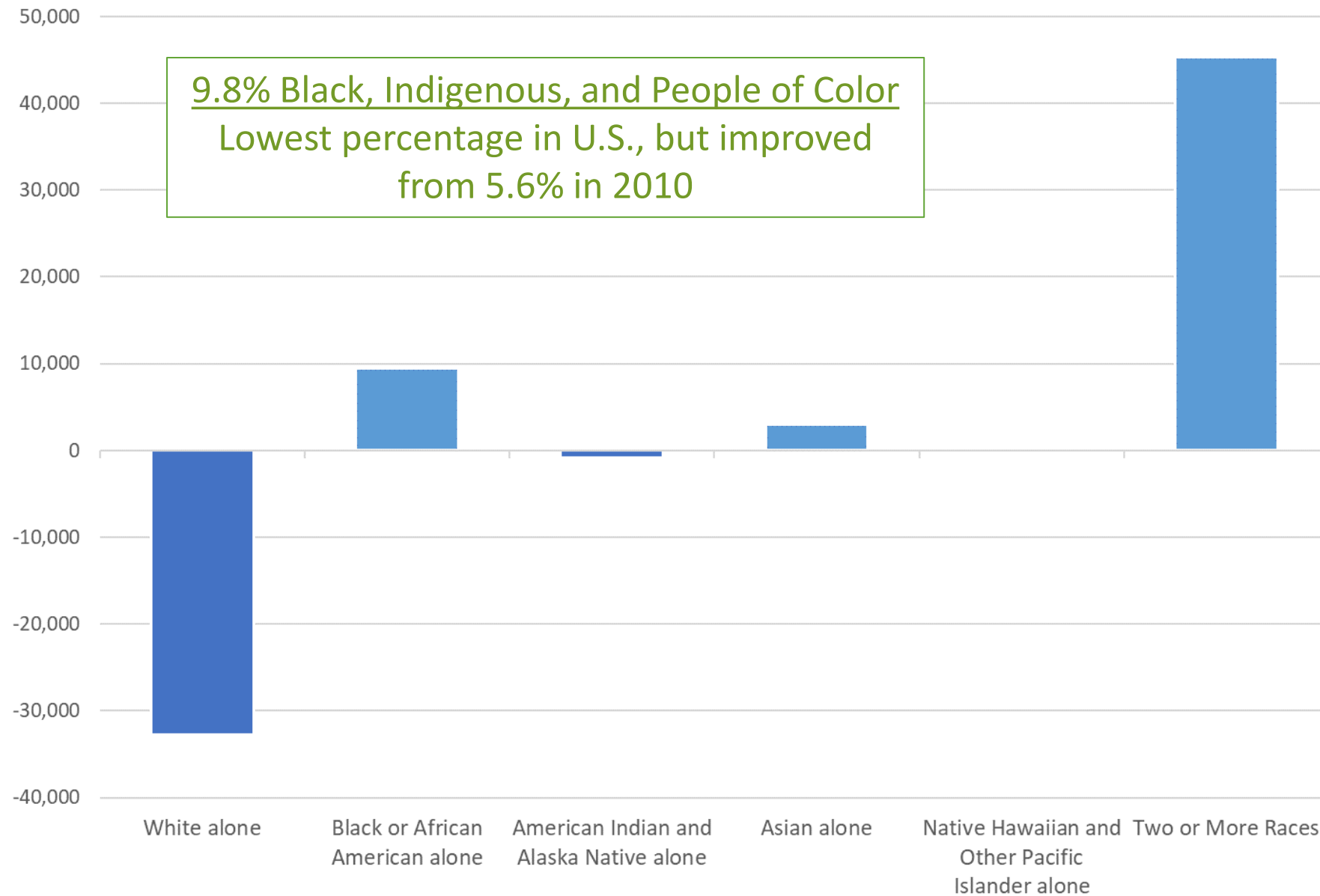
Population increase of 2.6%
from 2010-2020 (42nd in U.S.)

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

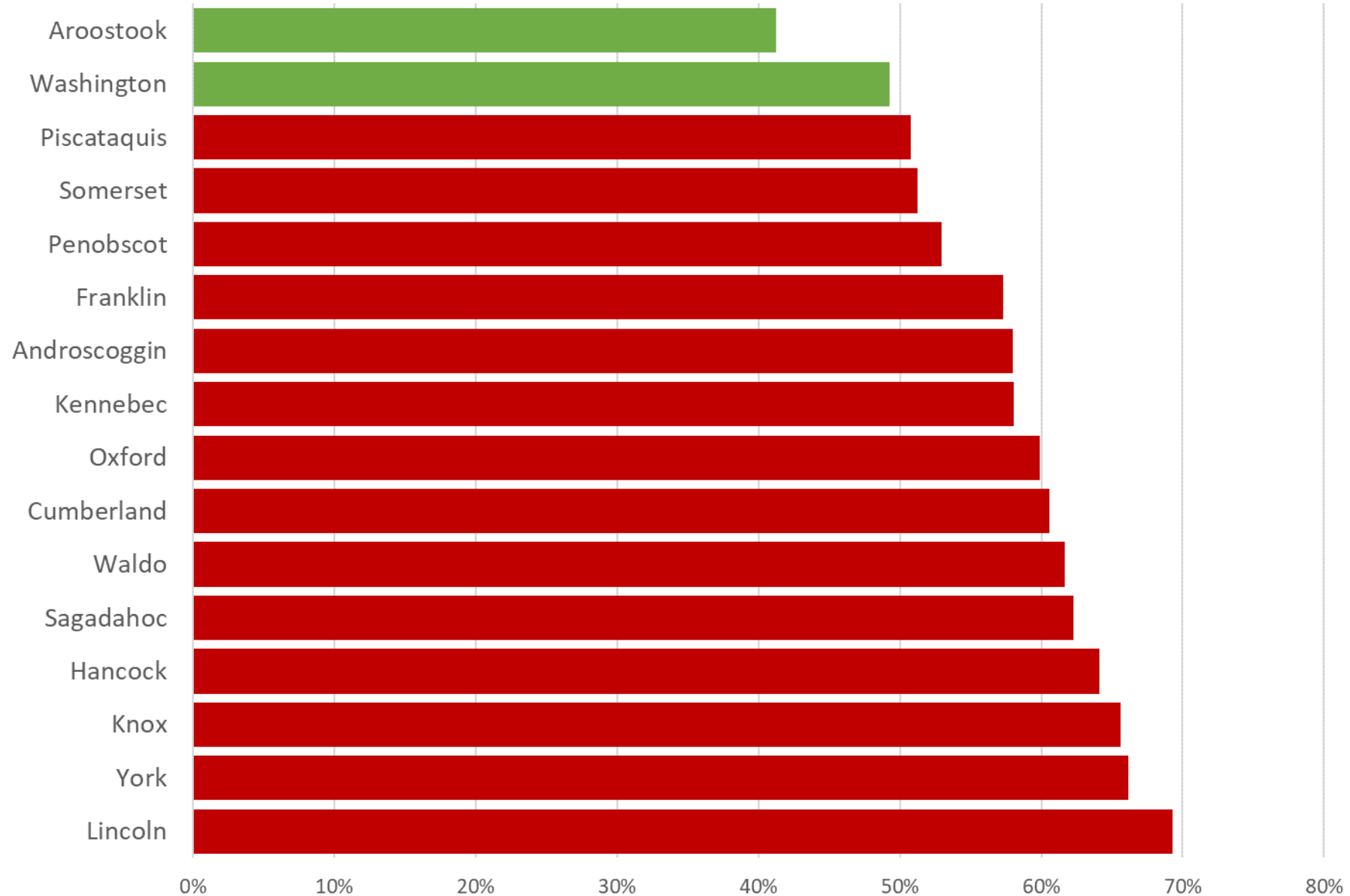
Net migration = 12.0 per
thousand (7th in U.S.)



