

Economic and Workforce Conditions in Maine

Bangor Chamber Economic Summit

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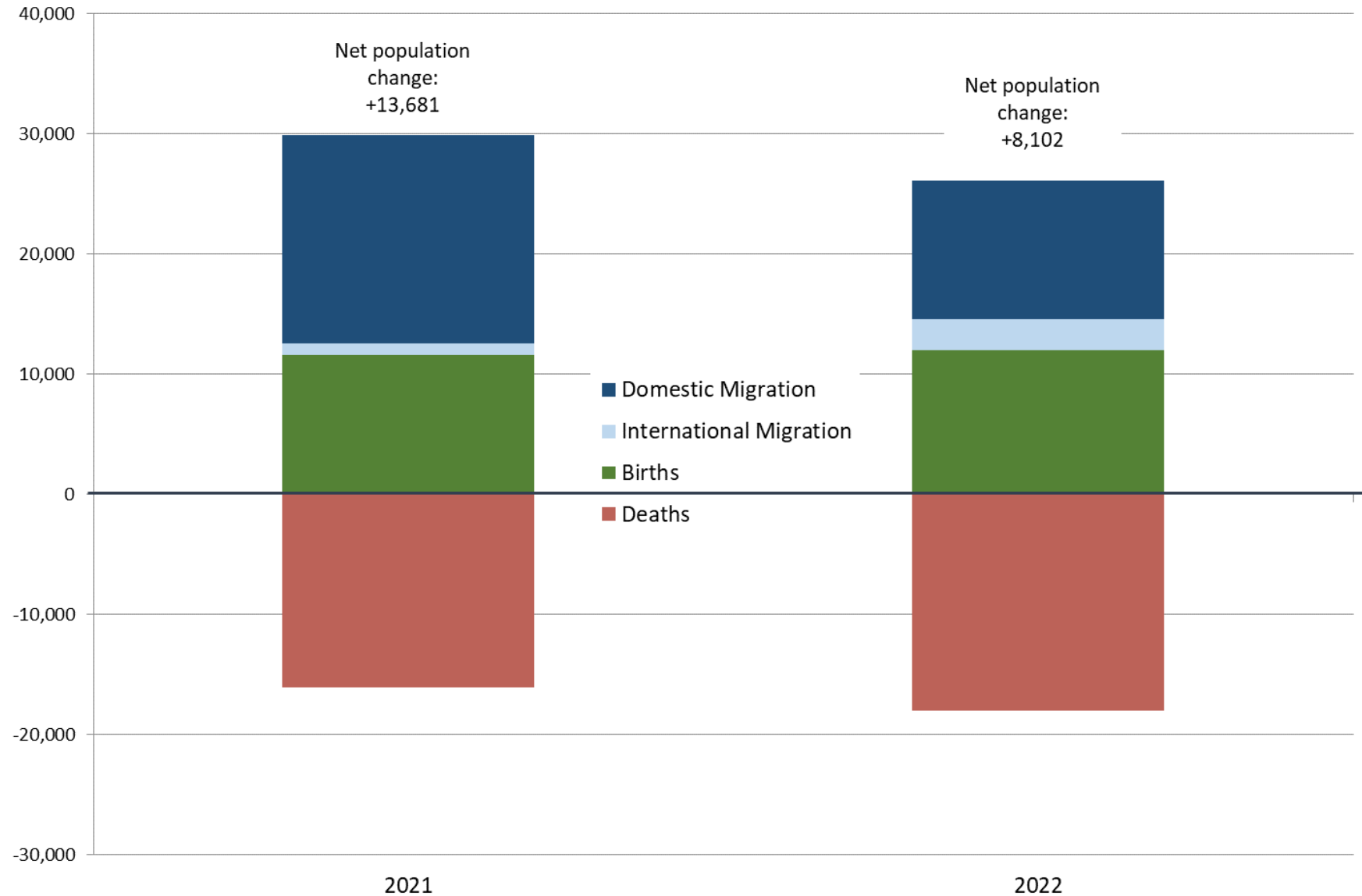
Components of Population Change, Maine

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

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

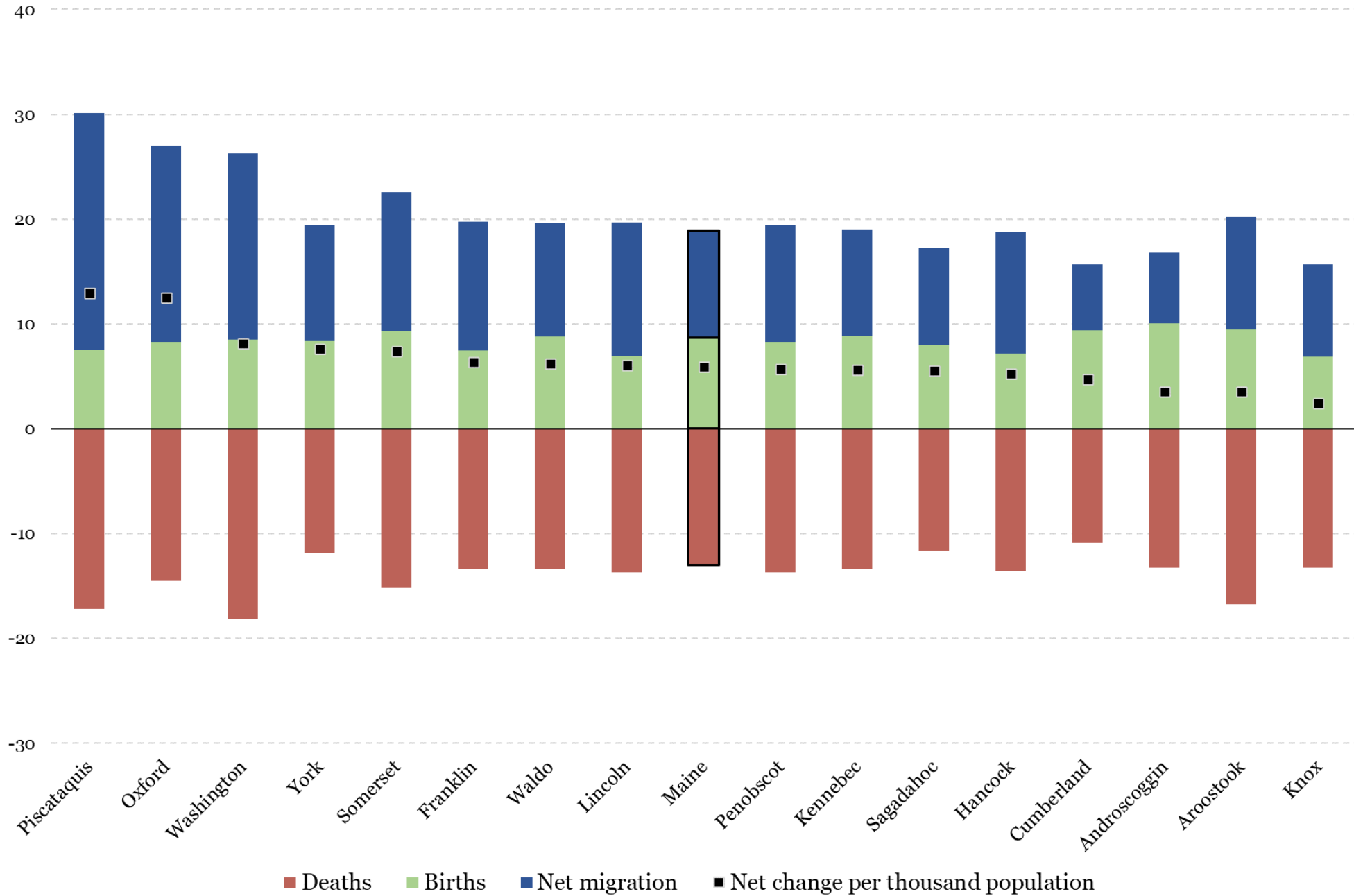
Population increase of
1.7% from 2020-2022
(14th in U.S.)

2022 net migration =
10.2 per thousand
(11th in U.S.)

