

# Demographic and Economic Conditions in Maine

MEREDA “Morning Menu”

September 14, 2023

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# Overview

- Demographics
- Workforce and employment
- Wages, income, and inflation
- Outlook

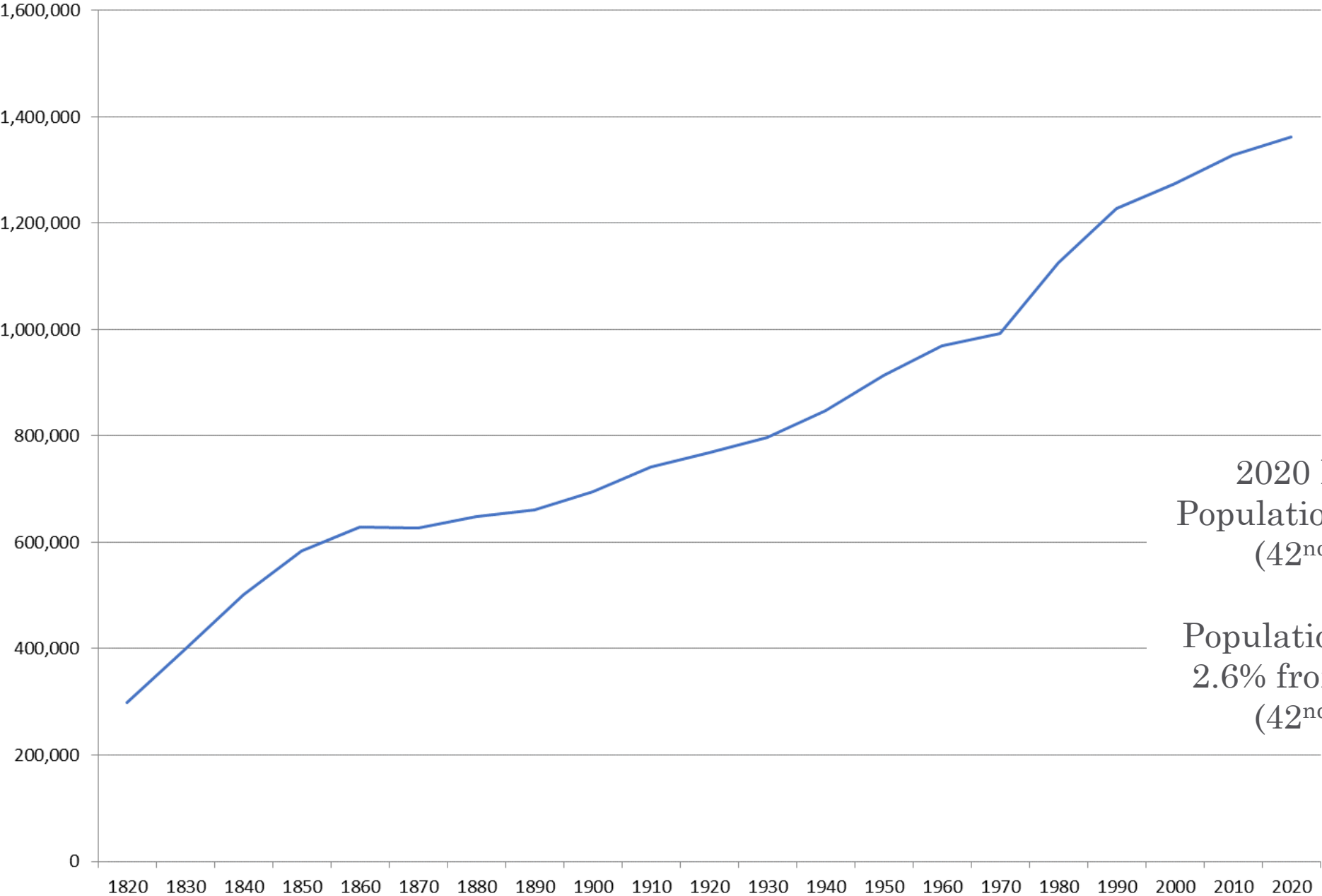
1. Where we've been

2. Where we are now

3. Where we might be going

# Demographics

# Total Population, Maine

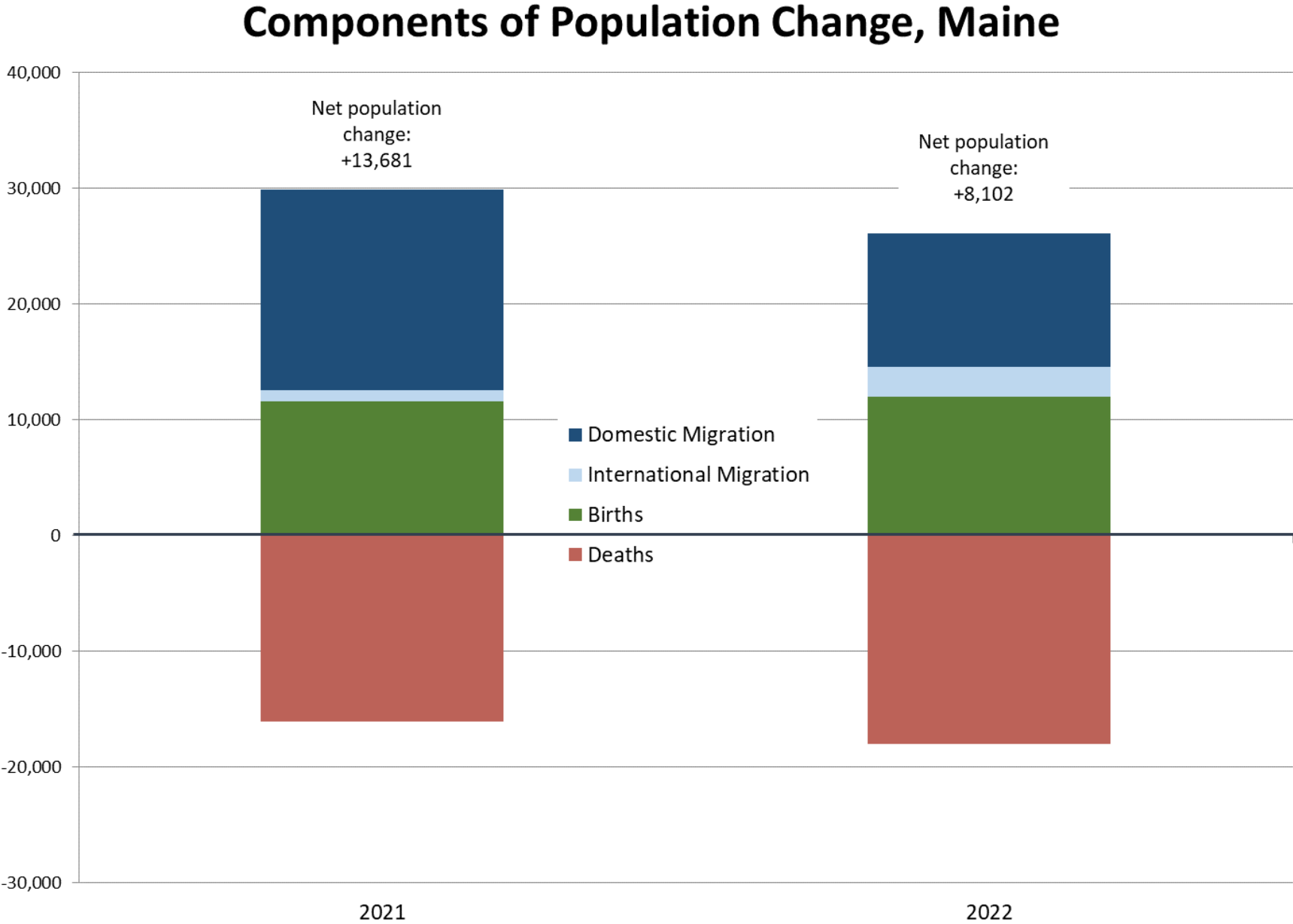


2020 Decennial  
Population = 1,362,359  
(42<sup>nd</sup> in U.S.)

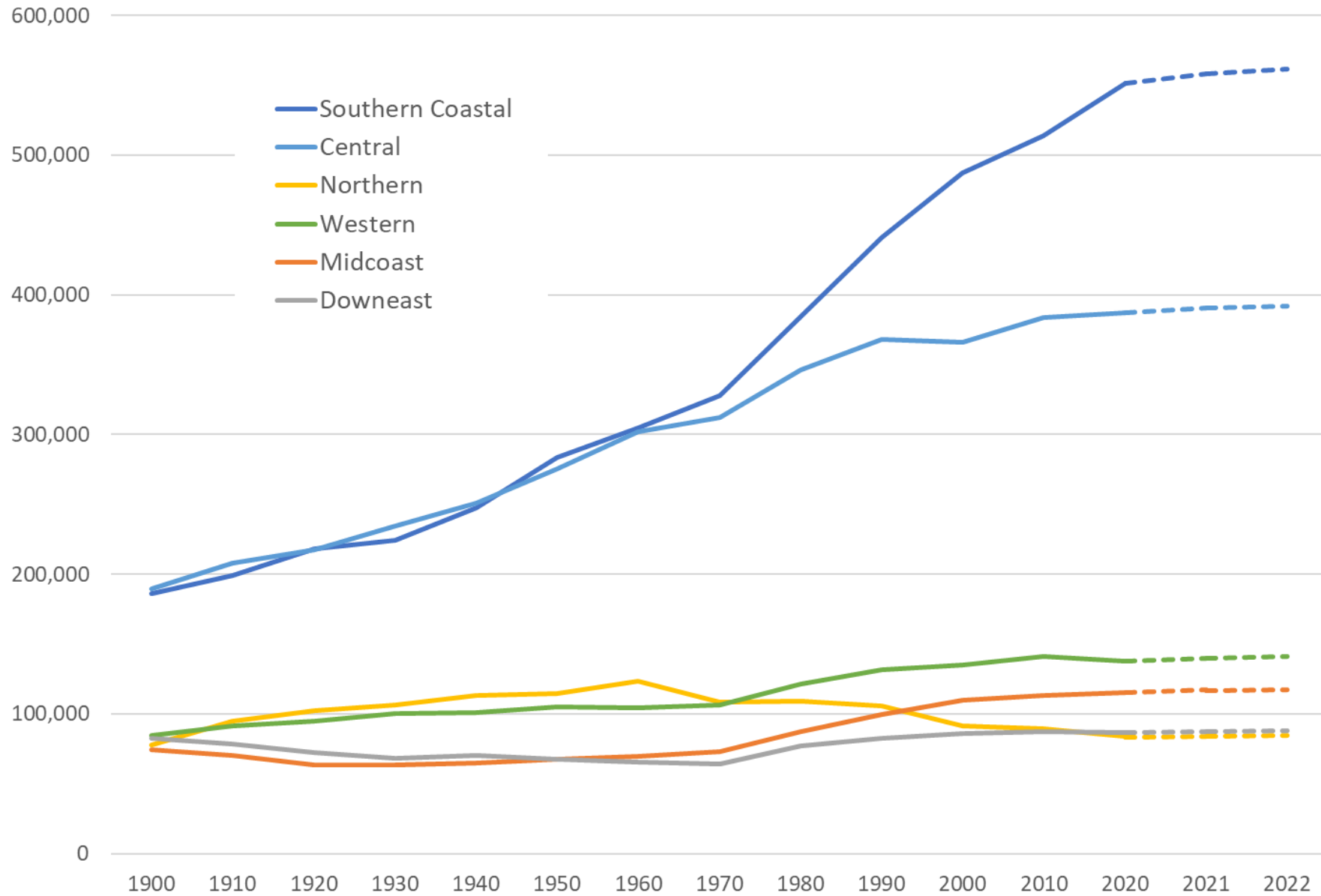
Population increase of  
2.6% from 2010-2020  
(42<sup>nd</sup> in U.S.)

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

2022 net migration =  
10.2 per thousand  
(11<sup>th</sup> in U.S.)