Change in Maine Population by Race, 2010-2020

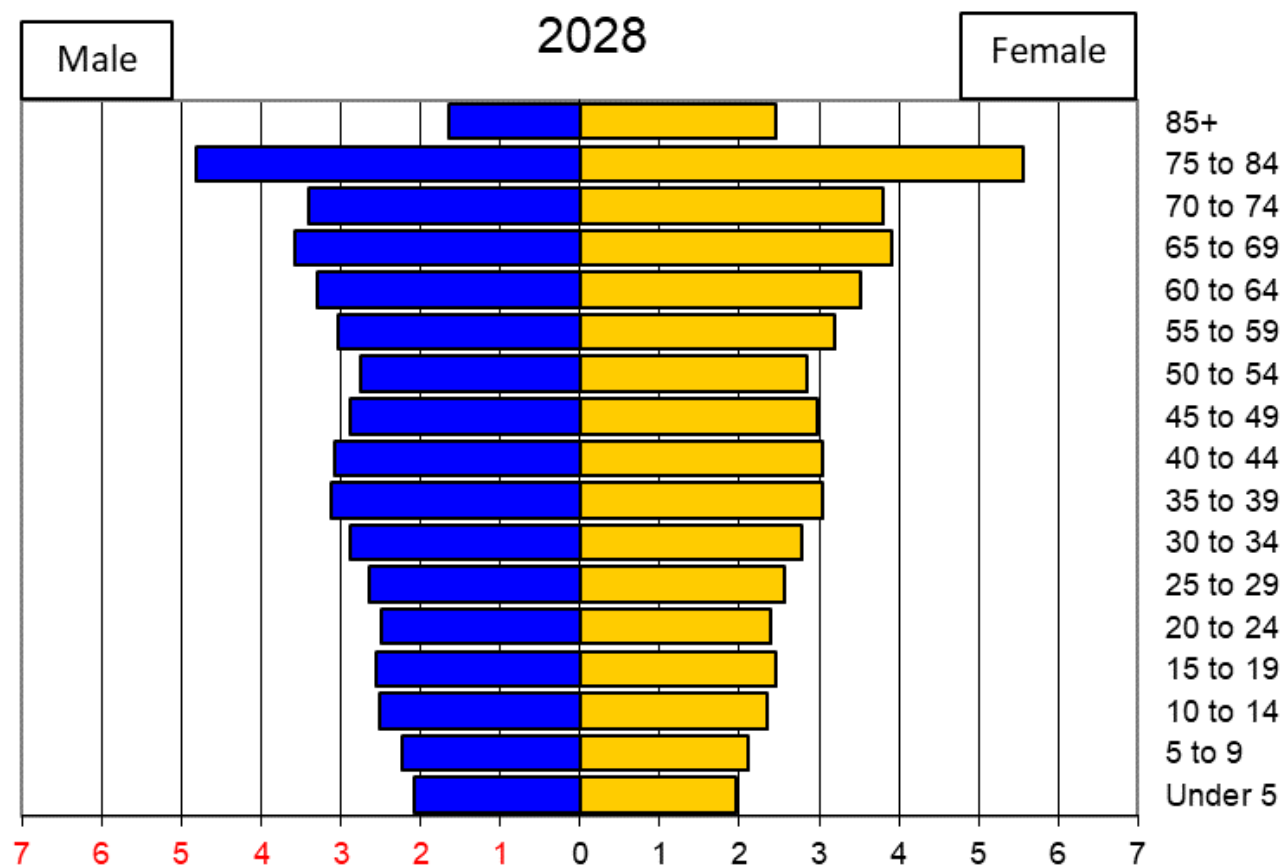


Percent of Households Unable to Afford Median Home, 2021

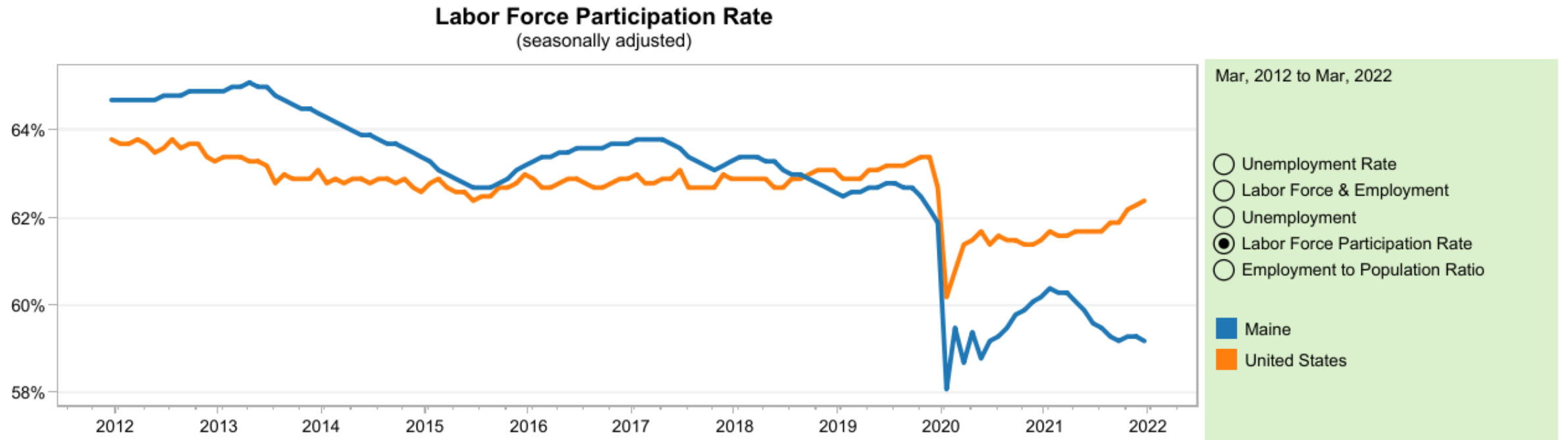


The Baby Boom Wave

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

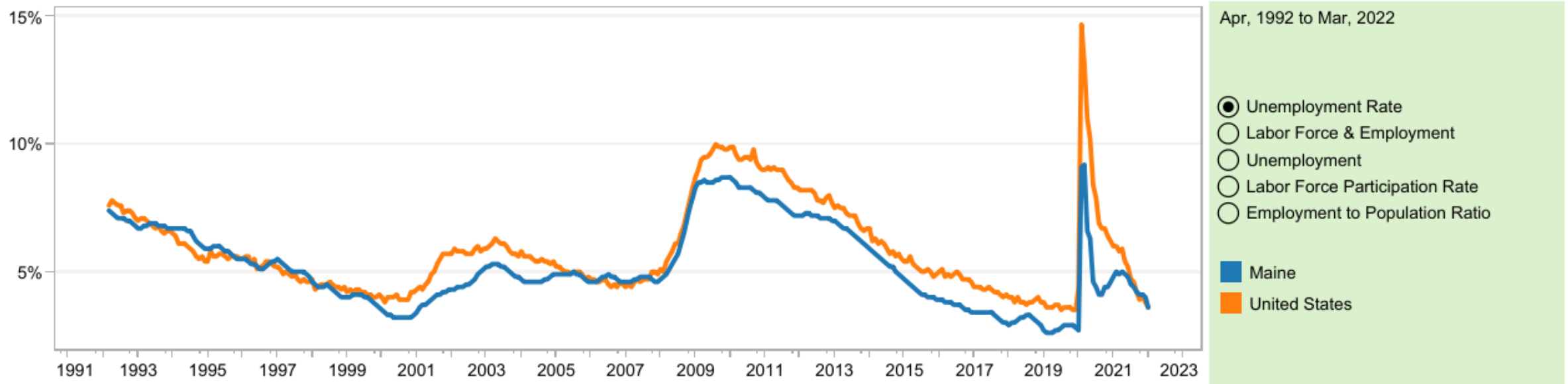