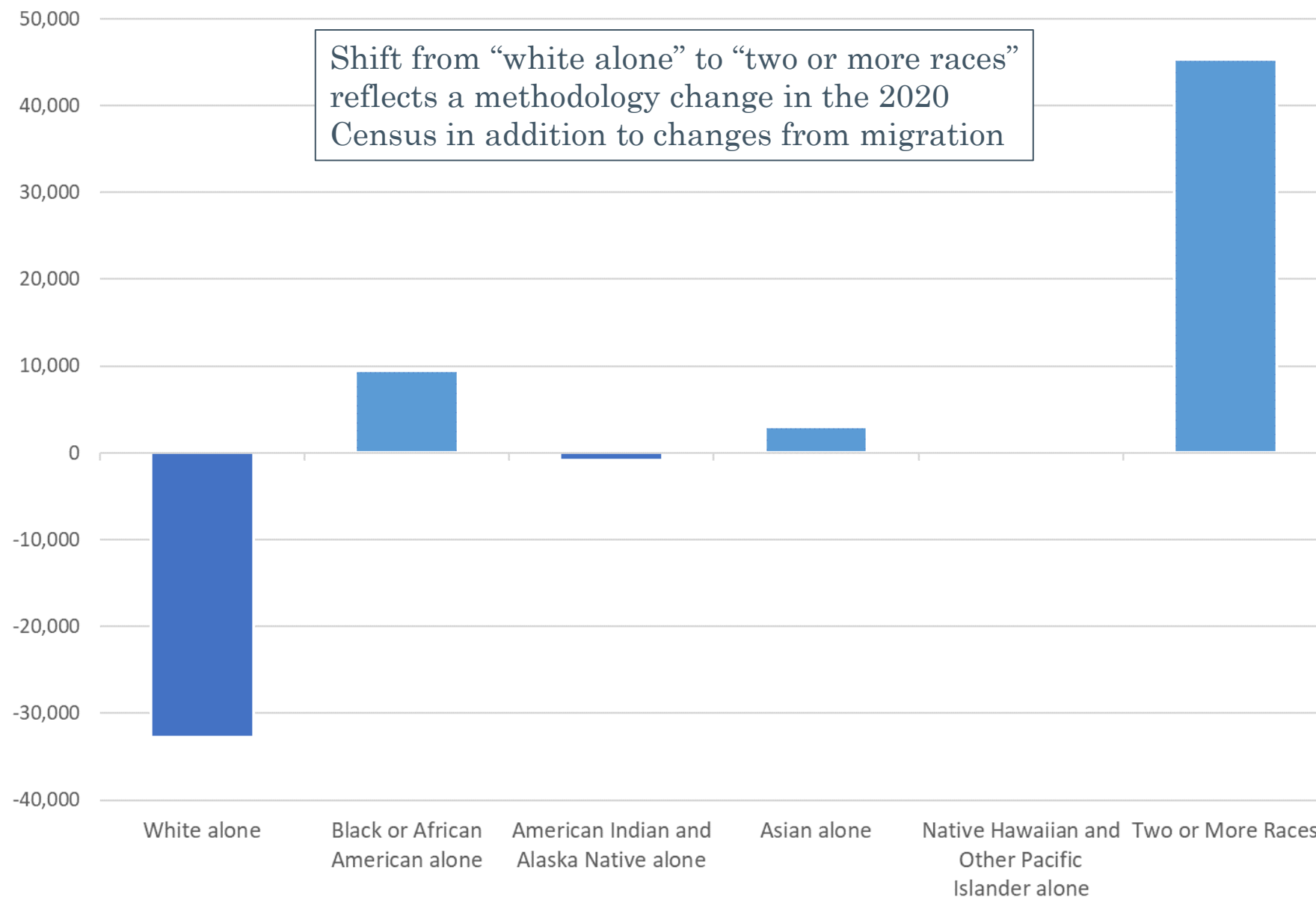


Components of Population Change in Maine, 2022

Rate per thousand population



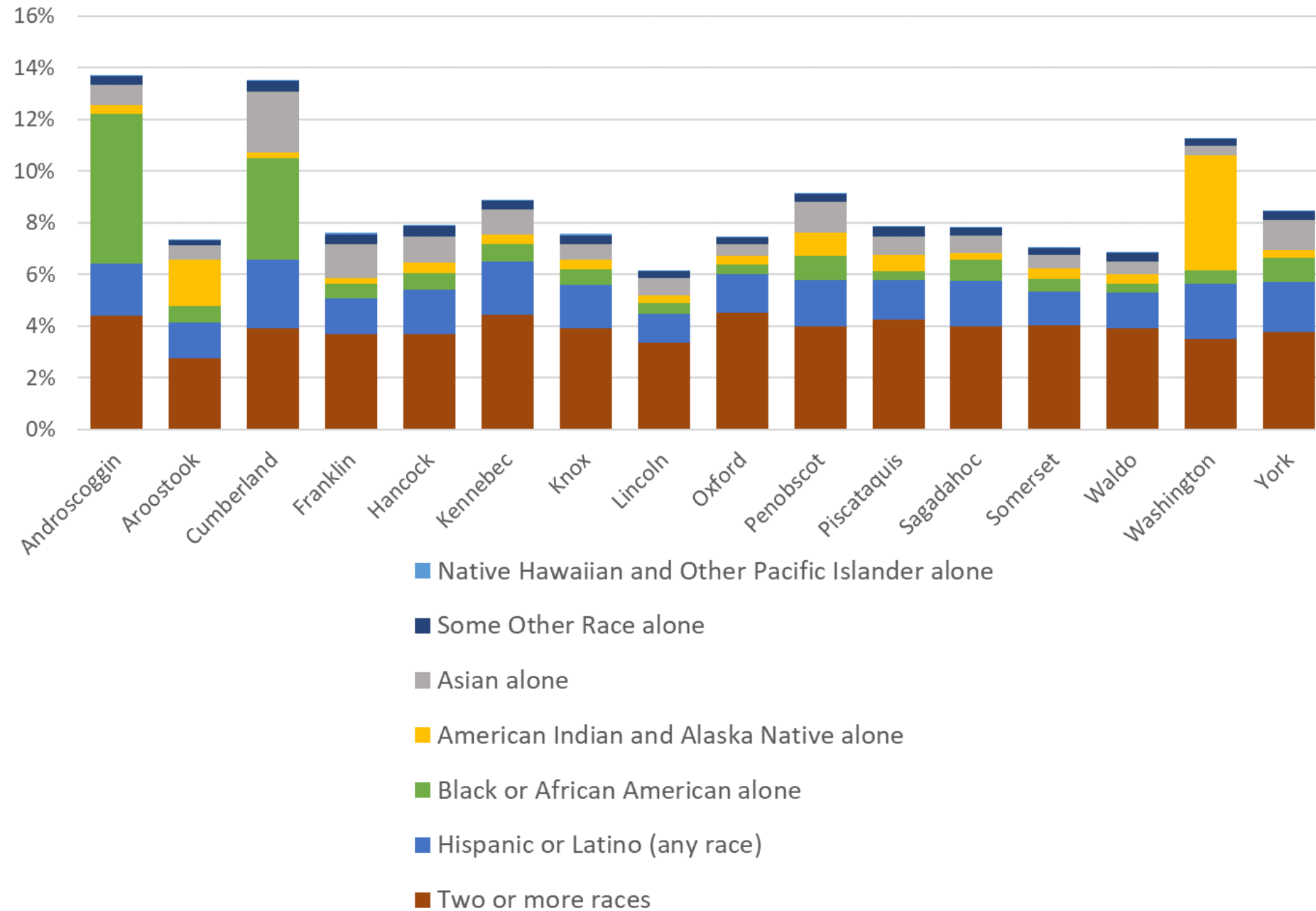
Change in Maine Population by Race, 2010-2020



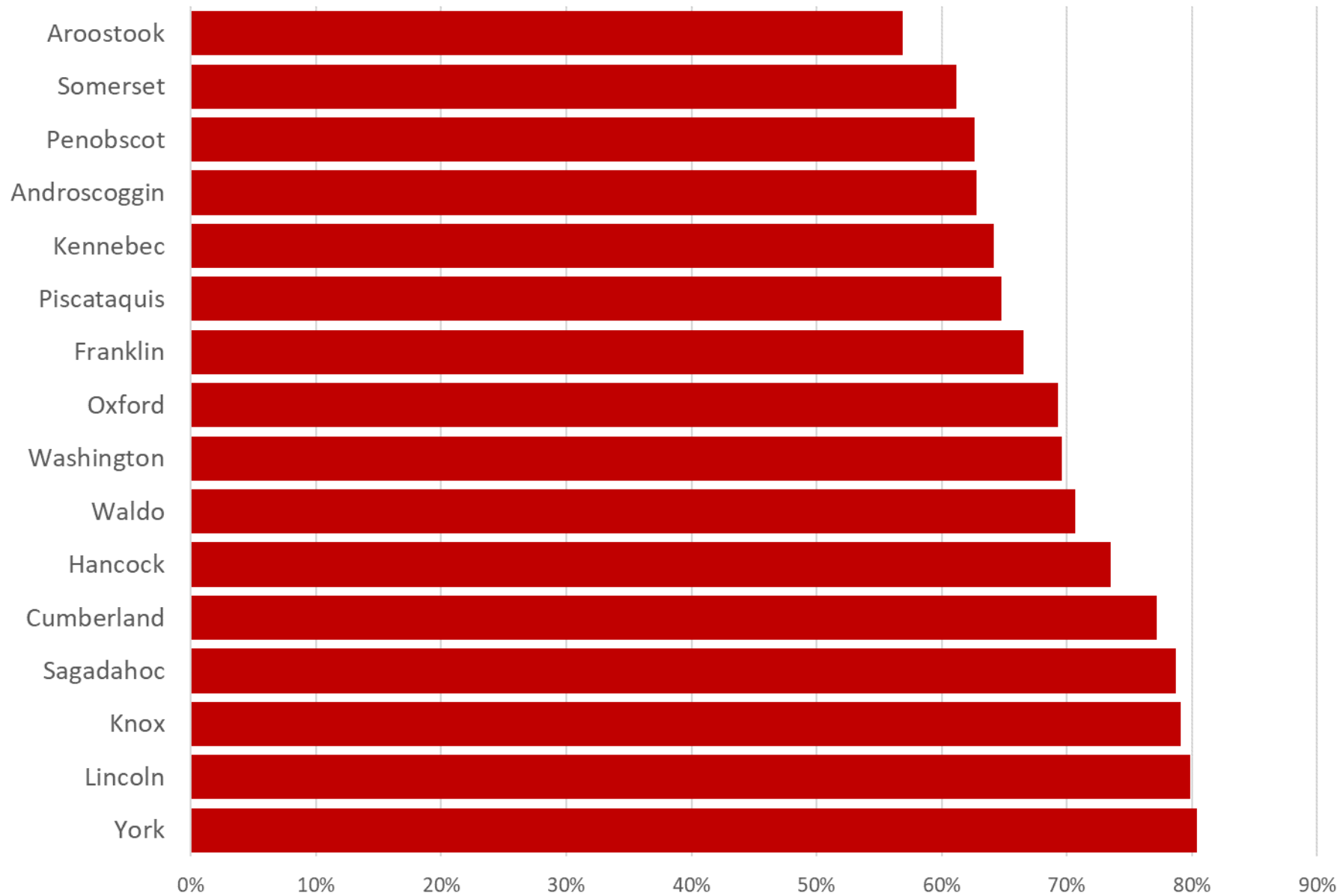
Shift from “white alone” to “two or more races” reflects a methodology change in the 2020 Census in addition to changes from migration