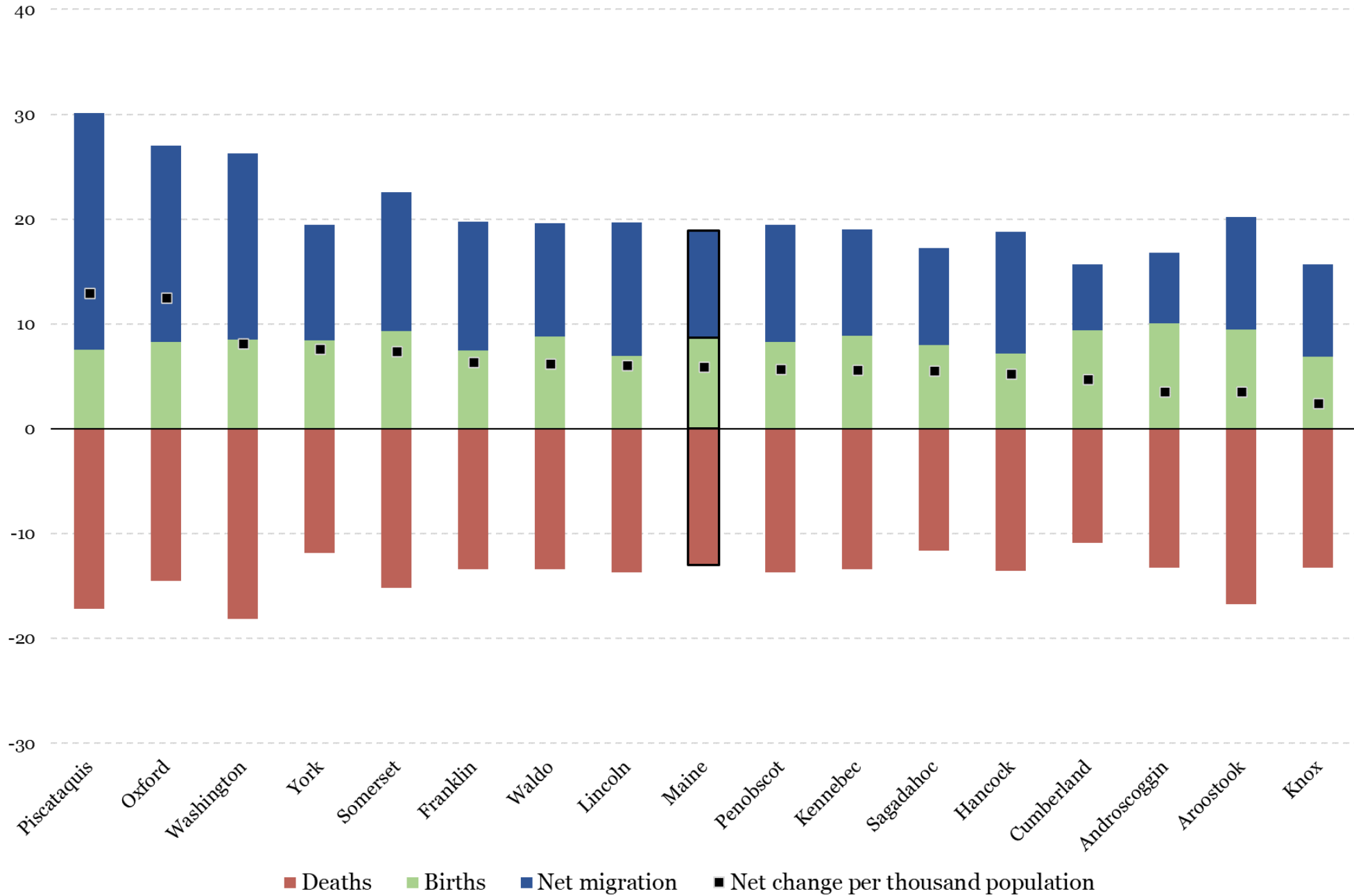


## Population by Region



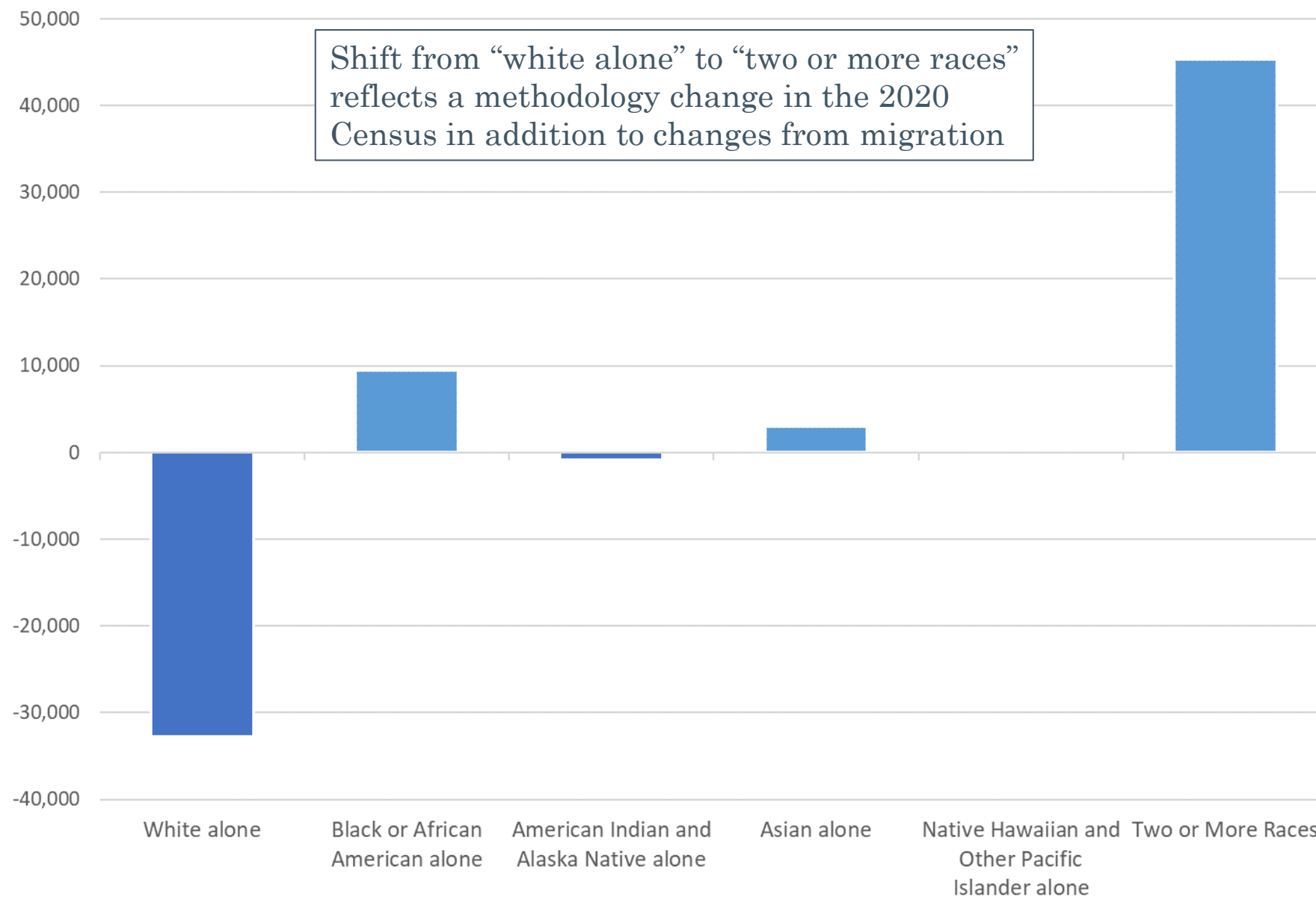
# Components of Population Change in Maine, 2022