The Maine Department of Labor estimates that around two-thirds of the people who have left the labor force during the pandemic could be retirees

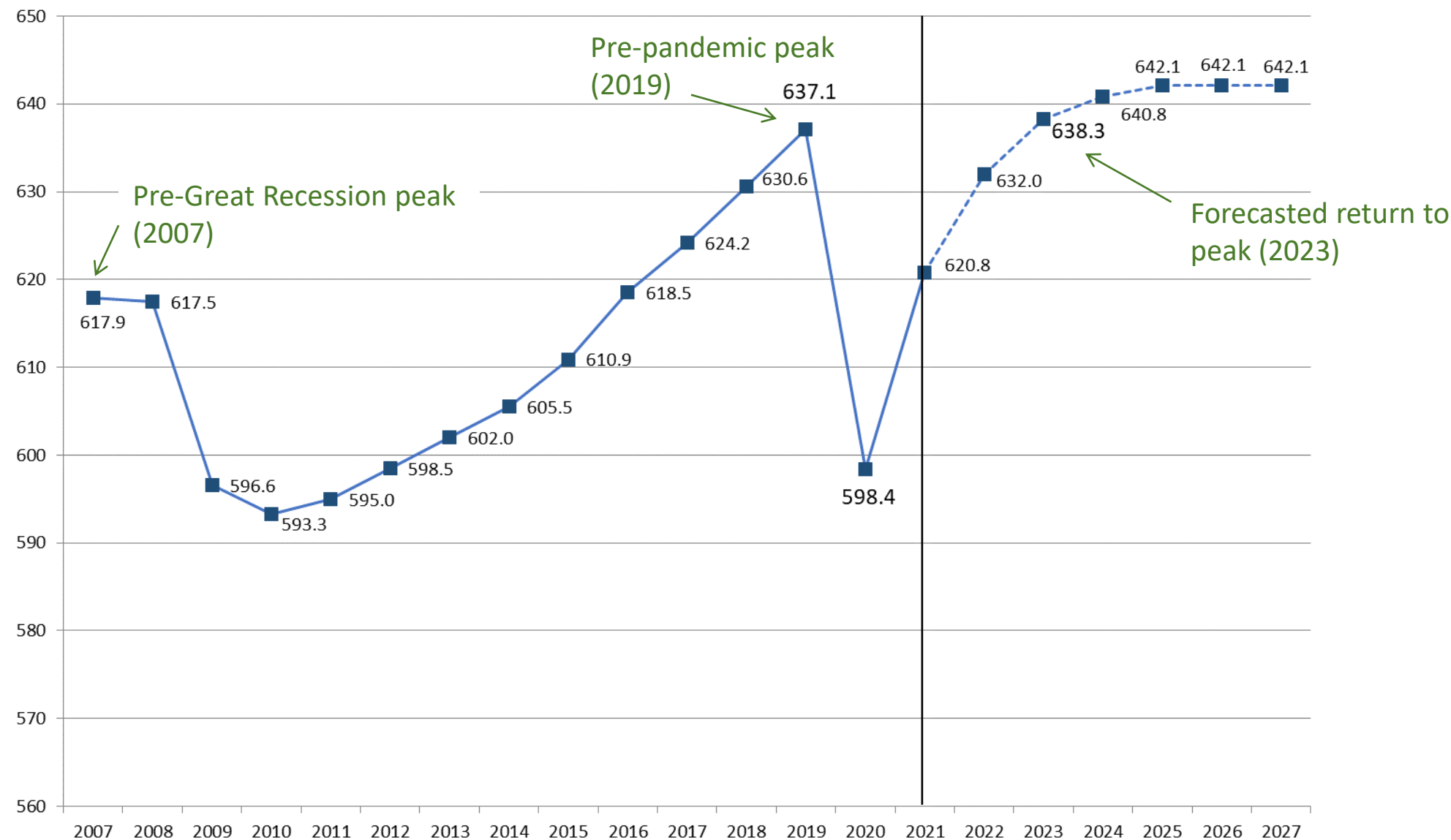


In March 2022, unemployment was 5,000 higher than February 2020 and the labor force was 20,000 lower