9.8% Black, Indigenous, and People of Color
Lowest percentage in U.S., but improved from 5.6% in 2010

Share of 2020 Population by Race/Ethnicity Excluding White Alone



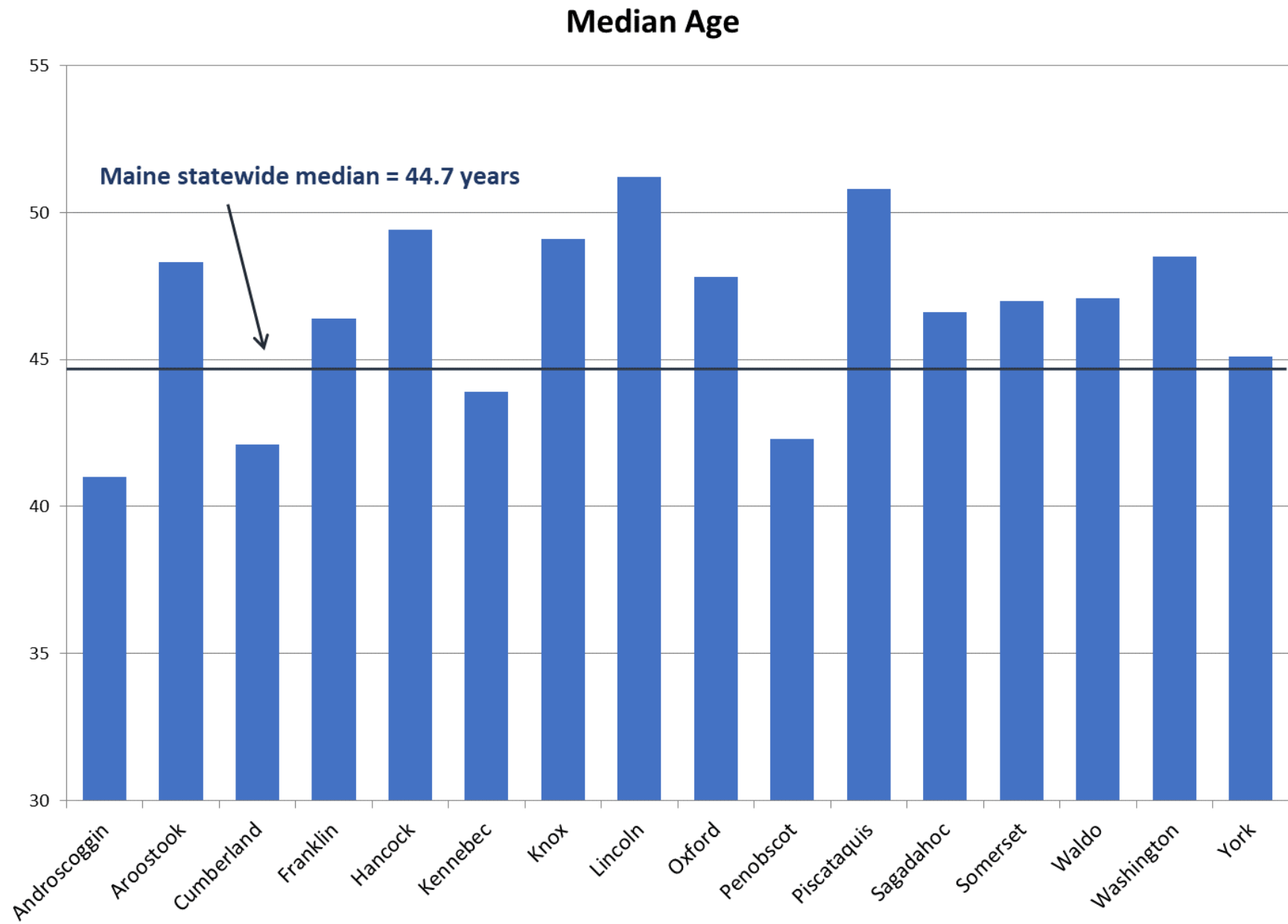
Percent of Households Unable to Afford Median Home, 2022



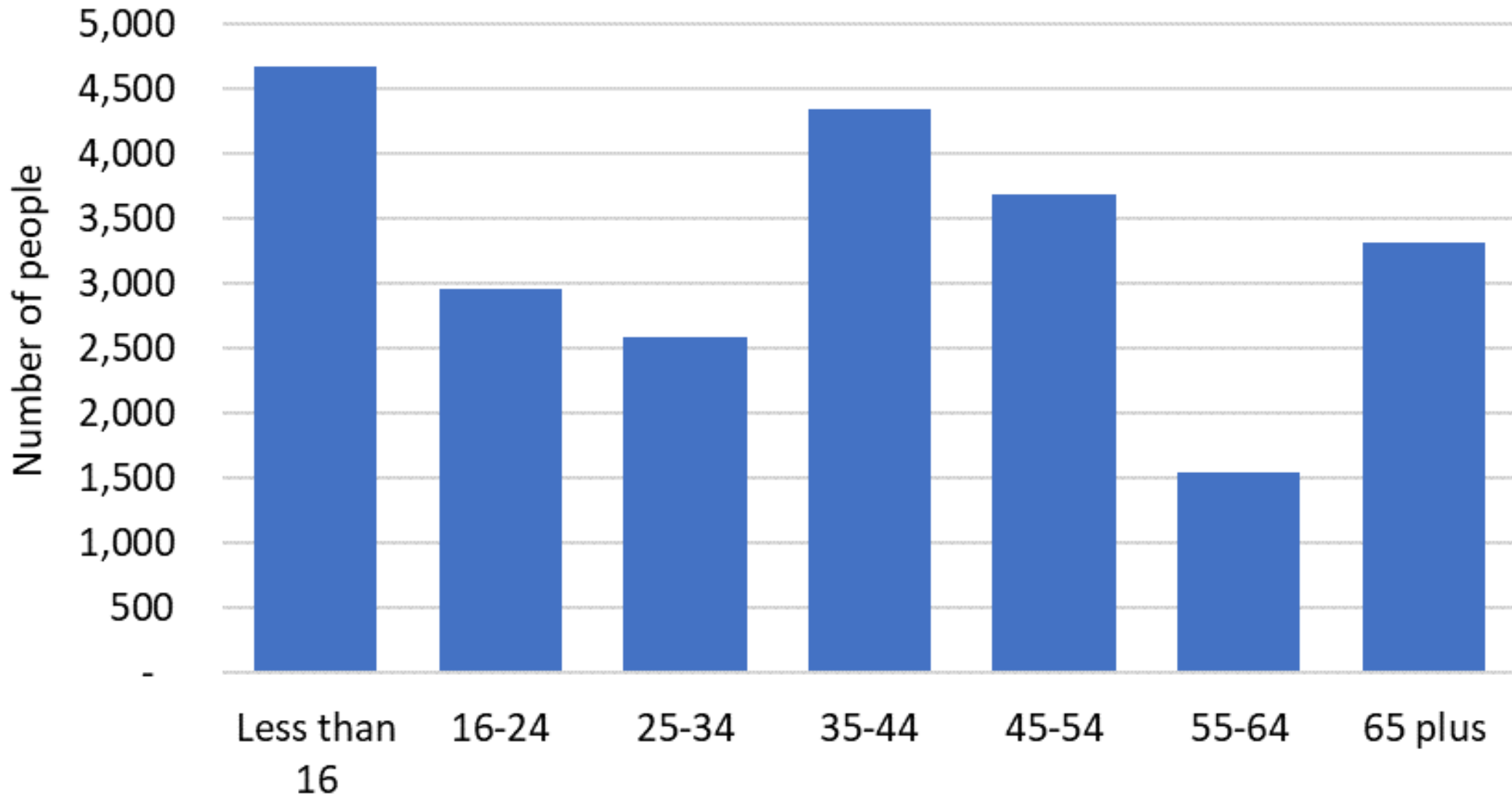
Maine has the oldest population...
...by median age
(44.7 years)
...and by % of population
age 65+ (21.7%)

BUT!