## Rate per thousand population



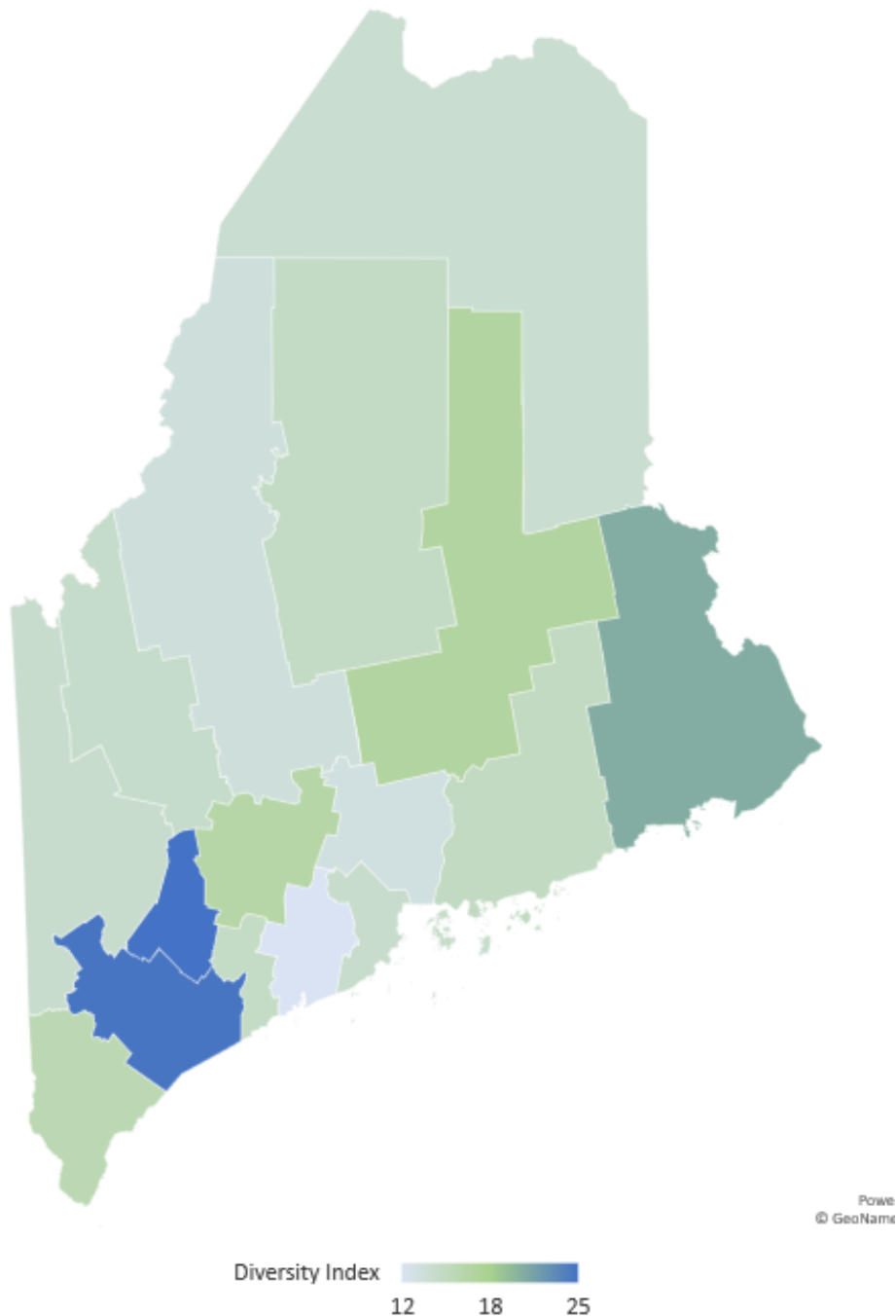


Change in Maine Population by Race, 2010-2020



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

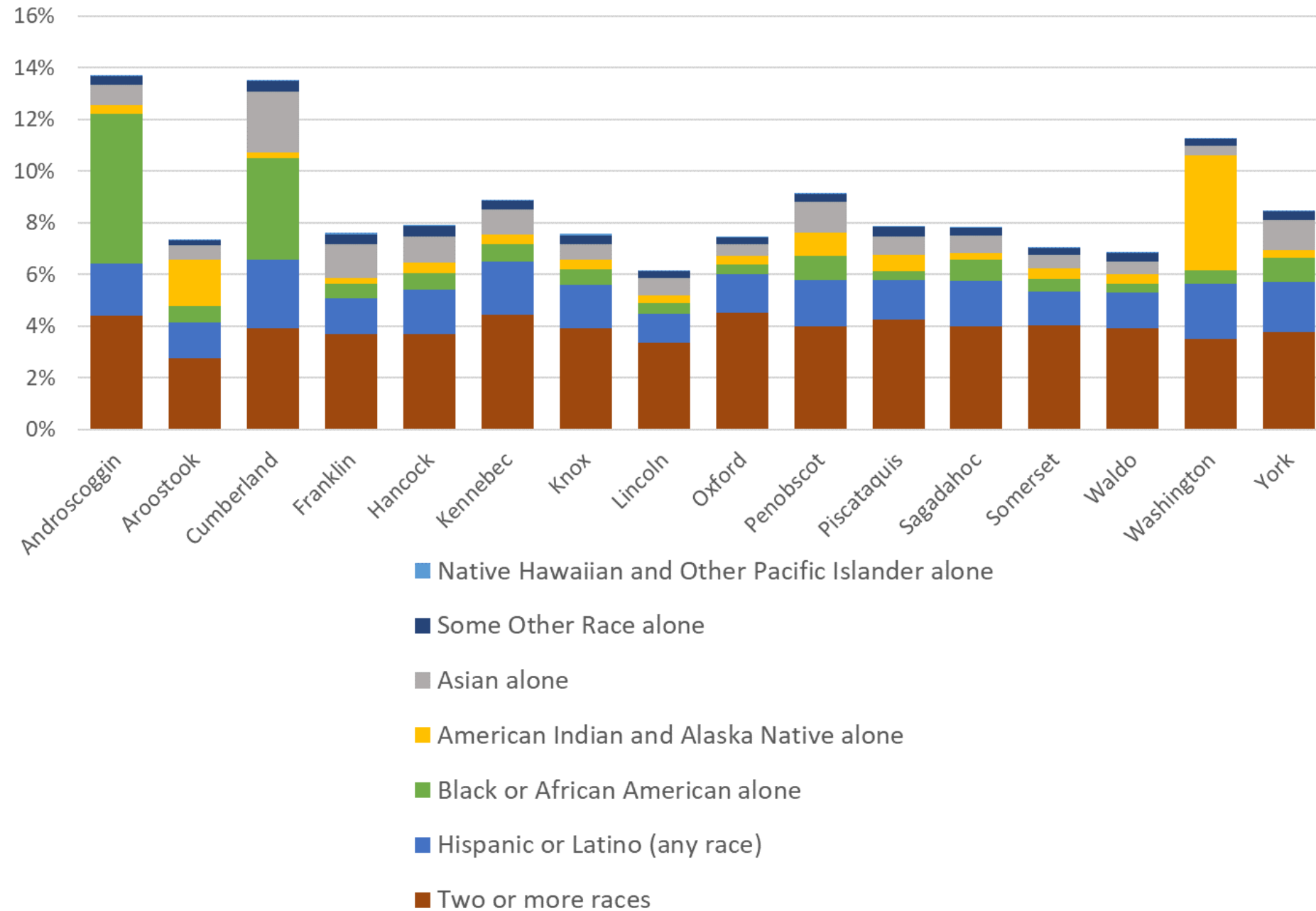
9.8% Black, Indigenous, and People of Color  
Lowest percentage in U.S., but improved from 5.6% in 2010



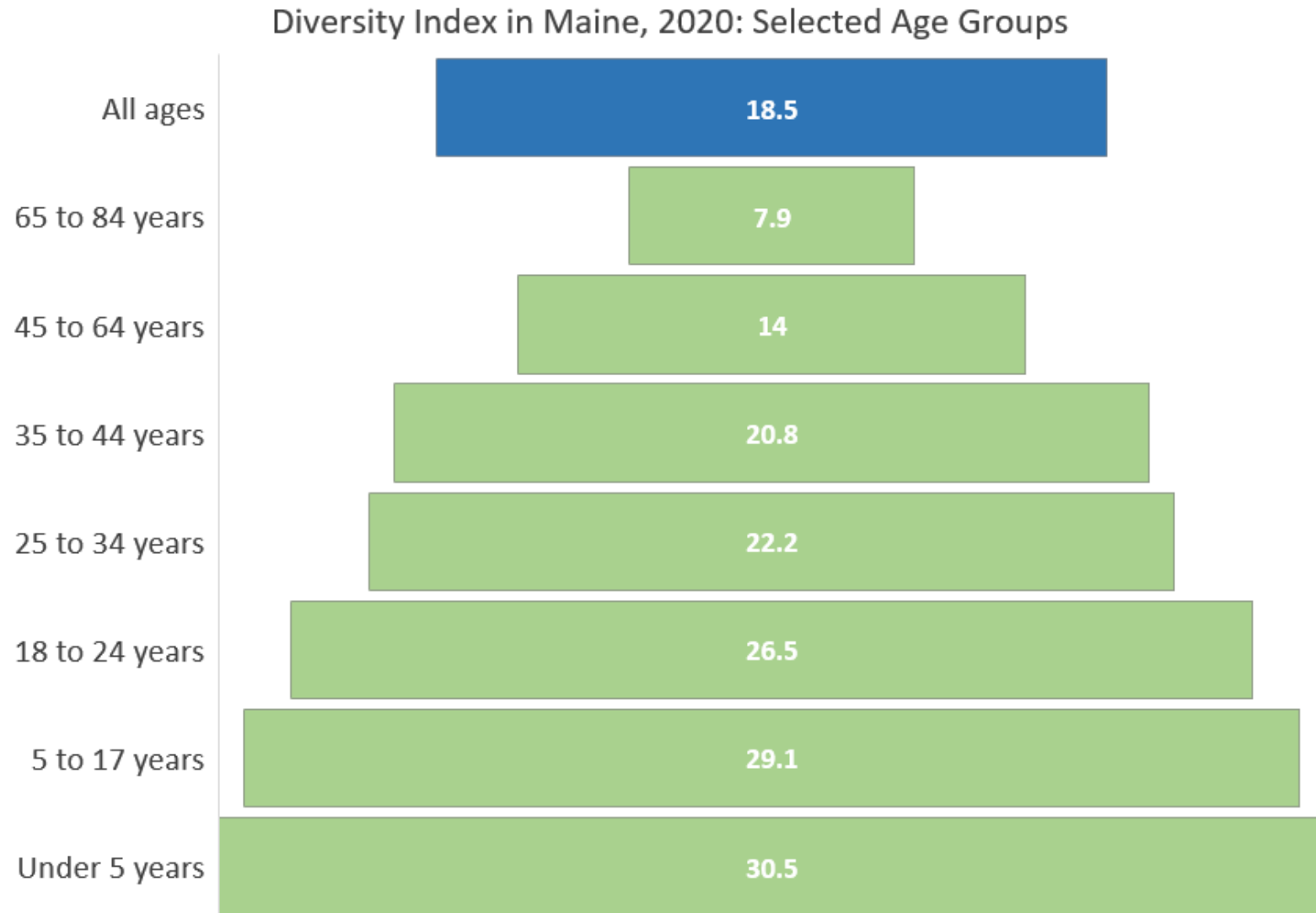
The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

- In 2020, Maine ranked as the least diverse state in the U.S.
  - ME index = 18.5%
  - U.S. index = 61.1%
- But there is regional variation: Cumberland, Androscoggin, and Washington counties are more diverse

Share of 2020 Population by Race/Ethnicity Excluding White Alone



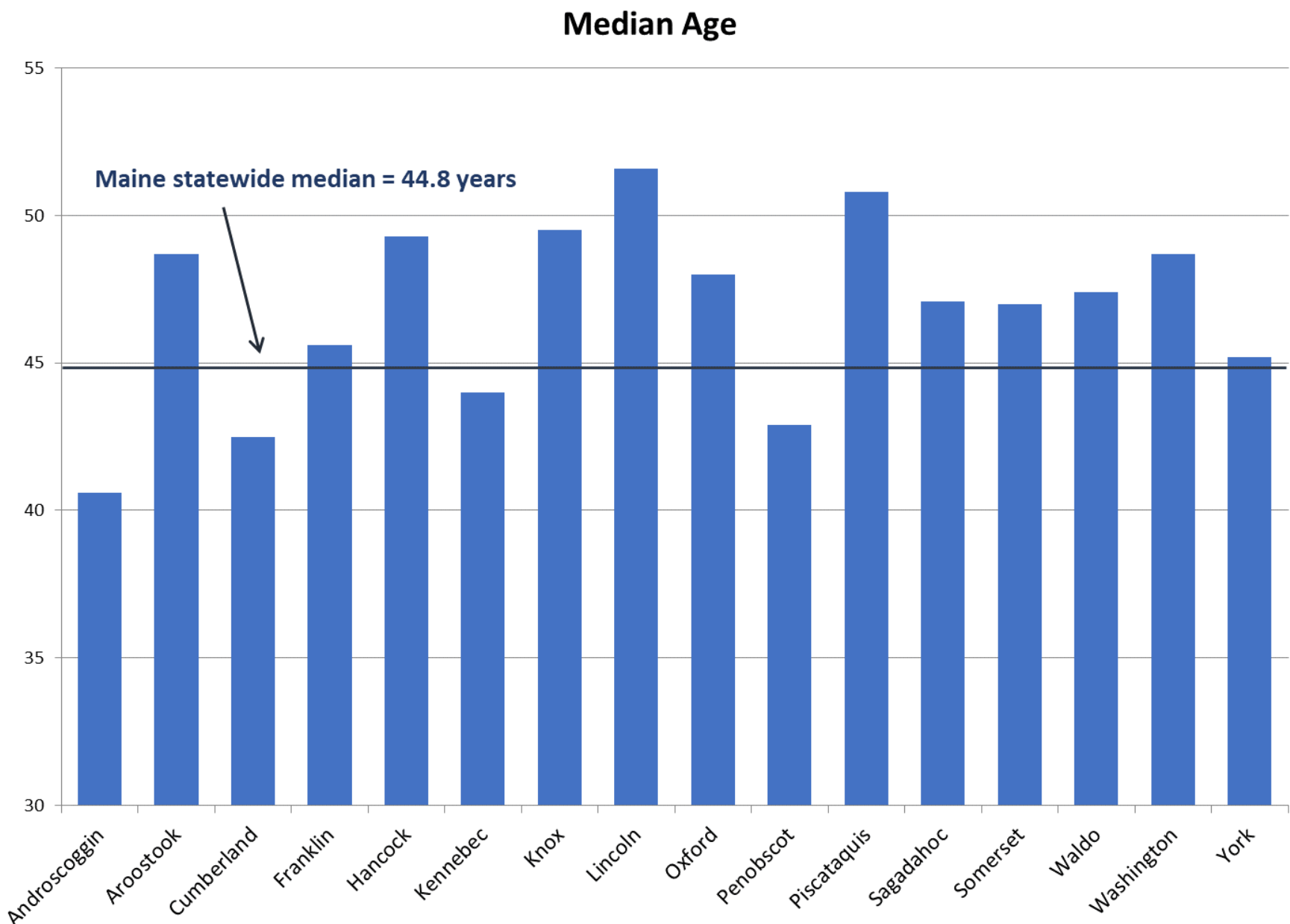
# Younger generations in Maine are more diverse than older generations



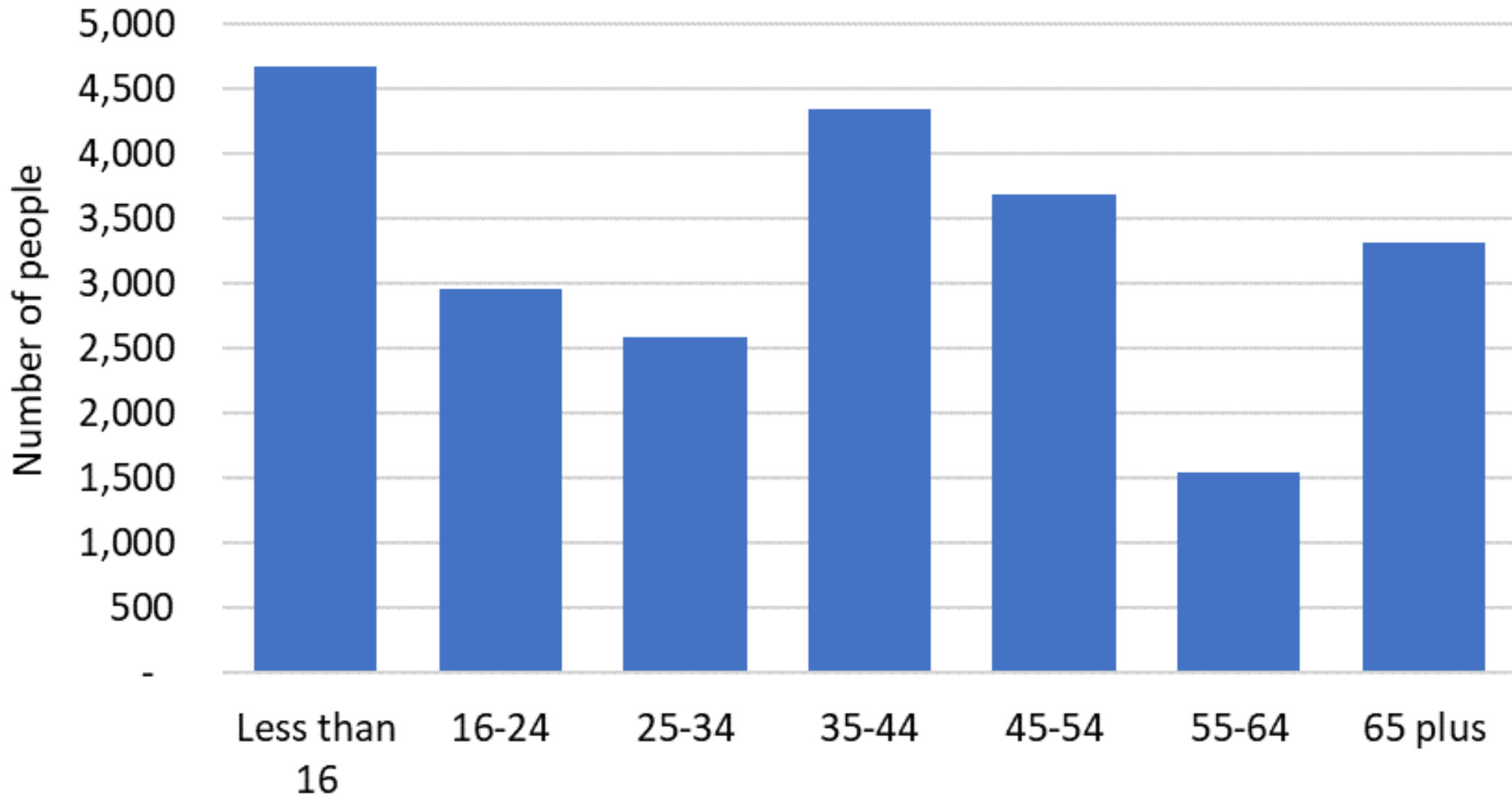
Maine has the oldest population...  
...by median age  
(44.8 years)  
...and by % of population  
age 65+ (22.5%)