Unemployment Rate
(seasonally adjusted)

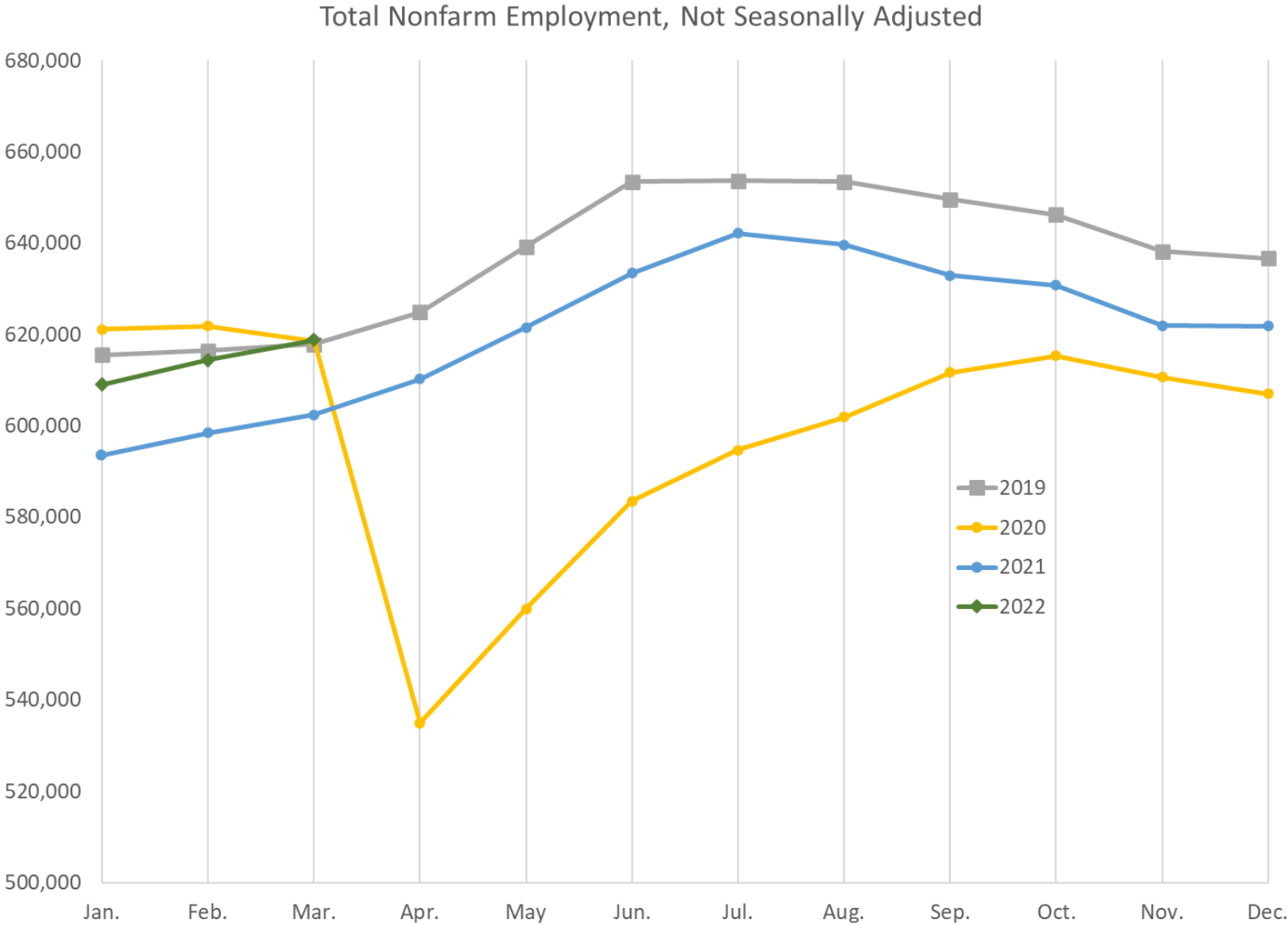


Total Nonfarm Employment (in thousands)
History and CEFC forecast

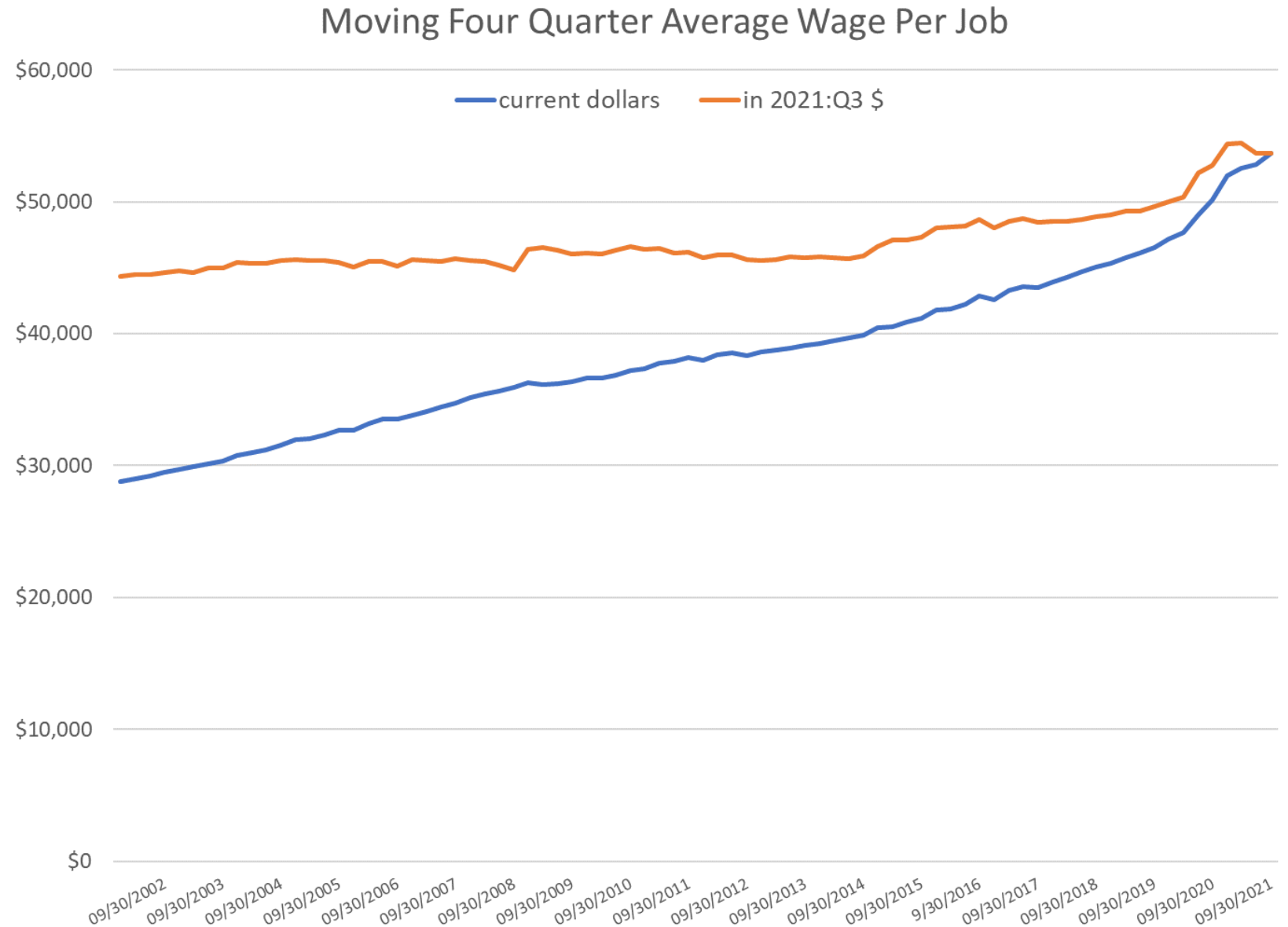


Compared to 2019, the 3-month average employment as of March 2022 remains lower in three sectors:

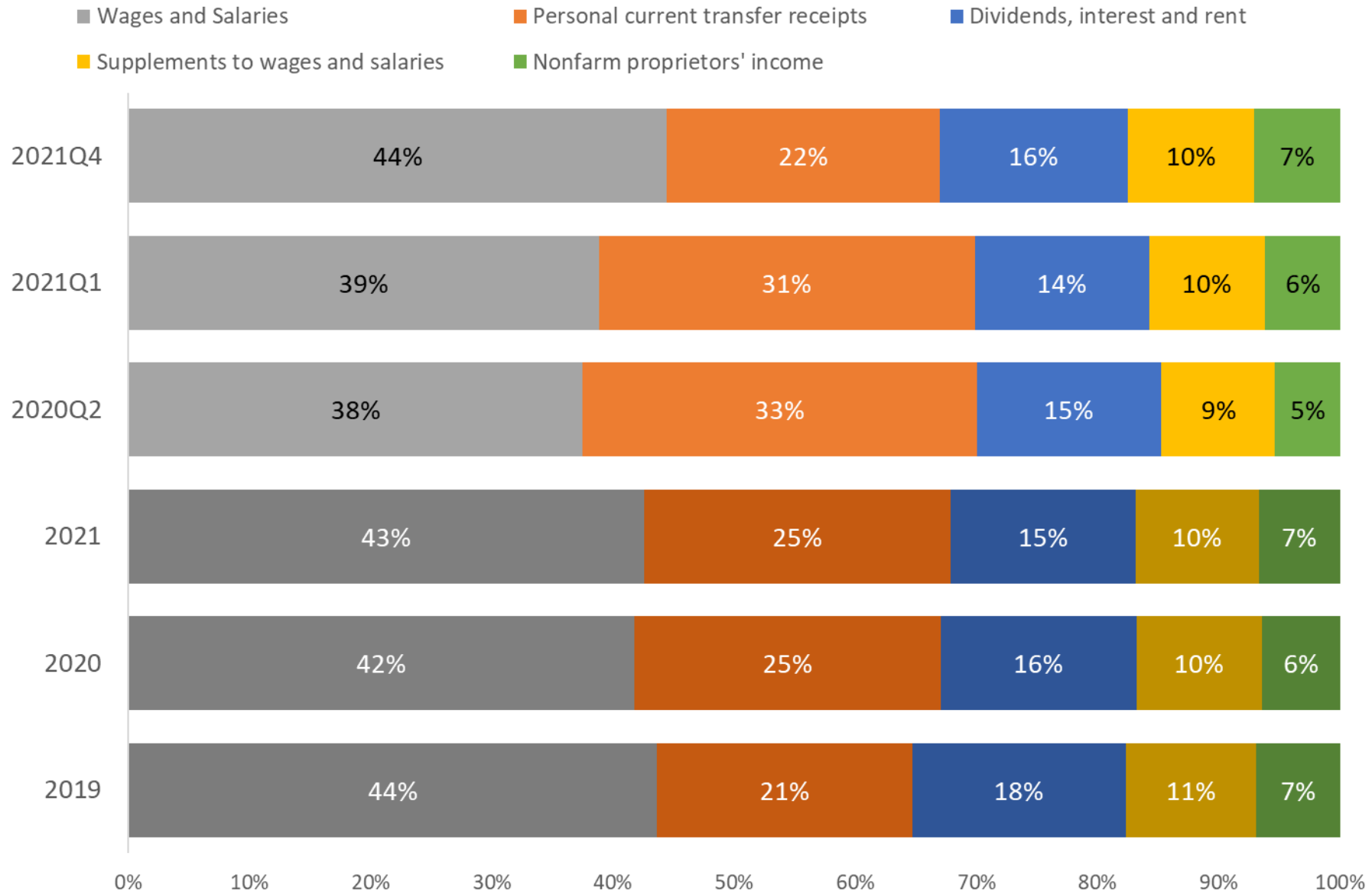
- healthcare and social assistance (mostly long-term care and social assistance)
- leisure and hospitality (mostly food services)
- state and local government (mostly public education)