Maine was the **ONLY**
state in the U.S. to see a
decrease in median age
from 2020 to 2021



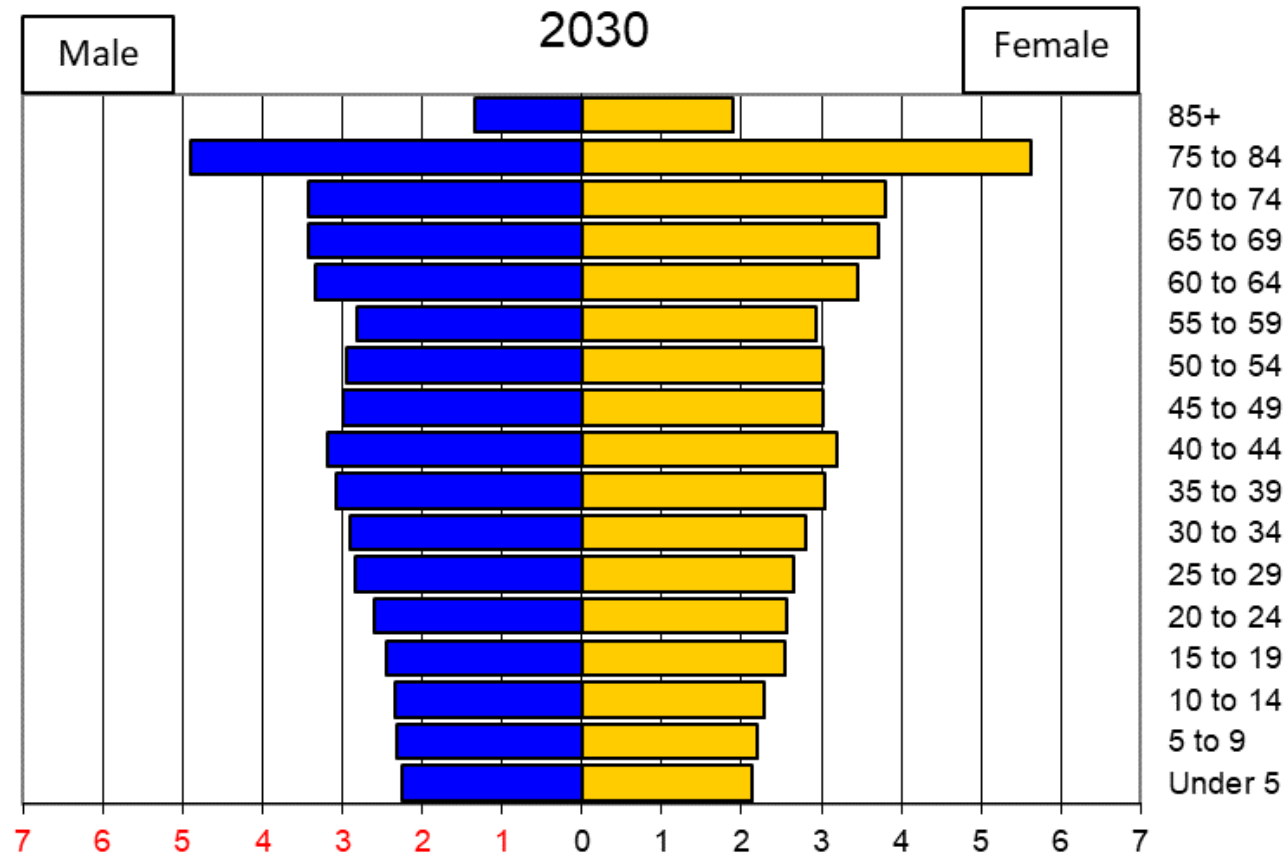
Net Migration by Age Cohort



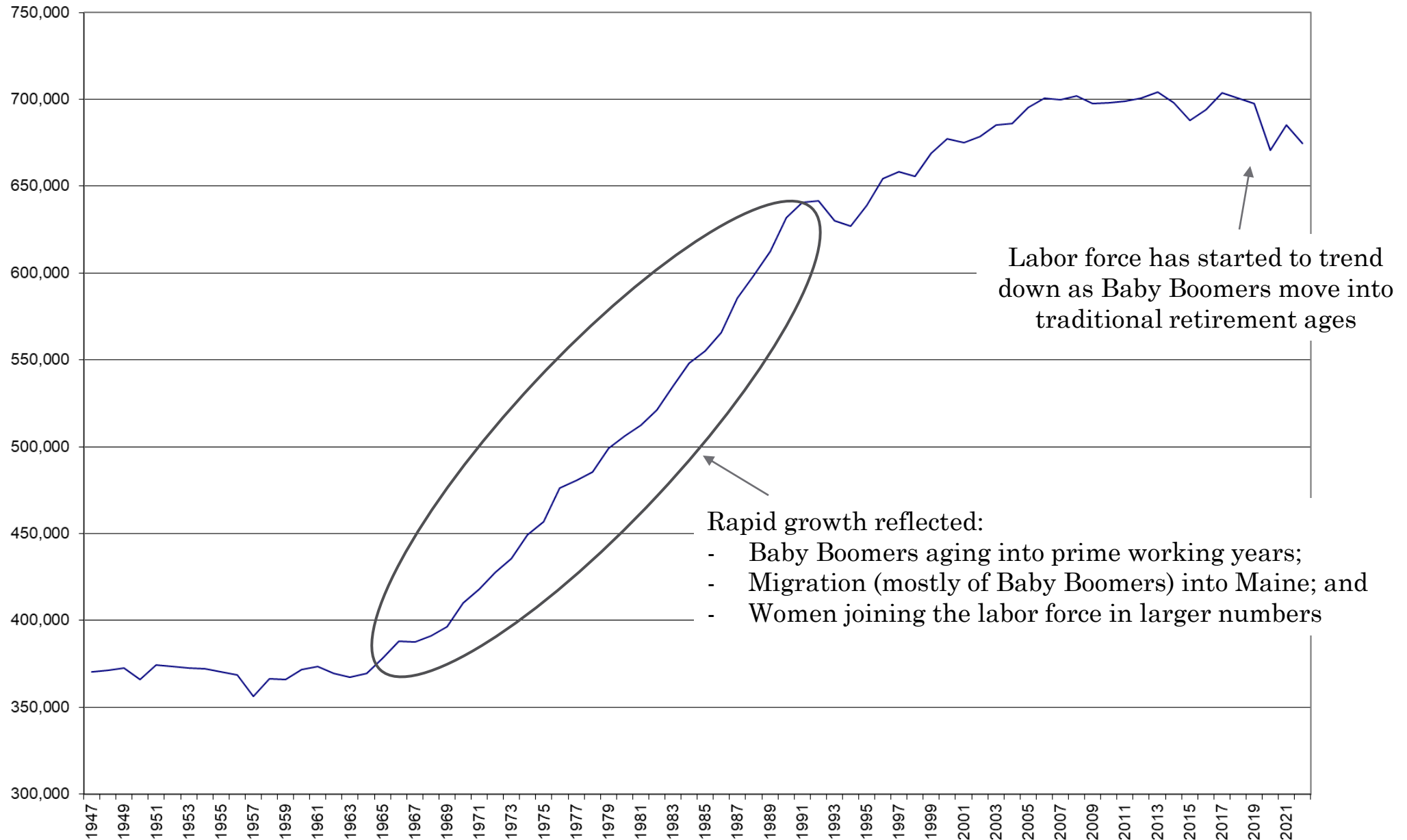
The Baby Boom: 1946-1964

Baby Boom
generation in
2030: age 66-84

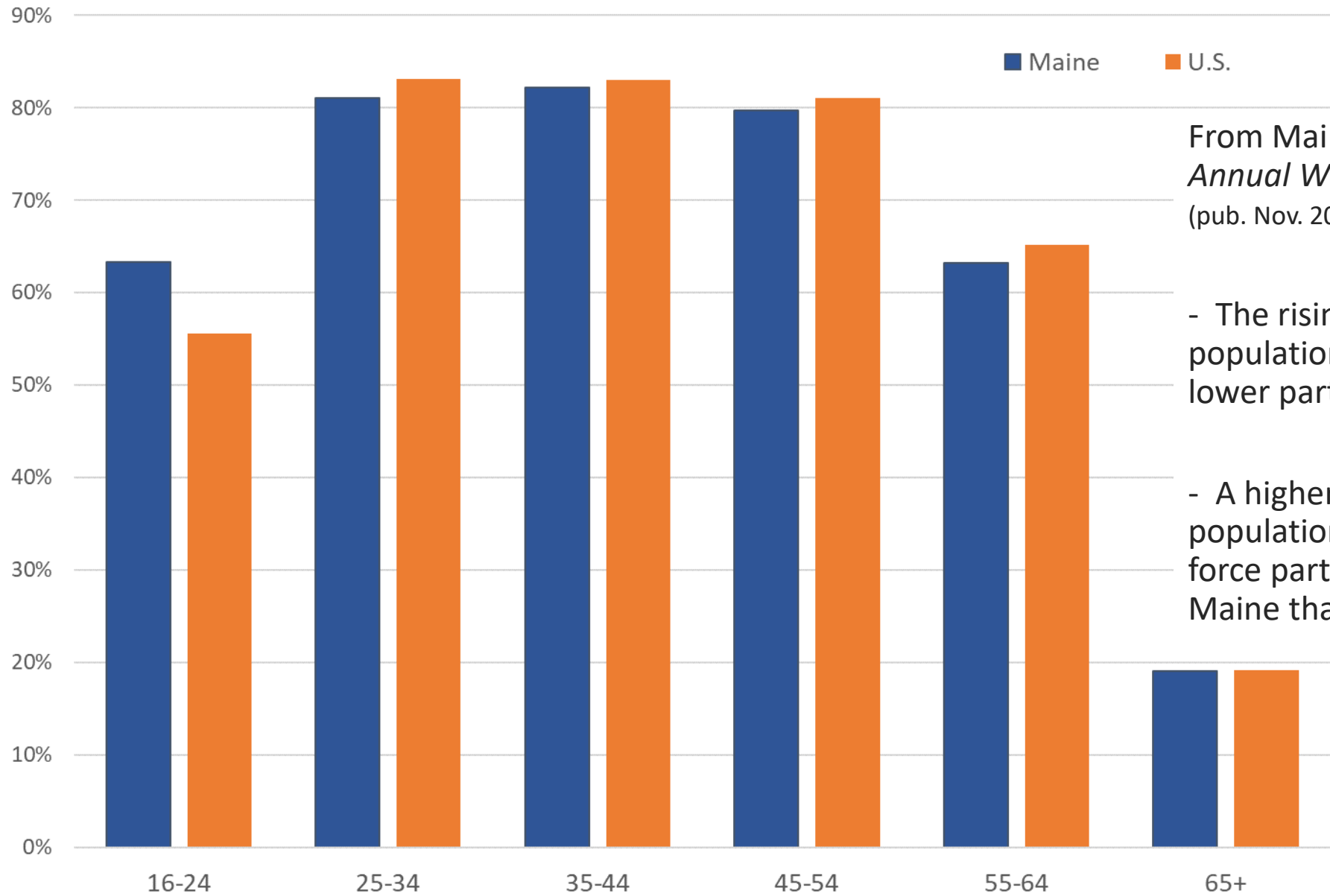
Baby Boom
generation in
2021: age 57-75



Maine Civilian Labor Force



2022 Labor Force Participation Rate



From Maine Dept. of Labor’s
Annual Workforce Report for 2021
(pub. Nov. 2022):

- The rising share of retired population is the primary factor in lower participation in the state
- A higher share of retirement age population is the reason total labor force participation is lower in Maine than the nation