**BUT!**

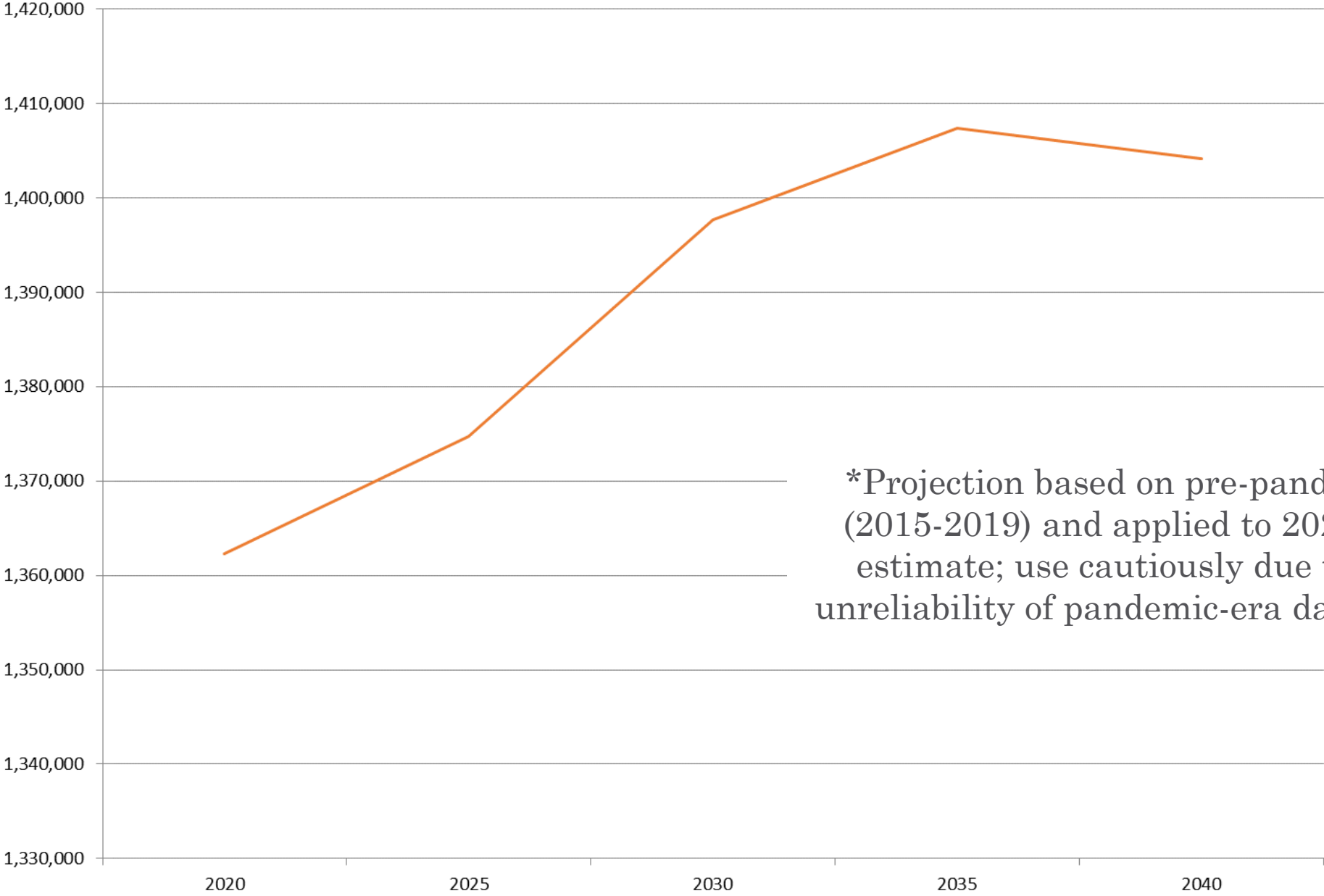
Maine was one of only  
two states to see a  
decrease in median age  
from 2020 to 2021...  
  
...and was one of only  
four states to not see an  
increase from 2021 to  
2022



## Net Migration by Age Cohort

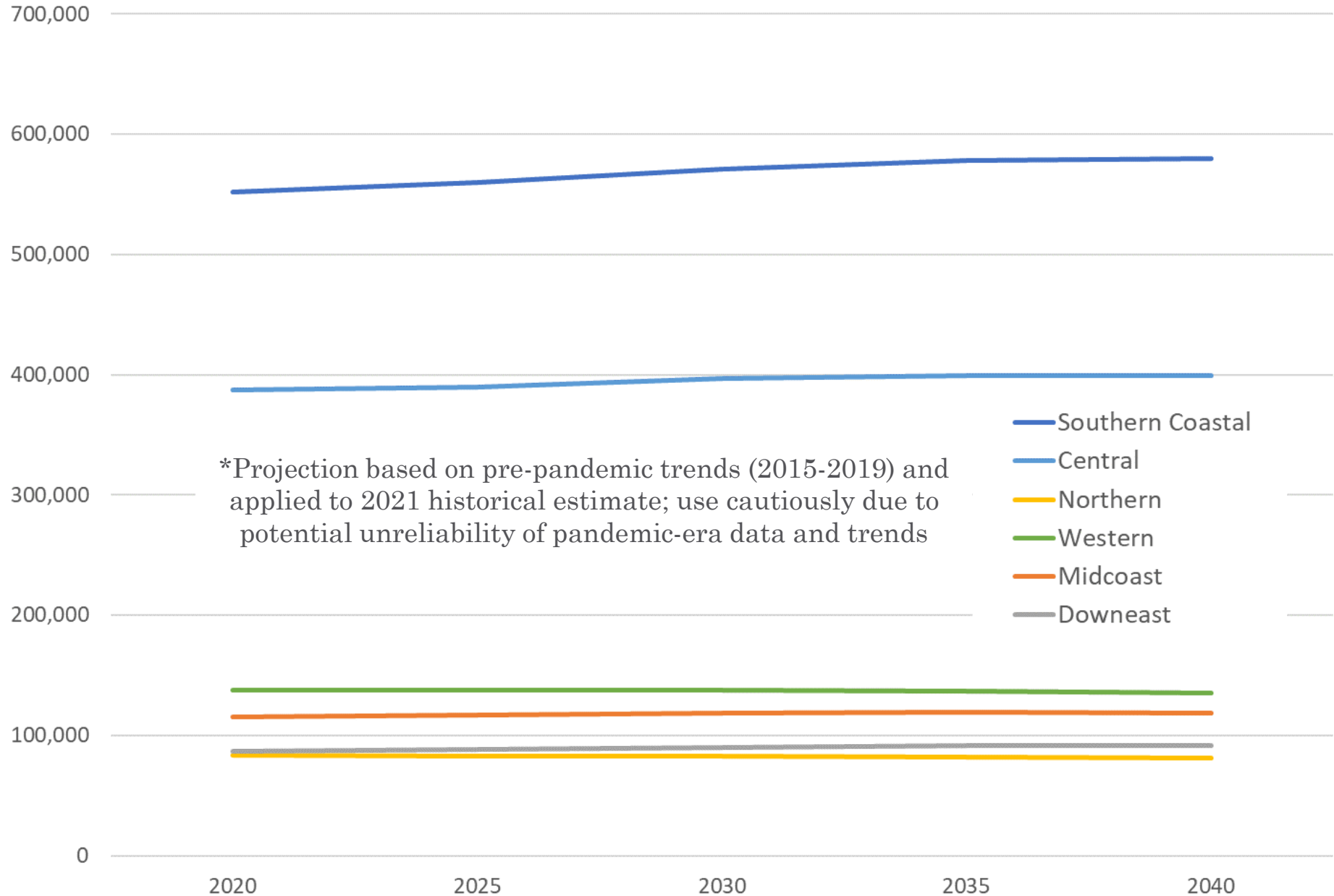


# Projected Total Population, Maine



\*Projection based on pre-pandemic trends (2015-2019) and applied to 2021 historical estimate; use cautiously due to potential unreliability of pandemic-era data and trends