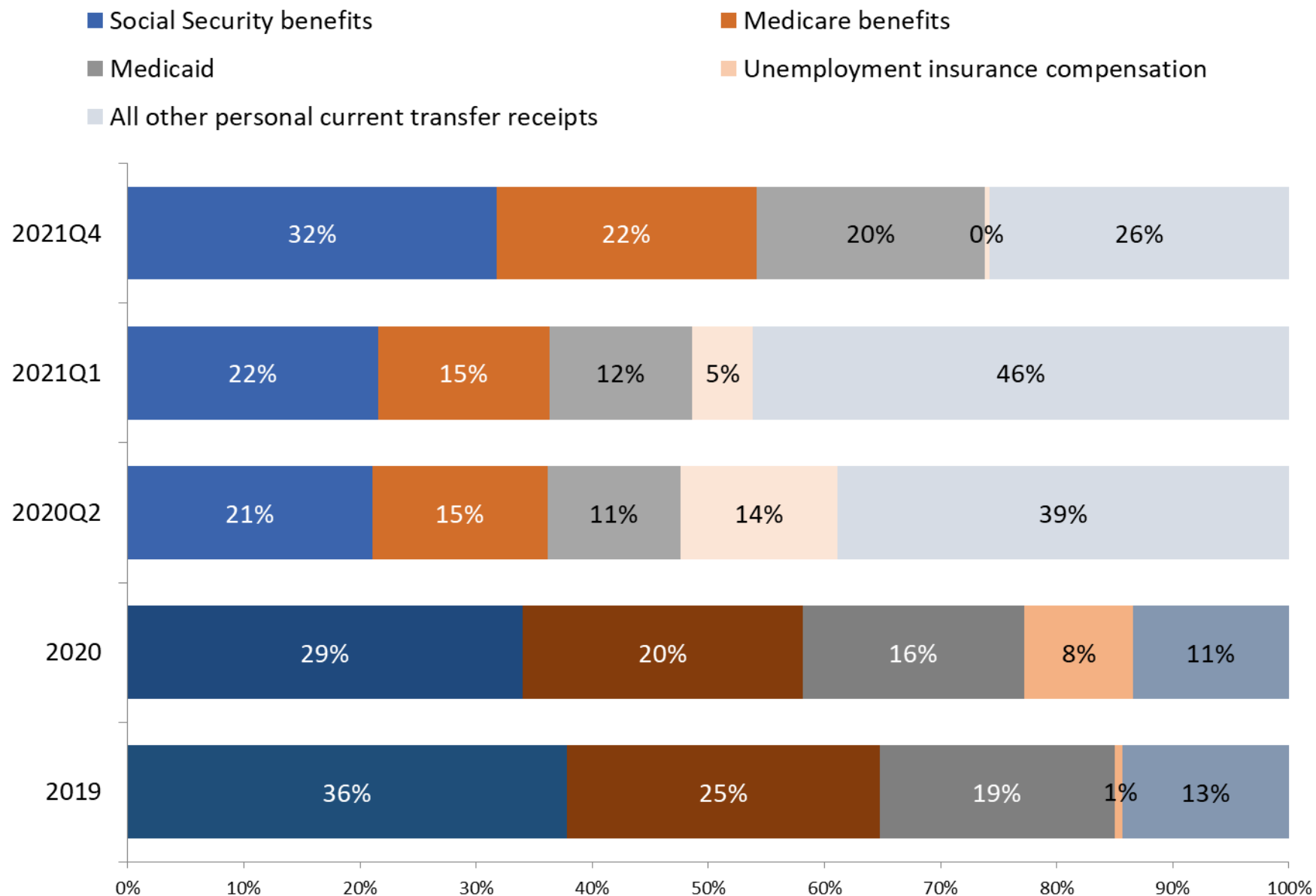
Higher total wages spread across fewer jobs drove the average wage per job up sharply in the pandemic era, but inflation is making those gains less meaningful



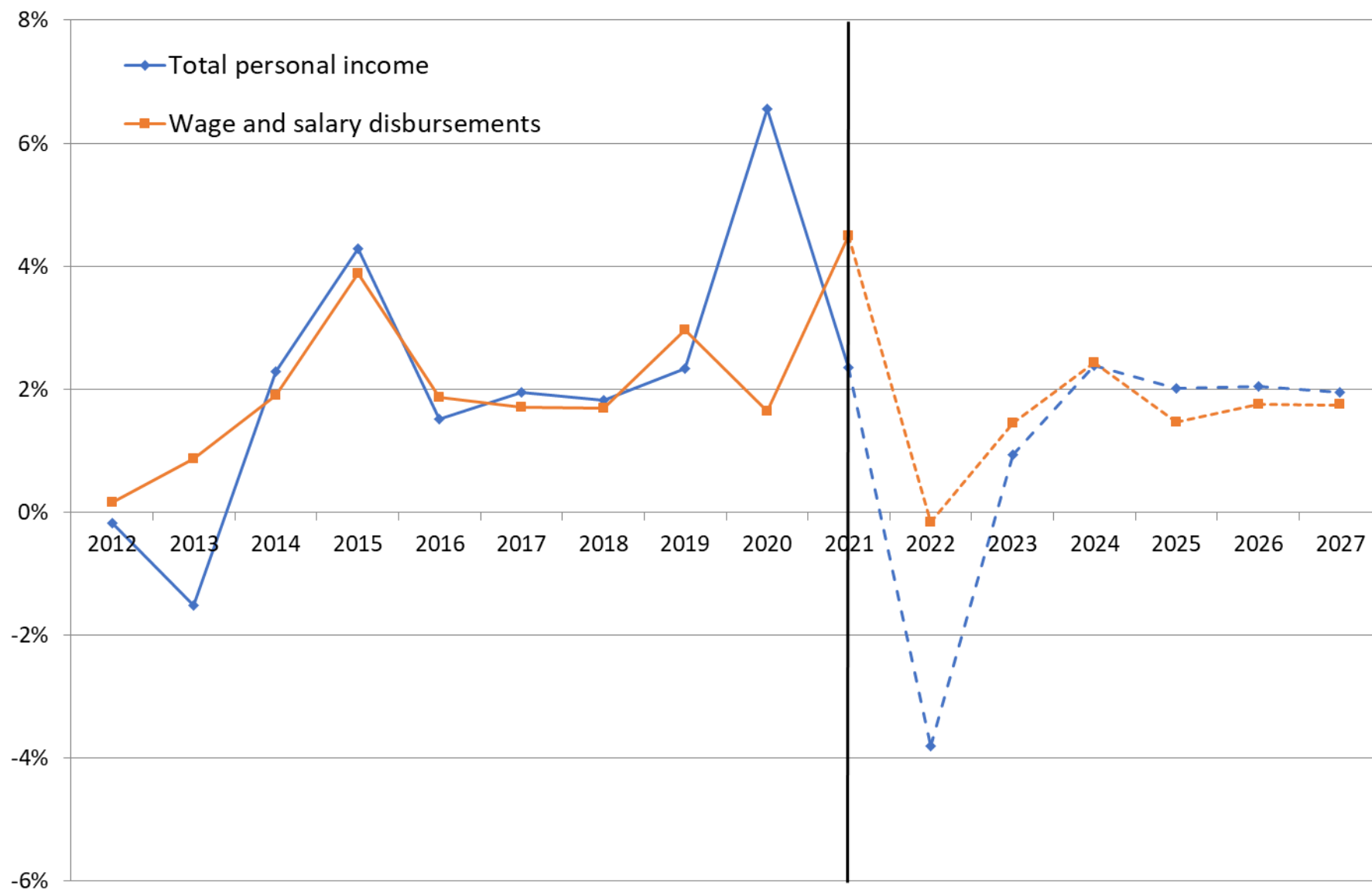
Major Components of Personal Income, Maine