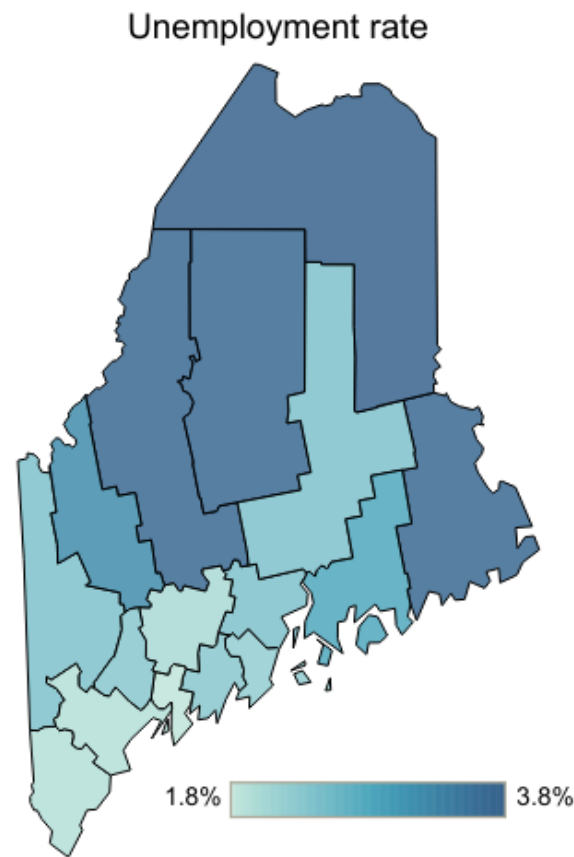
Maine's unemployment rate of 2.4% in April 2023 sets a new record low and is below the U.S. rate of 3.4%

County Rates (not seasonally adjusted)

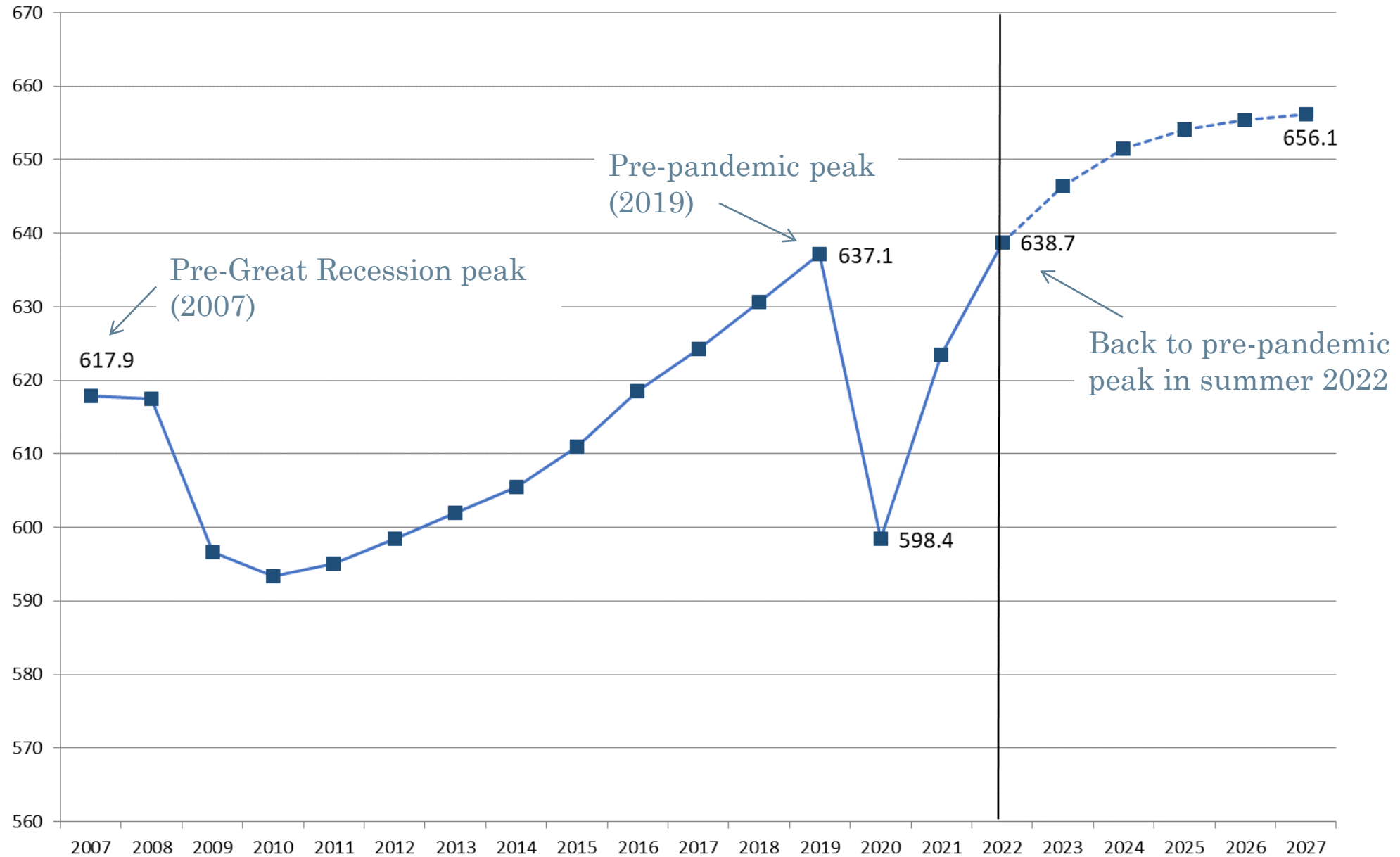
April, 2023

County	Rate	Year ago	One-yr change
Maine	2.3%	3.0%	-0.7
Androscoggin	2.3%	2.8%	-0.5
Aroostook	3.8%	5.3%	-1.5
Cumberland	1.9%	2.3%	-0.4
Franklin	3.2%	3.8%	-0.6
Hancock	2.8%	3.9%	-1.1
Kennebec	2.0%	2.7%	-0.7
Knox	2.2%	3.0%	-0.8
Lincoln	2.3%	3.0%	-0.7
Oxford	2.4%	3.2%	-0.8
Penobscot	2.4%	3.2%	-0.8
Piscataquis	3.7%	4.5%	-0.8
Sagadahoc	1.8%	2.4%	-0.6
Somerset	3.7%	4.3%	-0.6
Waldo	2.4%	3.3%	-0.9
Washington	3.7%	5.0%	-1.3
York	1.9%	2.6%	-0.7