## Projected Population by Region

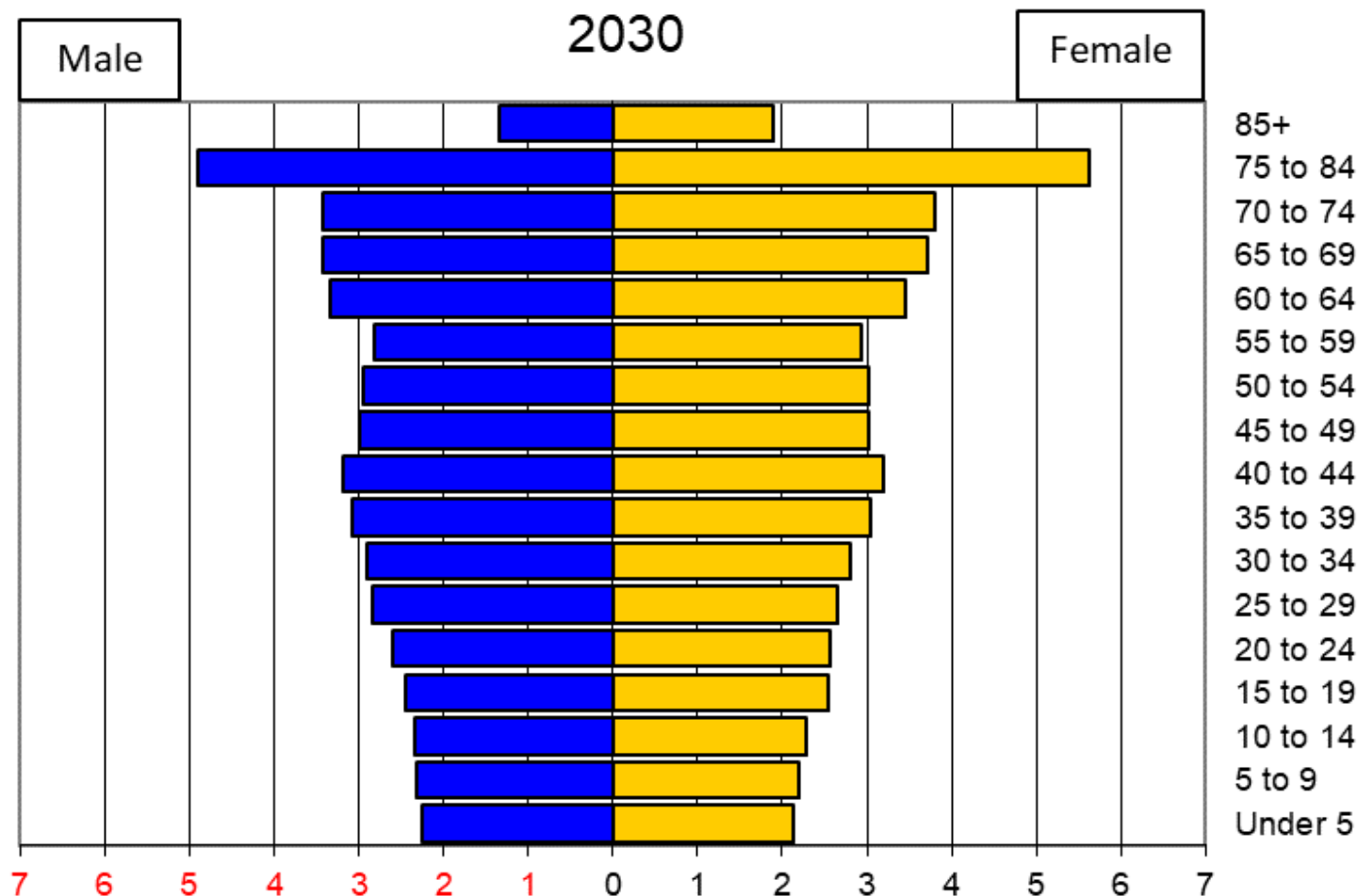




# The Baby Boom: 1946-1964

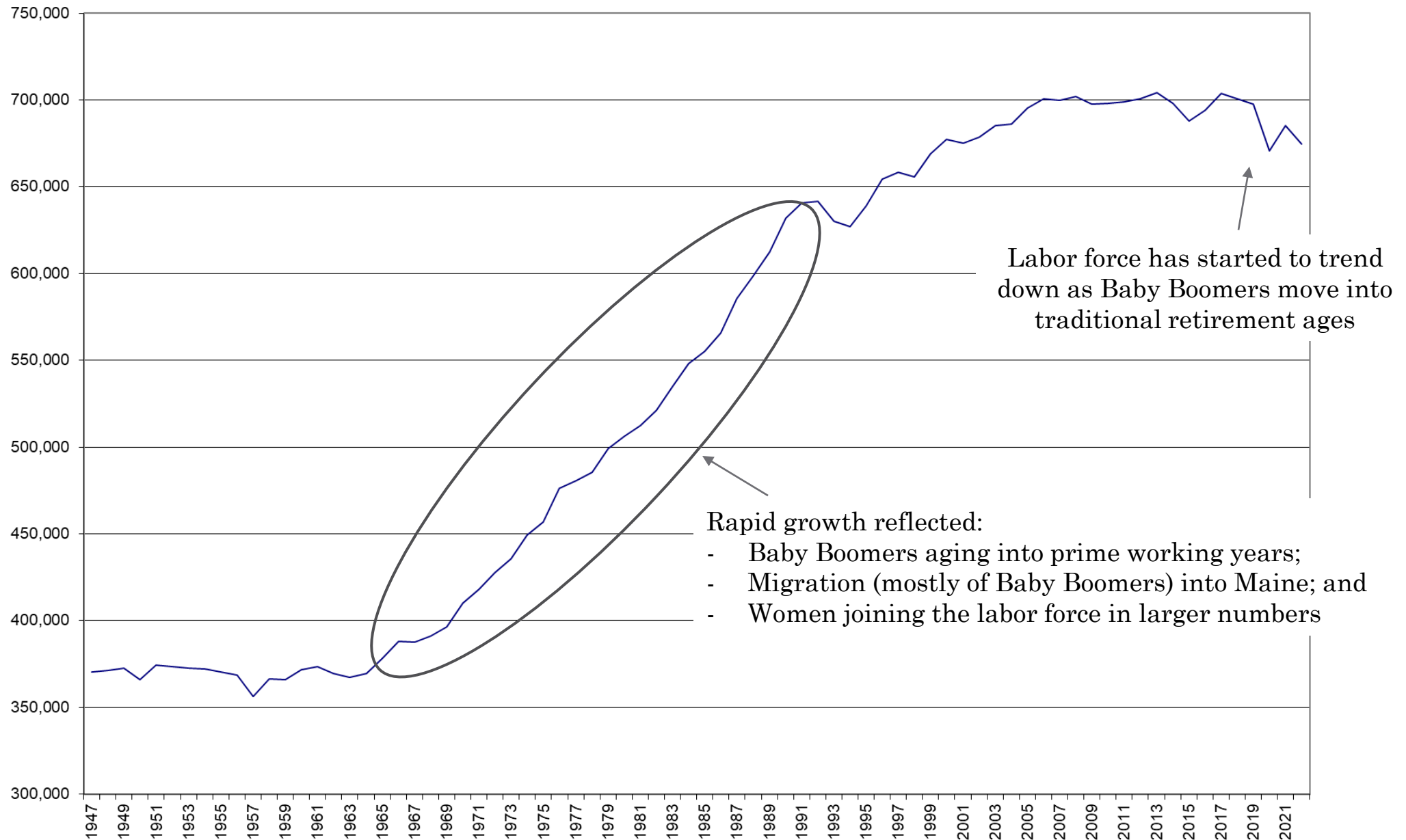
Baby Boom  
generation in  
2030: age 66-84

Baby Boom  
generation in  
2022: age 58-76

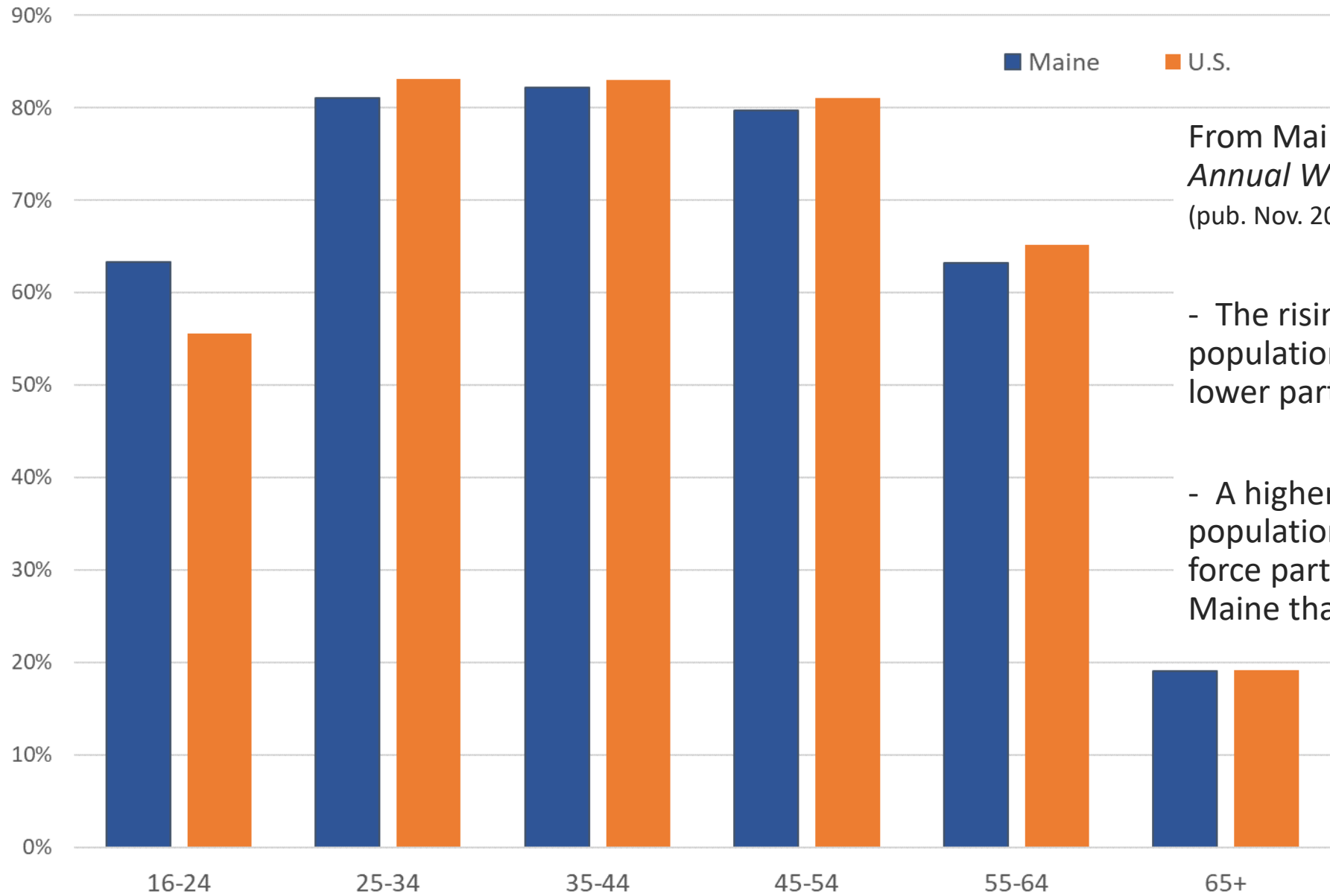


# Workforce and Employment

## Maine Civilian Labor Force



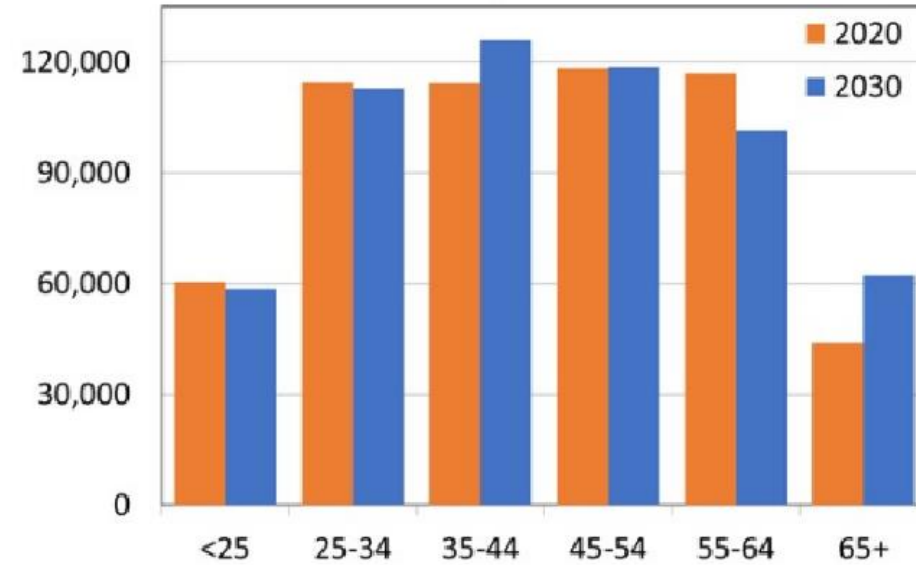
2022 Labor Force Participation Rate



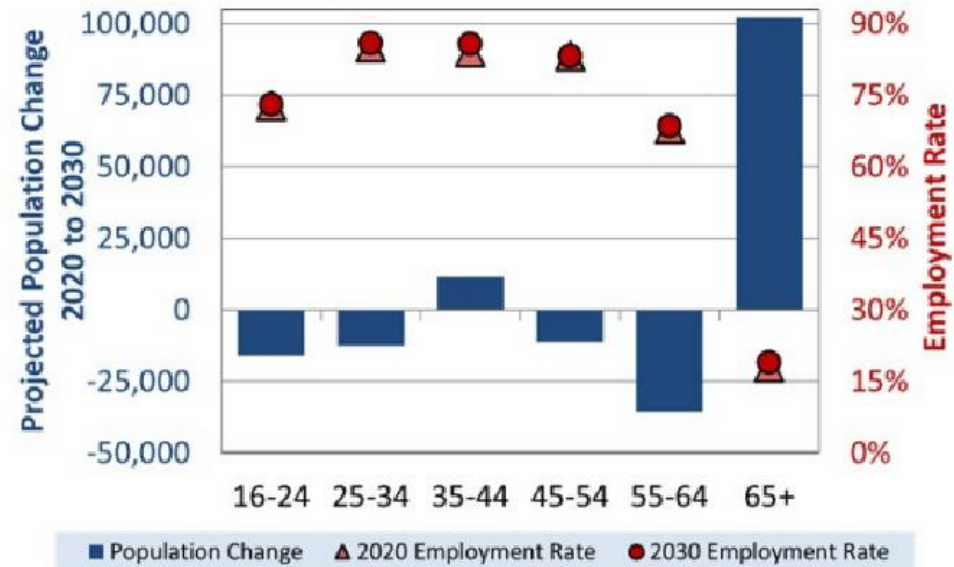
From Maine Dept. of Labor’s  
*Annual Workforce Report for 2021*  
(pub. Nov. 2022):