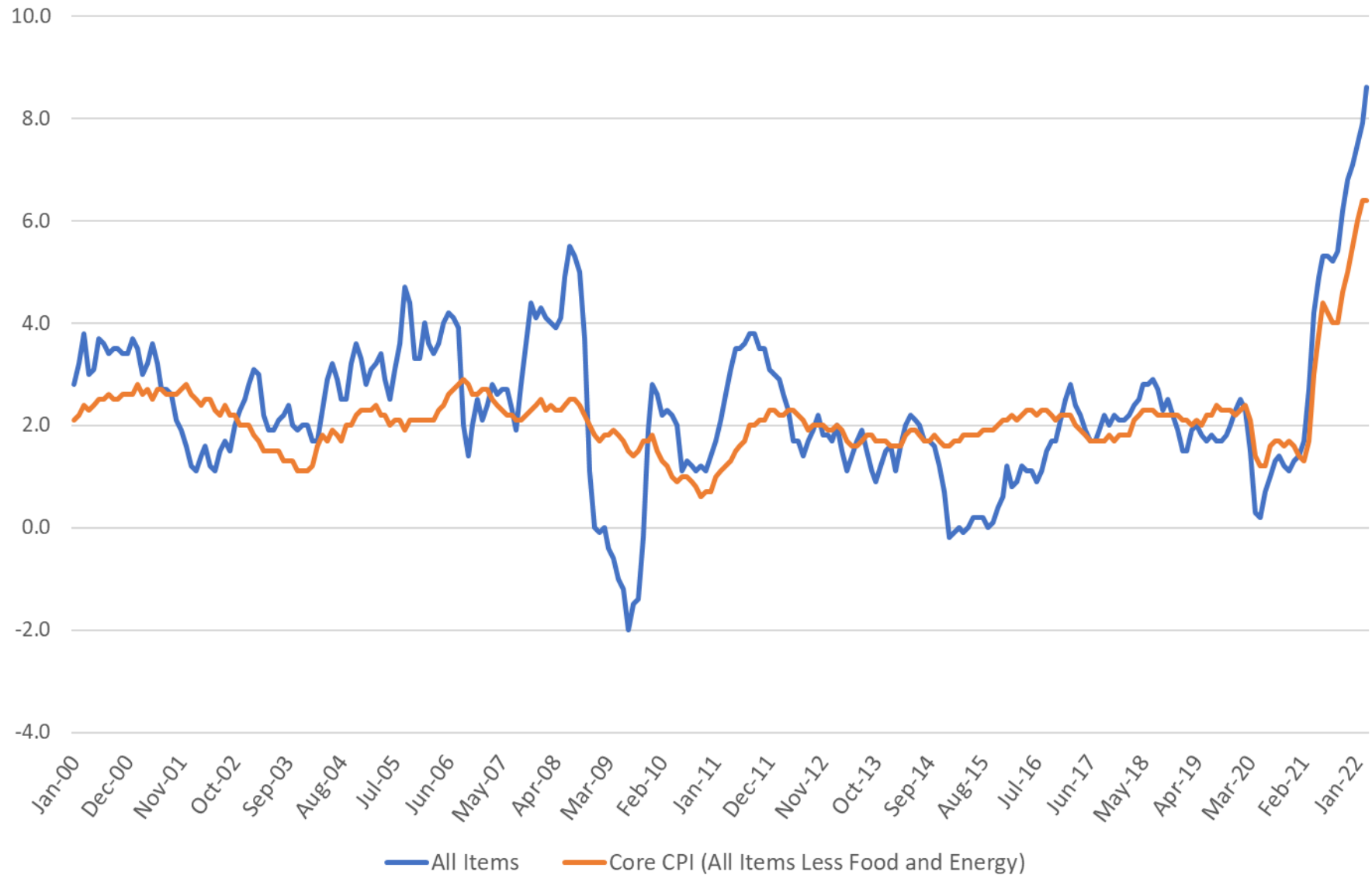
Components of Personal Current Transfer Receipts, Maine