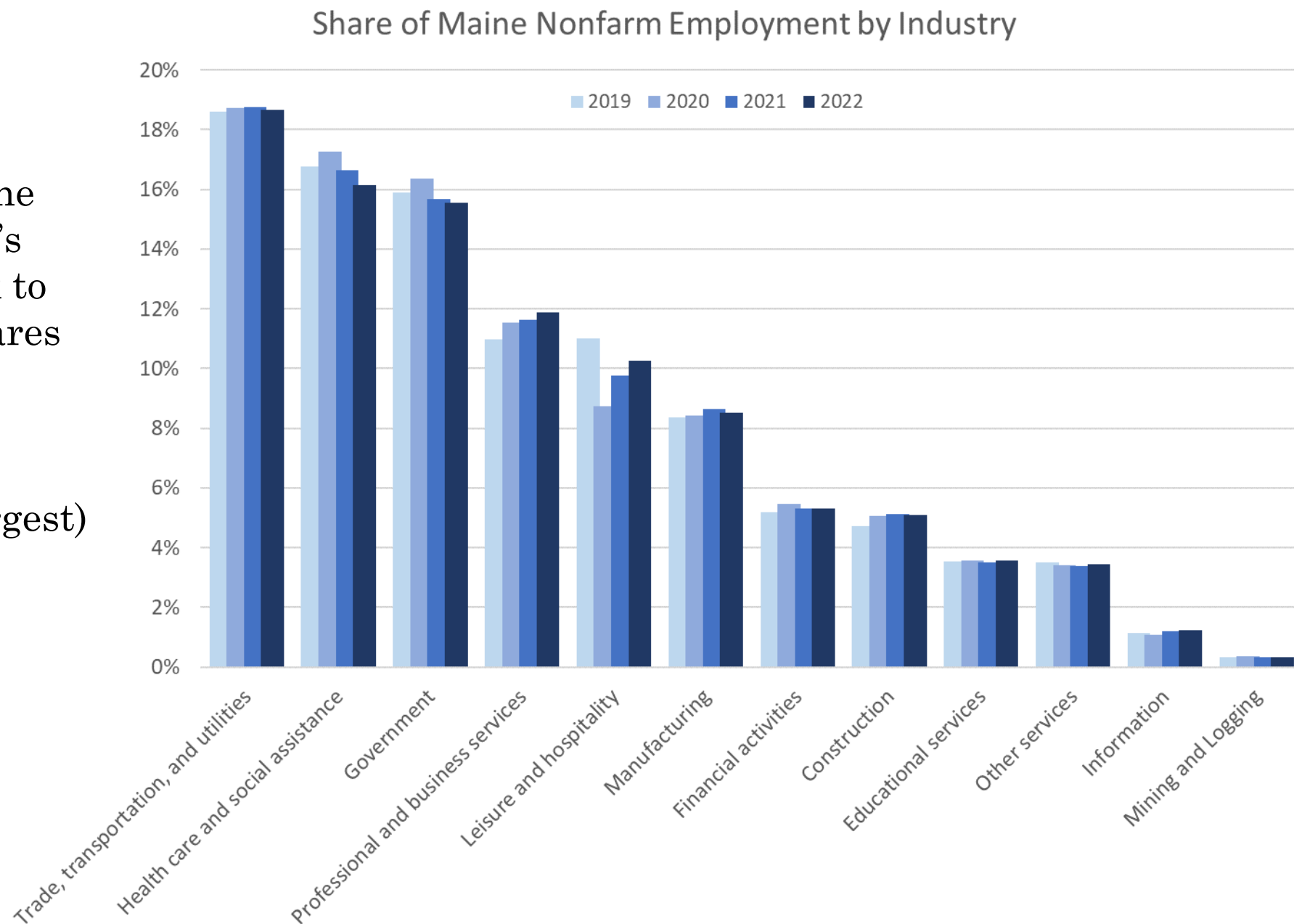
- ☒ Table
- ☐ Graph
- Map/Graph Display
- ☒ Unemployment rate
- ☐ One-year change



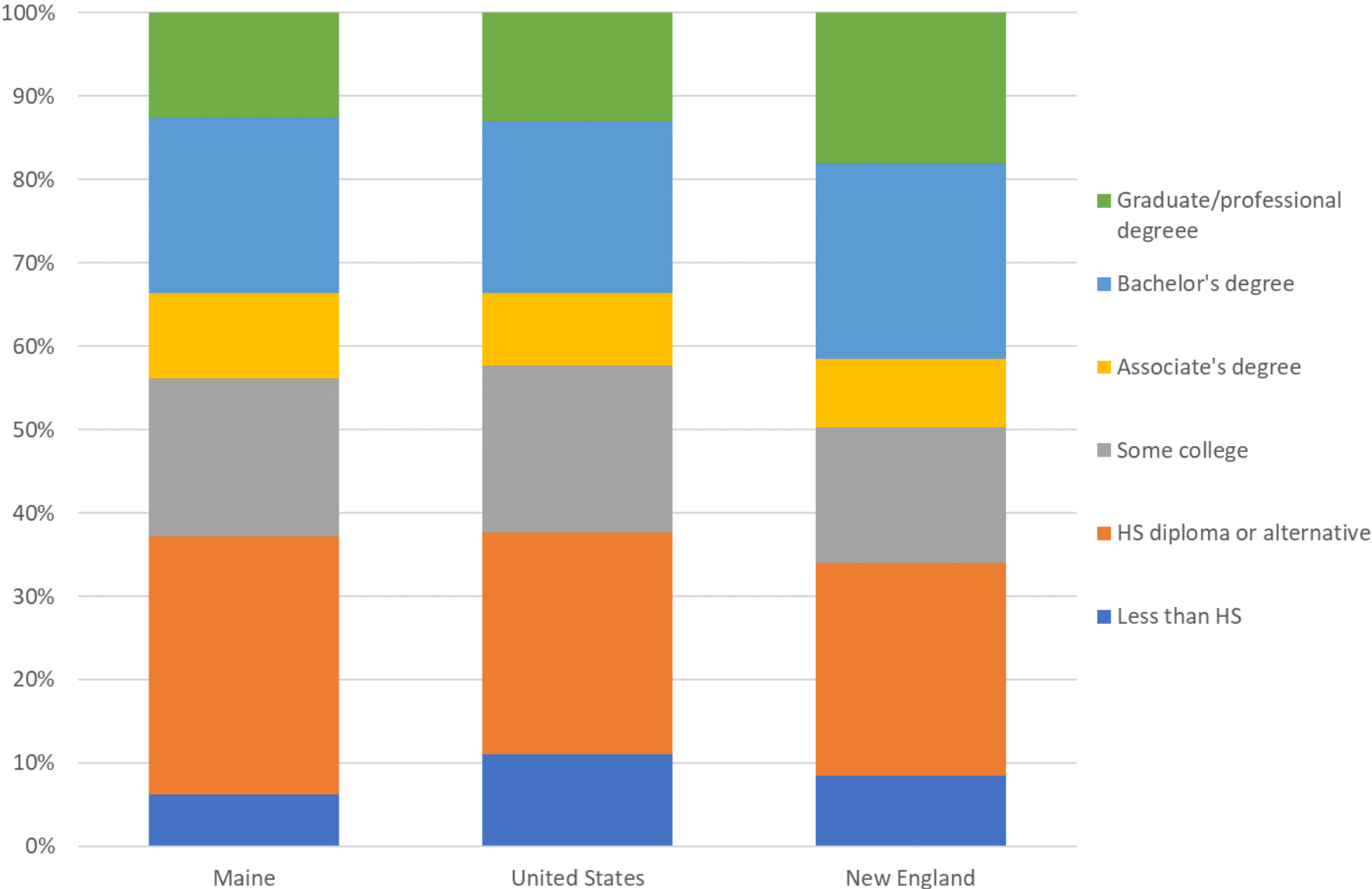
Total Nonfarm Employment (in thousands) History and CEFC forecast