- 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

**Employment by Age Group in Maine  
2020 and Projected 2030**



**Employment Rates & Projected Population Change by Age Group in Maine**



# Maine's unemployment rate in July 2023 was at a record low of 2.4% for a fourth consecutive month and is below the U.S. rate of 3.5%

## County Rates (not seasonally adjusted)

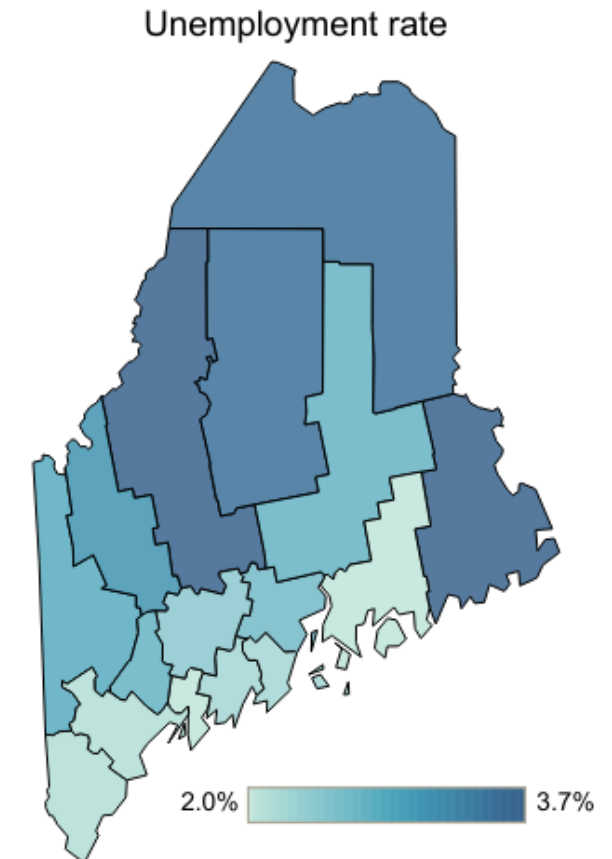
July, 2023

- ☒ Table  
☐ Graph

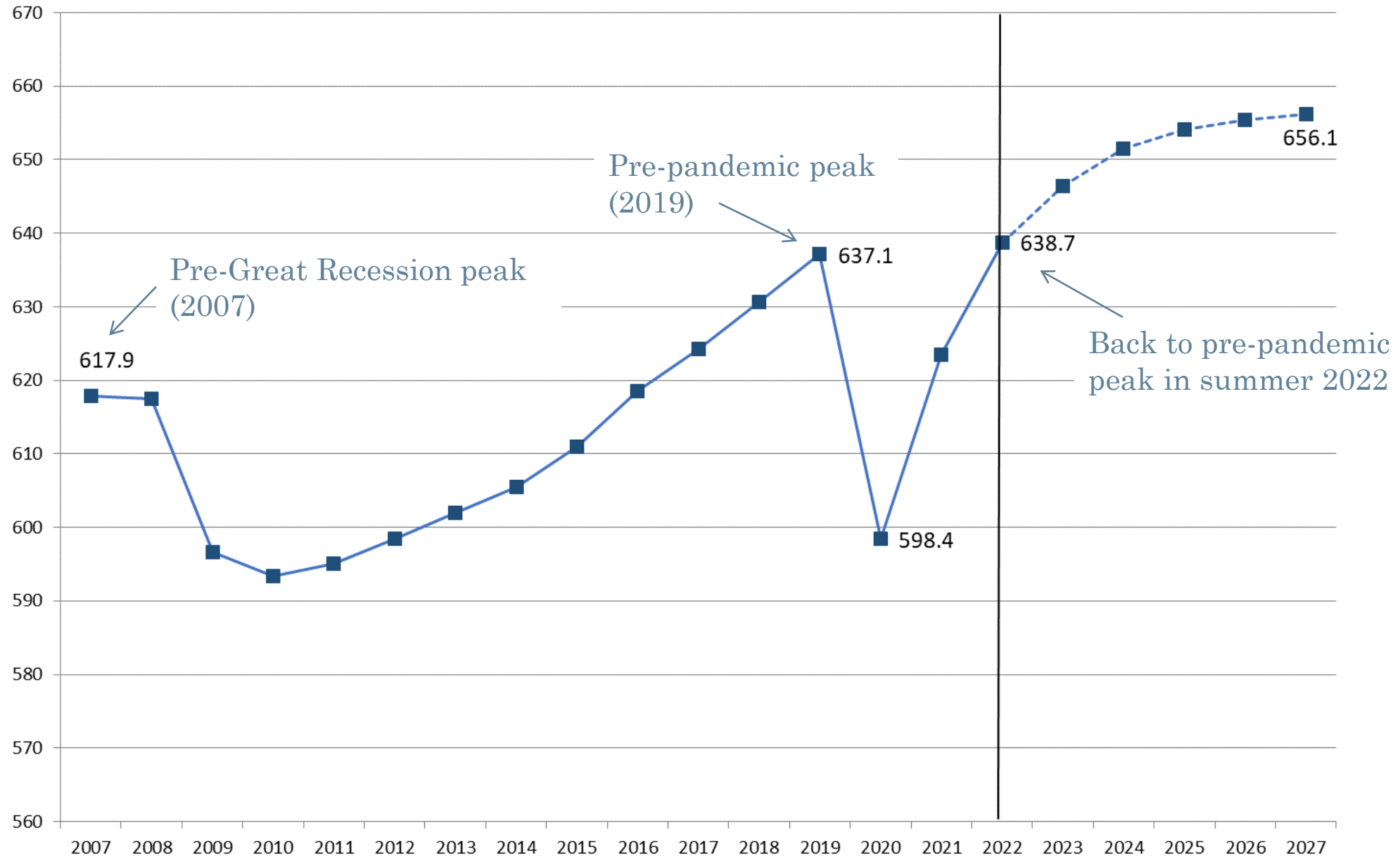
### Map/Graph Display

- ☒ Unemployment rate  
☐ One-year change

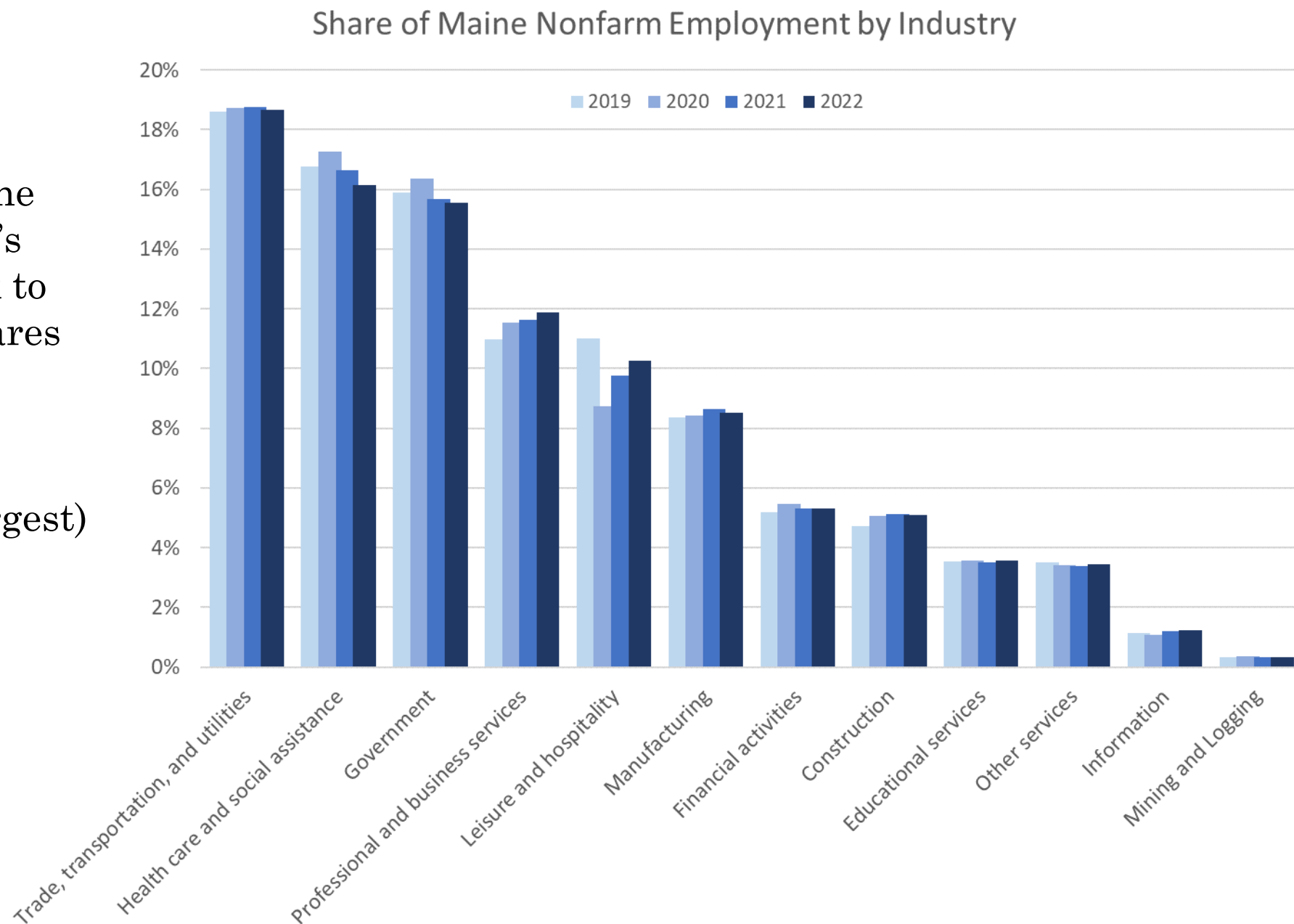
| County       | Rate | Year ago | One-yr change |   |
|--------------|------|----------|---------------|---|
| Maine        | 2.5% | 2.5%     | 0.0           | — |
| Androscoggin | 2.7% | 2.7%     | 0.0           | — |
| Aroostook    | 3.5% | 3.5%     | 0.0           | — |
| Cumberland   | 2.1% | 2.1%     | 0.0           | — |
| Franklin     | 3.1% | 3.0%     | 0.1           | ↑ |
| Hancock      | 2.0% | 2.2%     | -0.2          | ↓ |
| Kennebec     | 2.4% | 2.5%     | -0.1          | ↓ |
| Knox         | 2.2% | 2.3%     | -0.1          | ↓ |
| Lincoln      | 2.2% | 2.1%     | 0.1           | ↑ |
| Oxford       | 2.8% | 2.8%     | 0.0           | — |
| Penobscot    | 2.7% | 2.8%     | -0.1          | ↓ |
| Piscataquis  | 3.5% | 3.1%     | 0.4           | ↑ |
| Sagadahoc    | 2.0% | 2.0%     | 0.0           | — |
| Somerset     | 3.7% | 3.5%     | 0.2           | ↑ |
| Waldo        | 2.6% | 2.6%     | 0.0           | — |
| Washington   | 3.7% | 3.3%     | 0.4           | ↑ |
| York         | 2.1% | 2.1%     | 0.0           | — |