Percent Change in Real Personal Income, Maine 2012-2021 and forecast to 2027



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

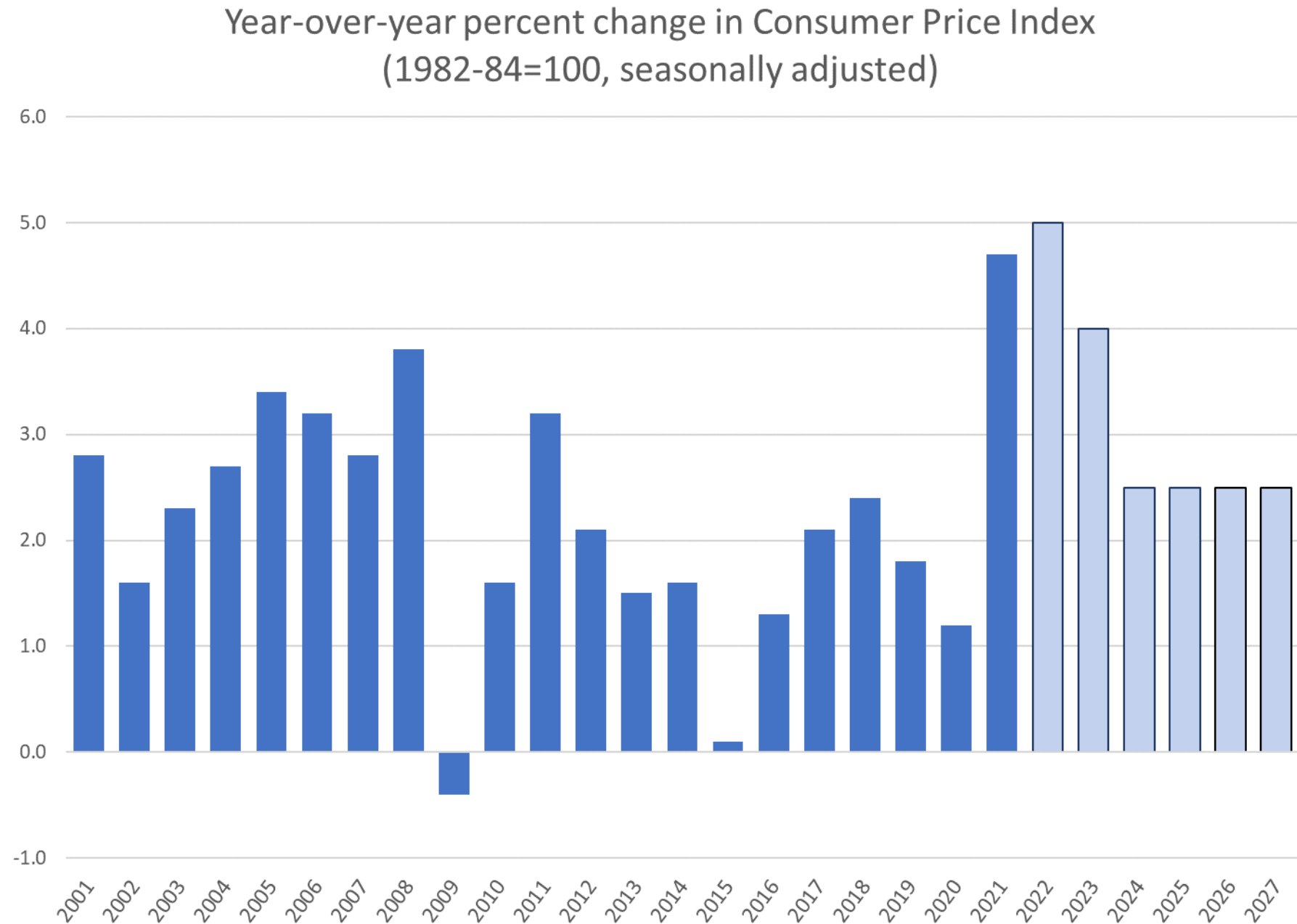


March 2022 inflation expectation from national Survey of Consumers (University of Michigan)

Next year: 5.4%
(up from 3.1% one year ago)

Next 5 years: 3.0%
(up from 2.8% one year ago)

Sources: U.S. Bureau of Labor Statistics; CEFC report, February 1, 2022; University of Michigan Survey of Consumers



Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020, and Child Tax Credits reduced child poverty in 2021

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

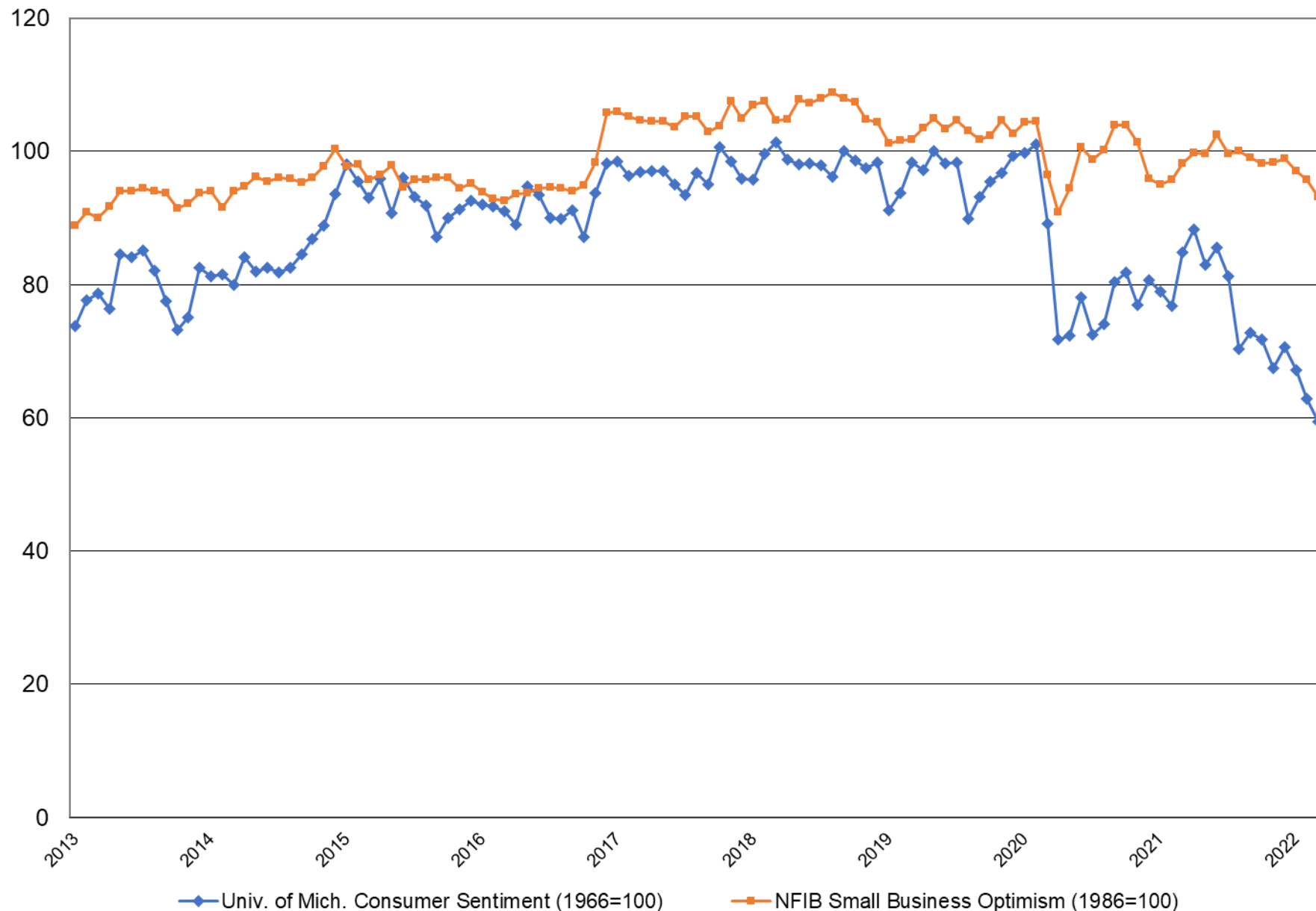
- Without stimulus payments, the SPM would have been 12.7%

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

The changes to the Child Tax Credit in the second half of 2021 were estimated to reduce monthly child poverty by around 30%; poverty returned to prior levels when the changes ended in January 2022

Consumer Sentiment and Small Business Optimism Indexes



Consumers are particularly concerned about inflation:

- Inflation expectation of 5.4% is the **highest since November 1981**
- **32%** of all surveyed consumers expect overall financial position to worsen in the year ahead: **the highest recorded level since the survey began in the mid-1940s**

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
- We're moving into an endemic phase of COVID, but risks of new variants remain
- Housing costs have increased sharply as demand far outstrips supply, limiting availability for workforce expansion; interest rate increases may cool some demand, but will make affordability a continuing problem
- Wages have increased, but so has inflation – real gains aren't as robust
- 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?
- Near- to medium-term global and national economic conditions are highly uncertain, especially given the Russian invasion of Ukraine

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