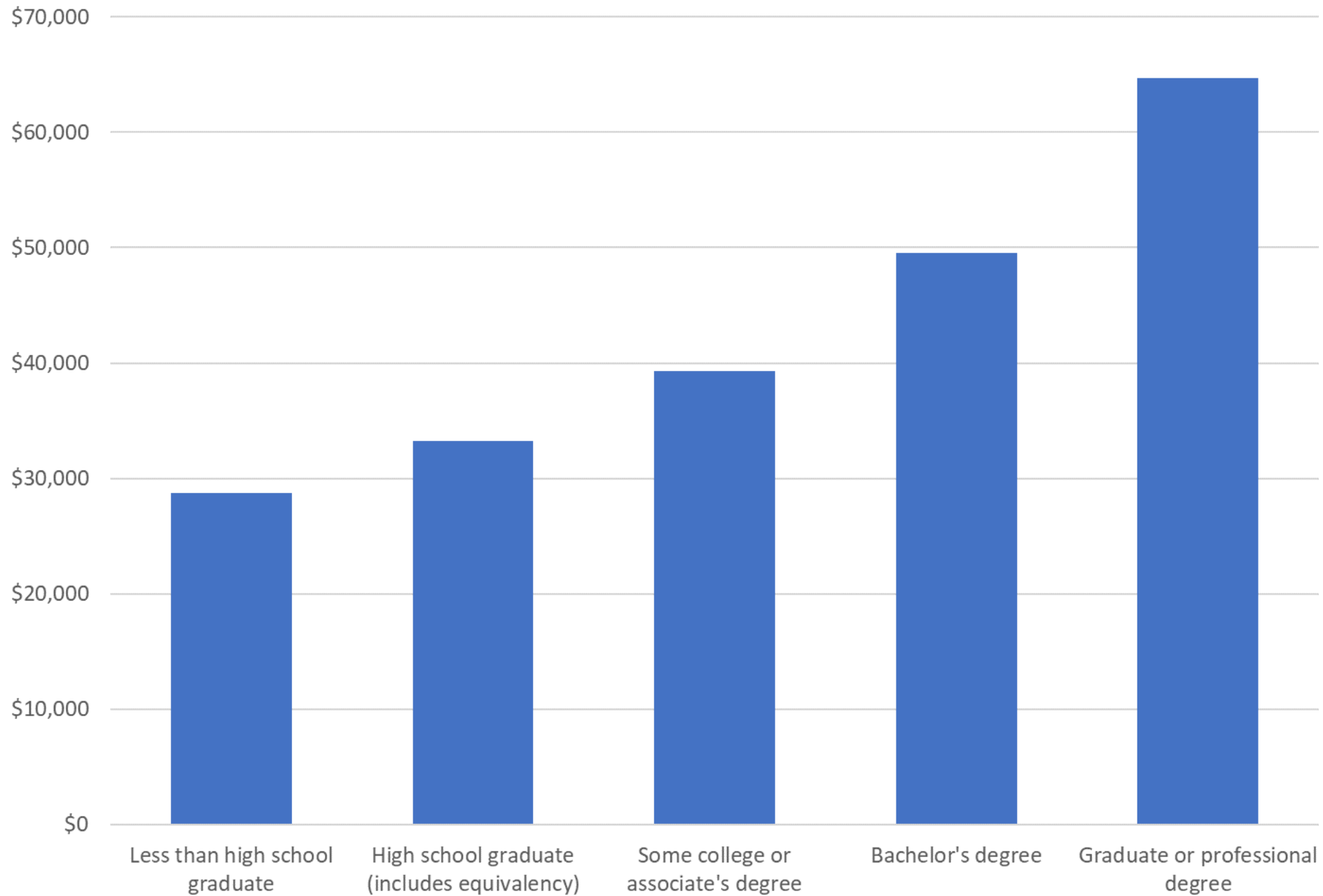
According to the Maine Department of Labor's Employment Outlook to 2030, the relative shares are not expected to change by much (the same sectors are still expected to be the largest)



Educational Attainment of Population Age 25+



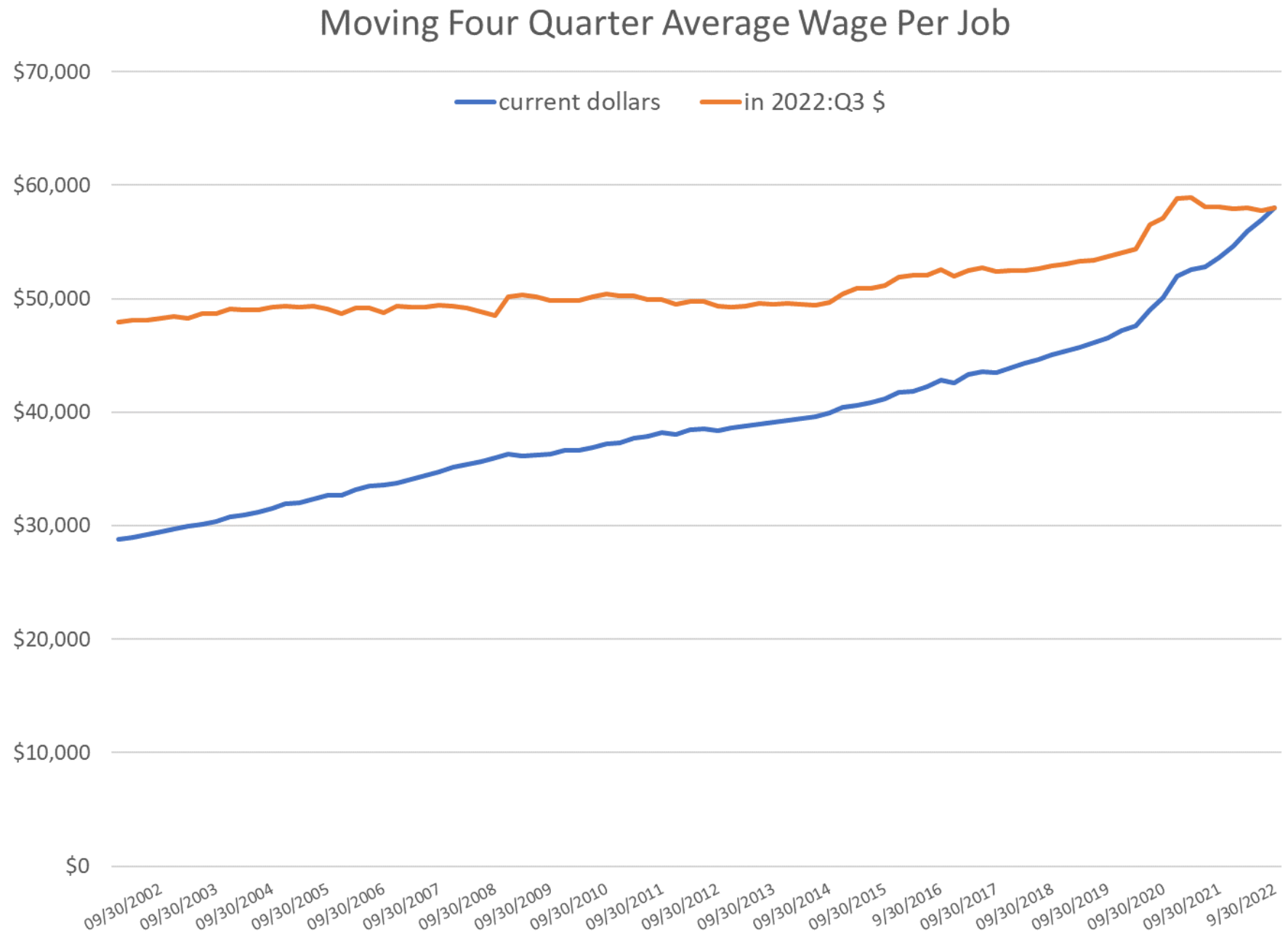
Median Earnings by Educational Attainment for the Maine Population Age 25+