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



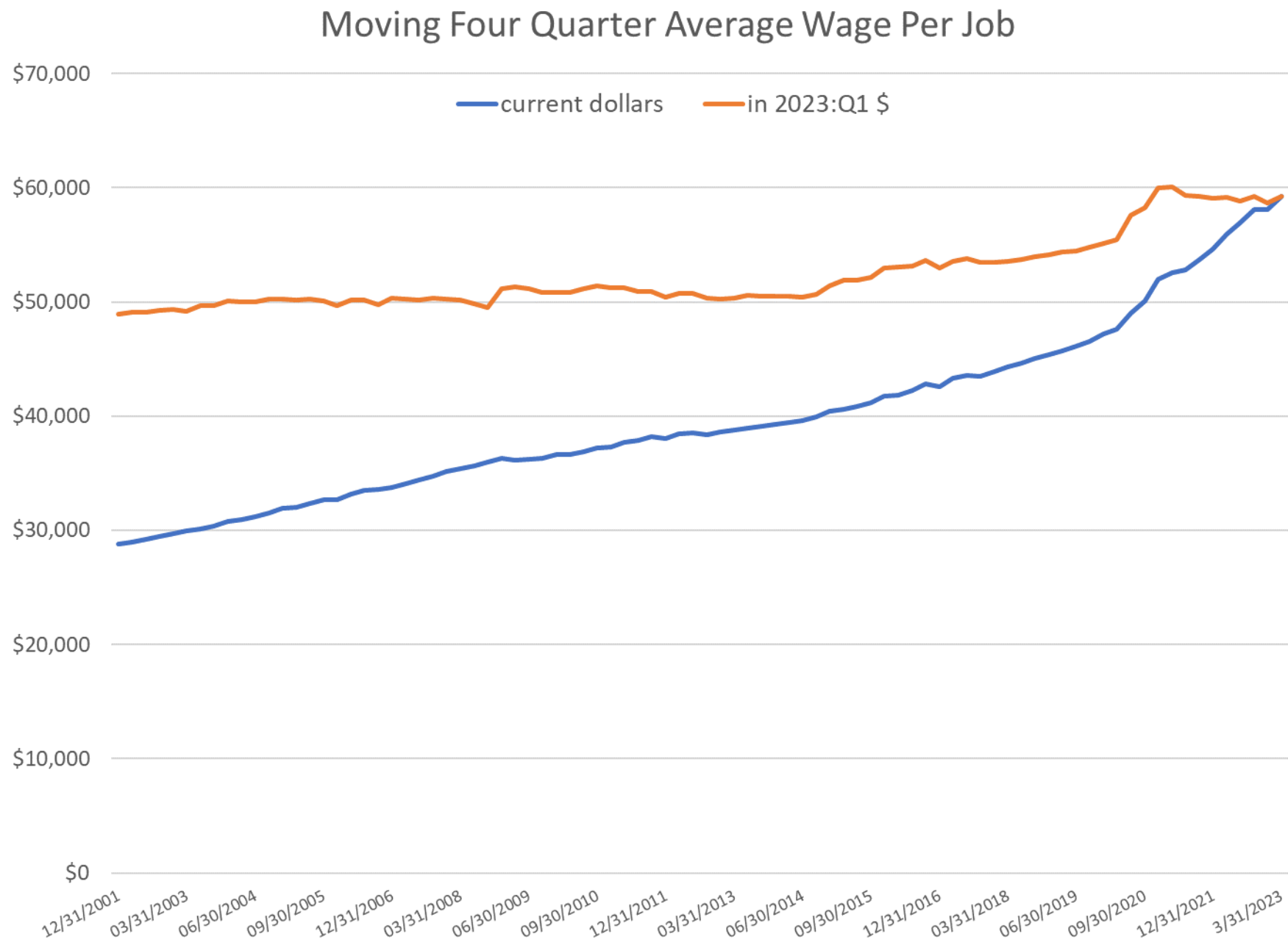
According to the Maine Department of Labor's Employment Outlook to 2030, the relative shares are not expected to change by much (the same sectors are still expected to be the largest)





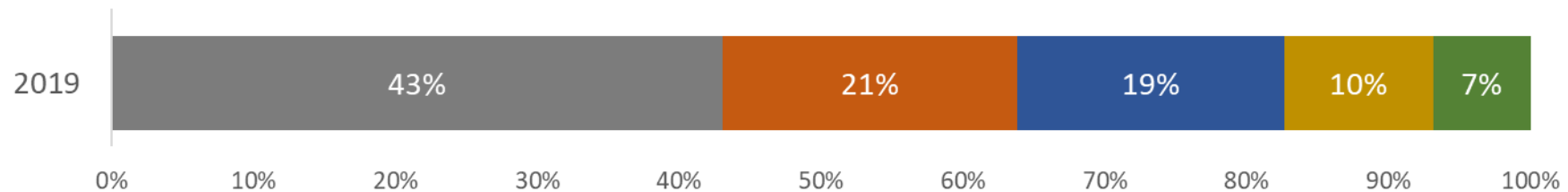
# Wages, Income, and Inflation

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



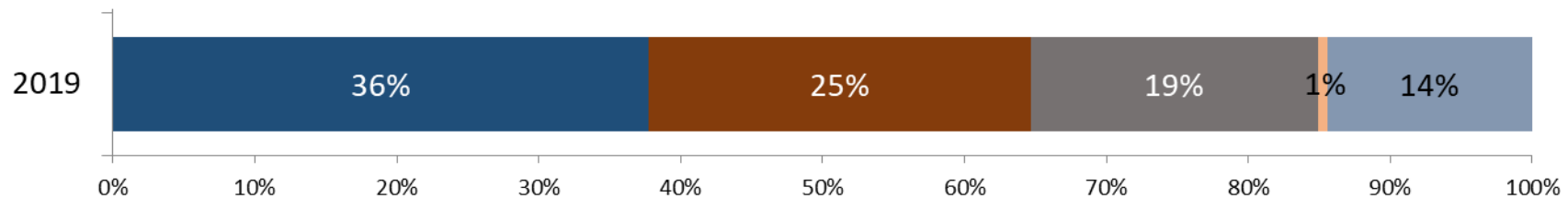
# Major Components of Personal Income, Maine

- Wages and Salaries
- Personal current transfer receipts
- Dividends, interest and rent
- Supplements to wages and salaries
- Nonfarm proprietors' income

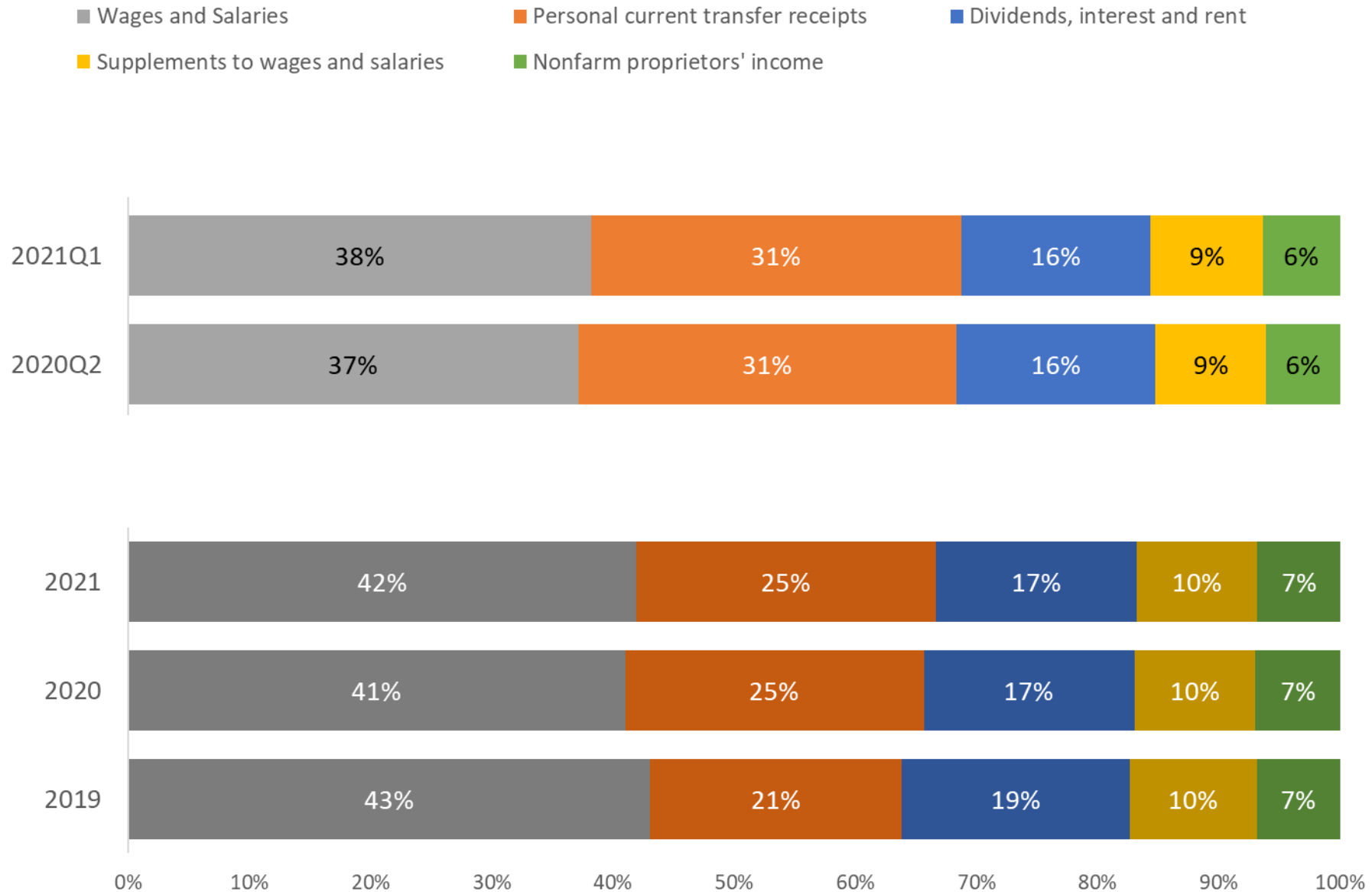


## Components of Personal Current Transfer Receipts, Maine

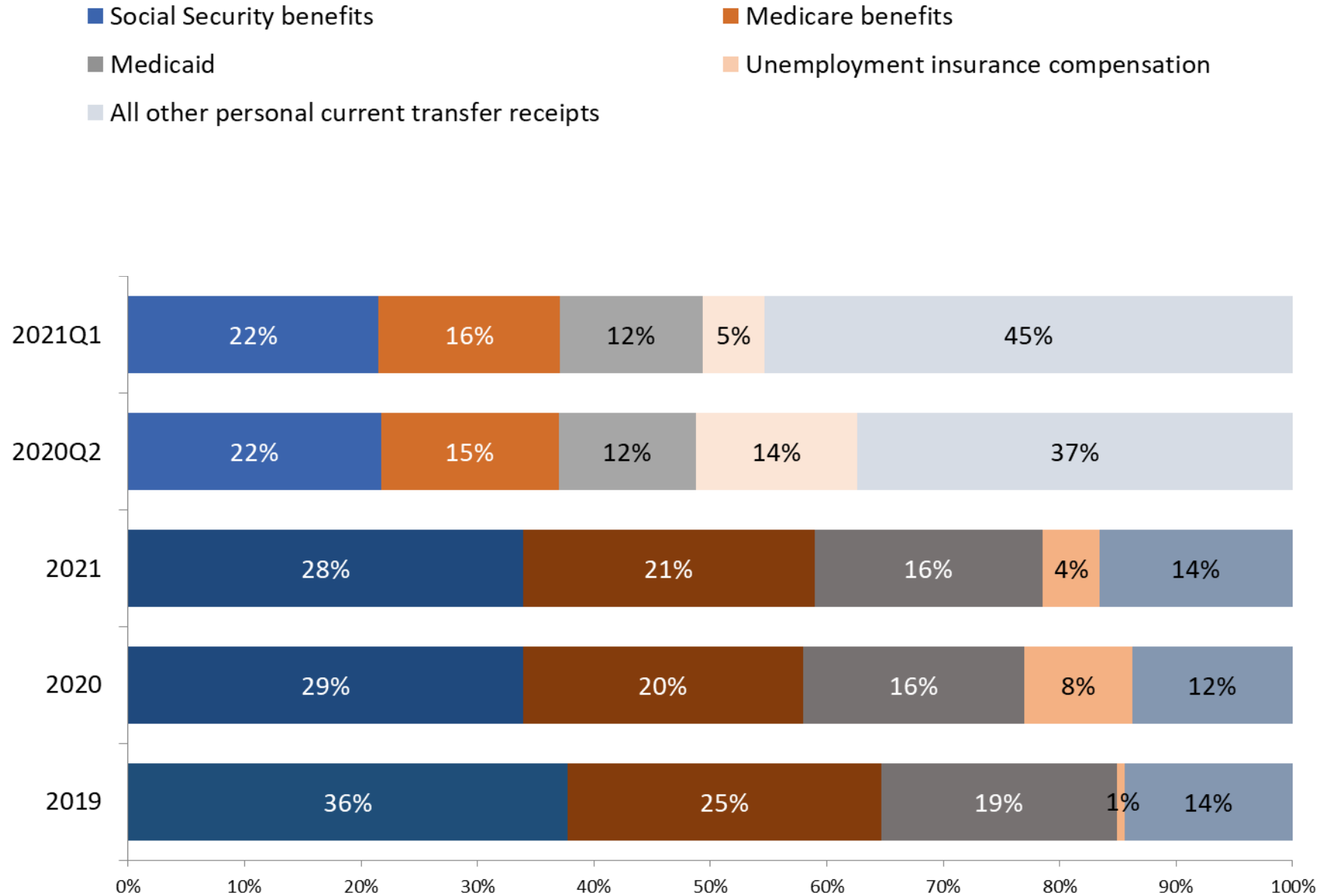
- Social Security benefits
- Medicare benefits
- Medicaid
- Unemployment insurance compensation
- All other personal current transfer receipts