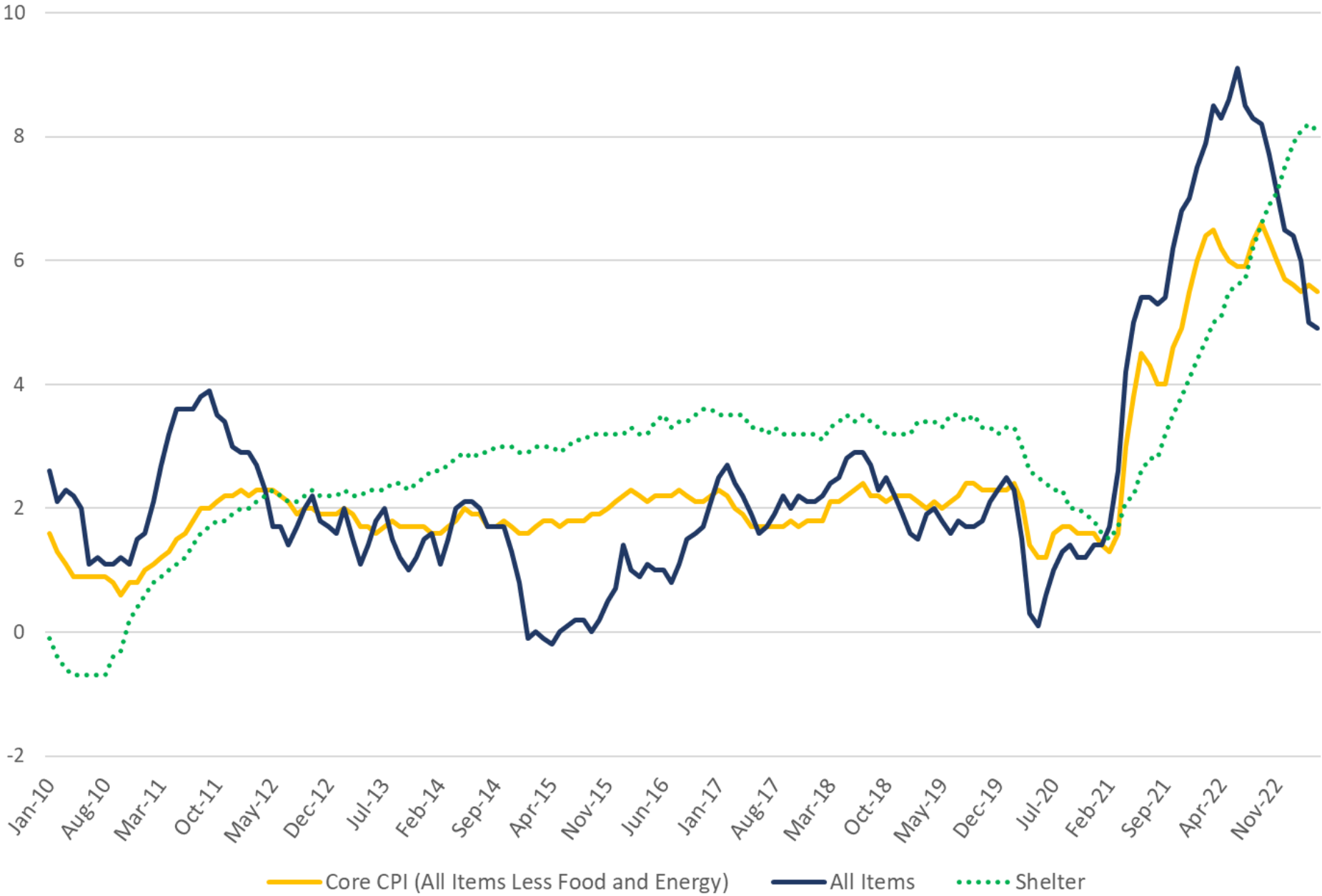
Workforce considerations

- Migration: will the trends continue?
 - *Remote work*: here to stay, but hybrid situations are geographically limiting
 - *Housing*: limited availability and unaffordability
 - *Dependent care*: limited availability and unaffordability
- Retirements: will some retirees rejoin the workforce?
- Wages: will the tight labor market continue to put upward pressure on wages?
- The Great Reshuffle: how does the search for “better” work pan out in the long run?
- Self-employment: are more workers choosing self-employment and gig work?
- Automation: will employers who struggle to find workers substitute with technology?

Wages have increased sharply over the past two-plus years, but higher inflation has flattened out recent gains



Year-over-year percent change in Consumer Price Index



Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

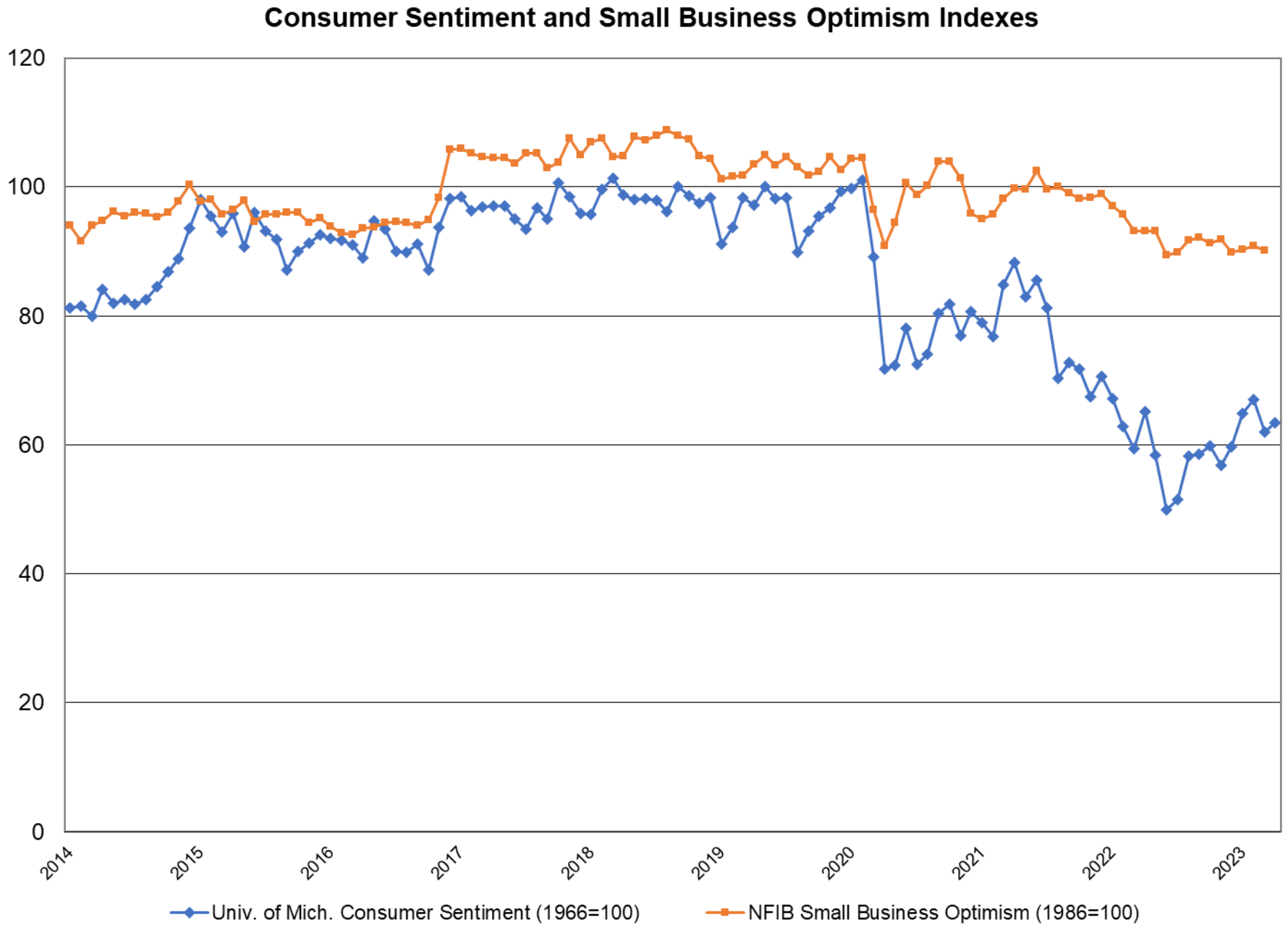
What does this mean for interest rates?

Current target range: 5.0% to 5.25%

“The Committee will closely monitor incoming information and assess the implications for monetary policy. In determining the extent to which additional policy firming may be appropriate to return inflation to 2 percent over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments..”

- Excerpt from May 3, 2023, Federal Open Market Committee statement

Inflation has been a major contributor to the downward trend in small business and consumer sentiment; higher expenses continue to bring down these indices



Sources: University of Michigan Survey of Consumers and NFIB Small Business Optimism Index

Things to keep in mind:

- Housing costs have increased sharply as demand far outstripped supply and then interest rate hikes made mortgages more expensive – this limits availability for ongoing migration and workforce expansion
- Inflation has started slowing, but not quickly – the Federal Reserve has continued to raise interest rates in response
- Will we see continued migration into Maine? Telework, housing, and dependent care are three key determinants
- Threat of recession is still out there; uncertainty remains elevated, especially with debt ceiling debate ongoing
- Maine has a robust Budget Stabilization Fund (around \$900 million) and spending from Maine Jobs and Recovery Plan is ongoing, which will help Maine weather a potential slowdown

Back to the 10-year Economic Development Strategy:

- Migration of younger populations into the state could add to the talent pool, but accelerated retirements reduced the talent pool faster than expected
- Wage growth has been robust, but gains have been offset by higher inflation
- Ongoing shift towards professional and business services combined with renewed strength and diversity in manufacturing can bolster productivity

Contact Information

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