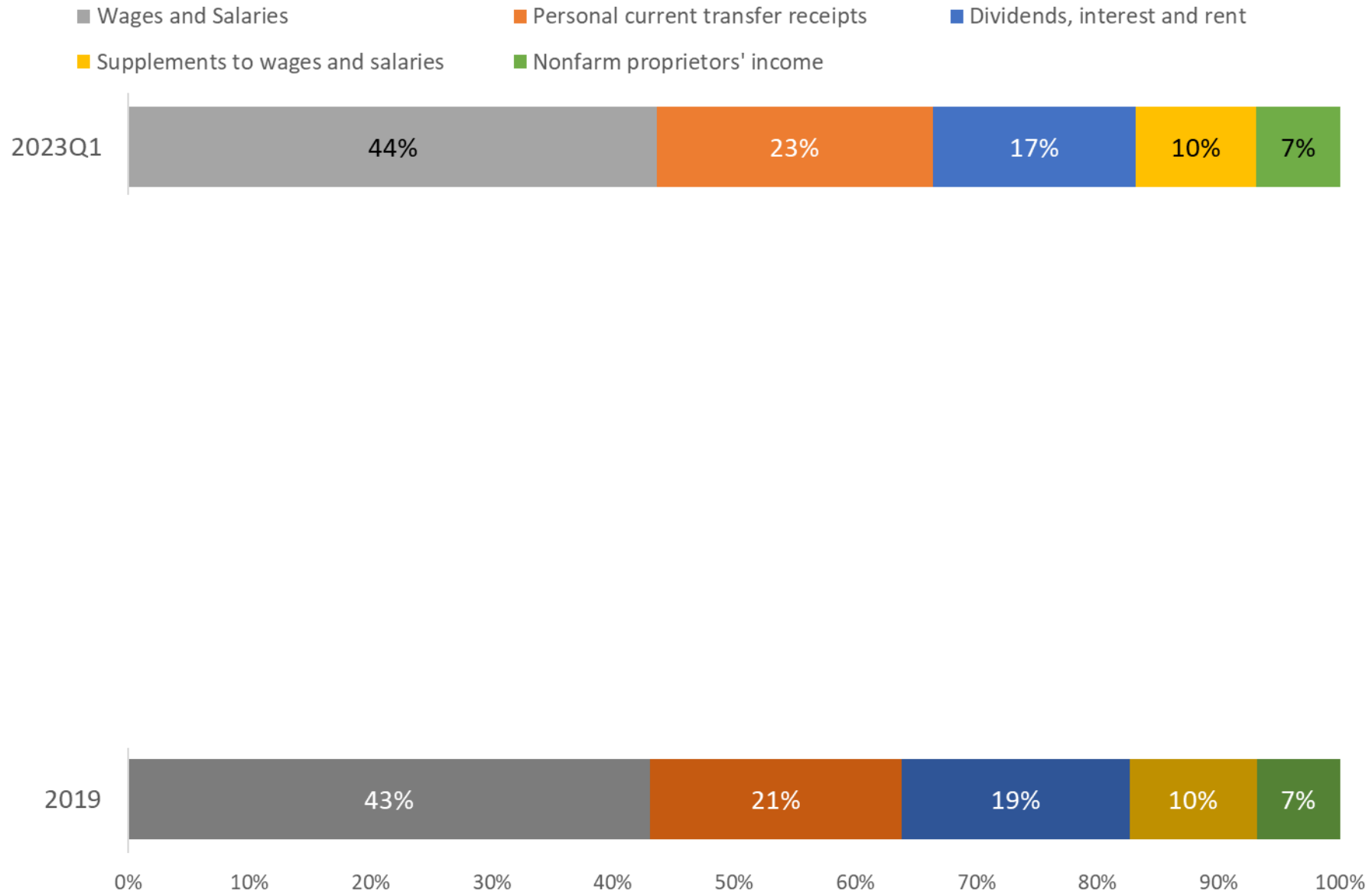
# Major Components of Personal Income, Maine



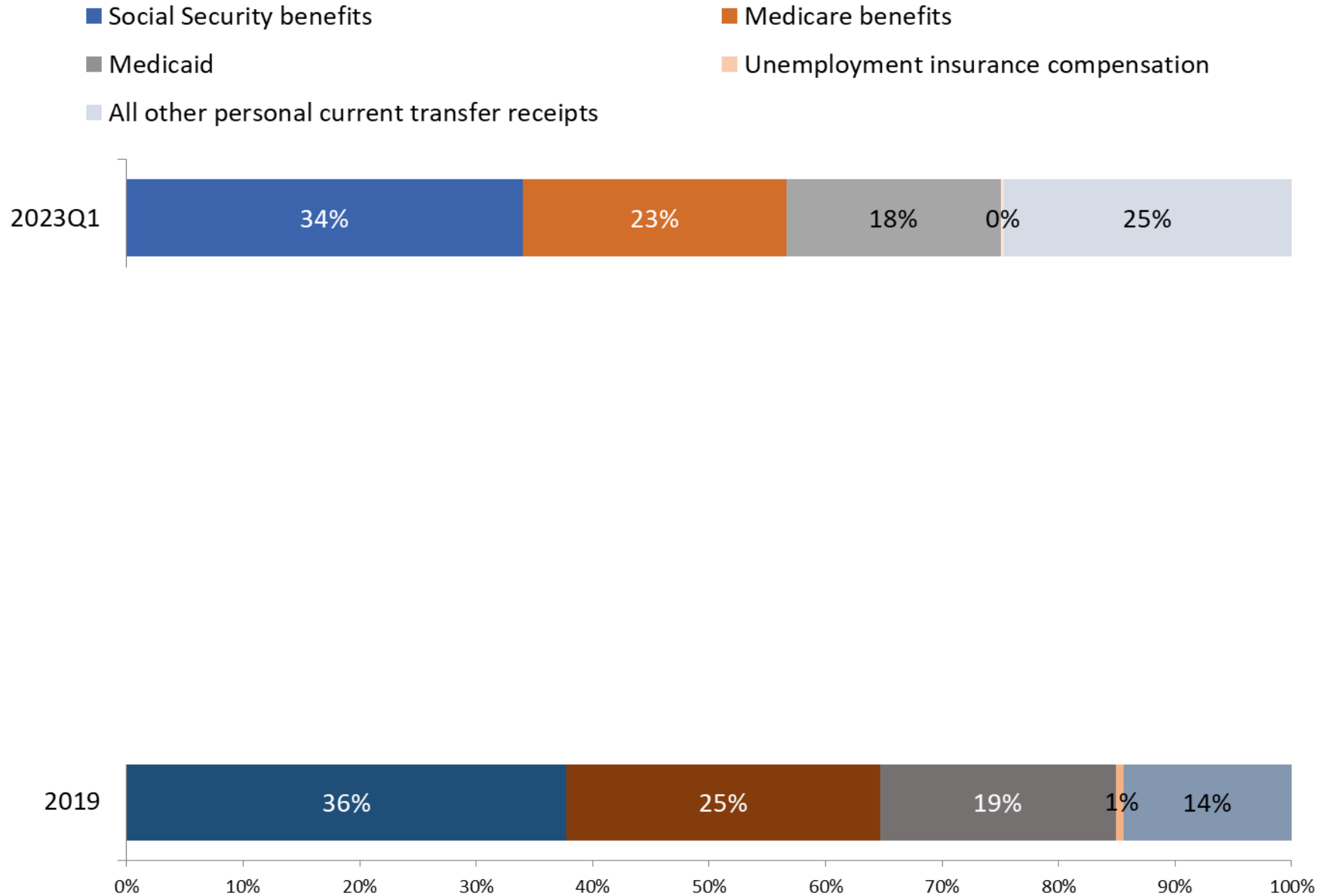
## Components of Personal Current Transfer Receipts, Maine



# Major Components of Personal Income, Maine



## Components of Personal Current Transfer Receipts, Maine

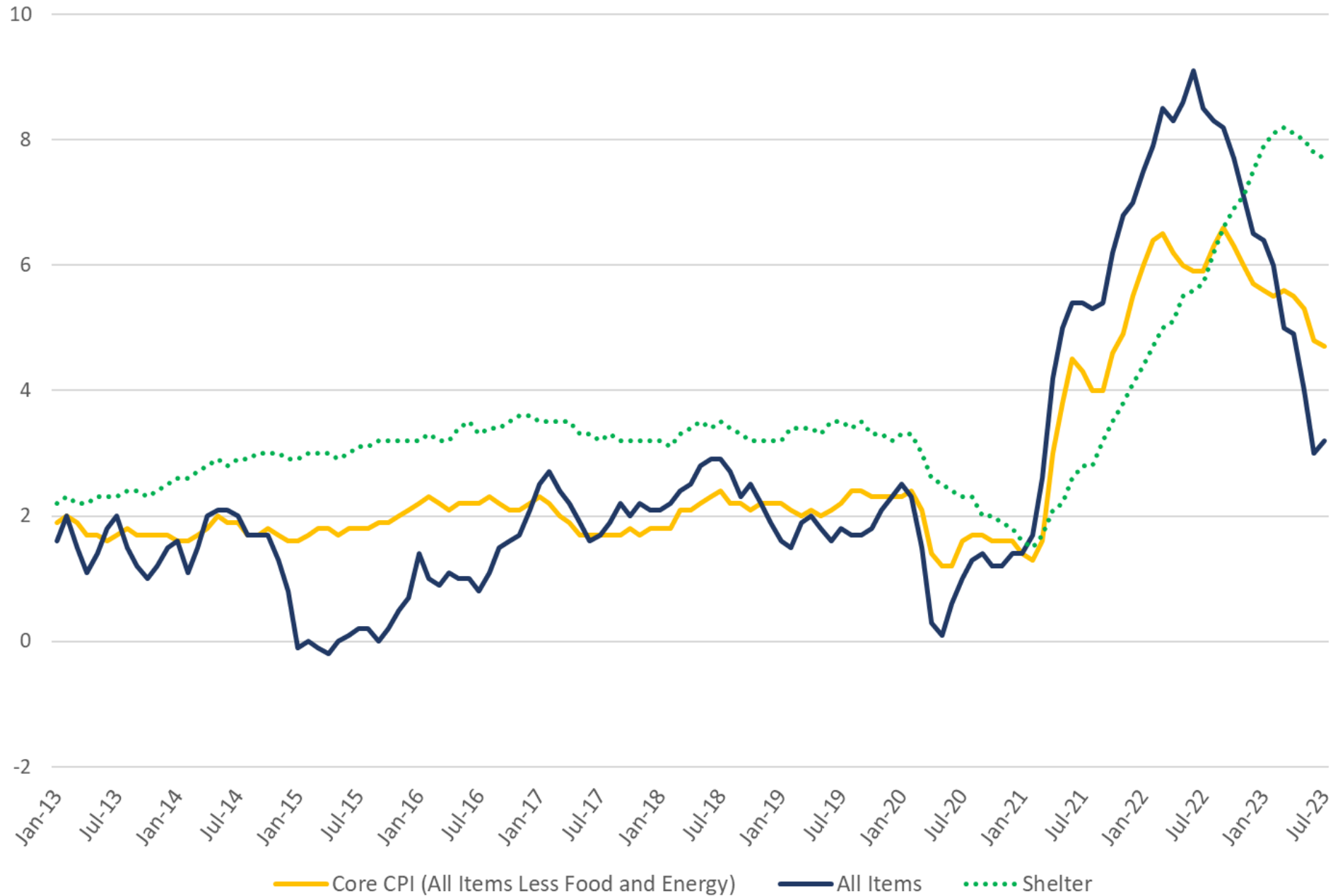




Percent Change in Real Personal Income (2022 \$), Maine  
2012-2022 and forecast to 2027



## Year-over-year percent change in Consumer Price Index



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

Daily Europe Brent Spot Price (\$ per barrel)

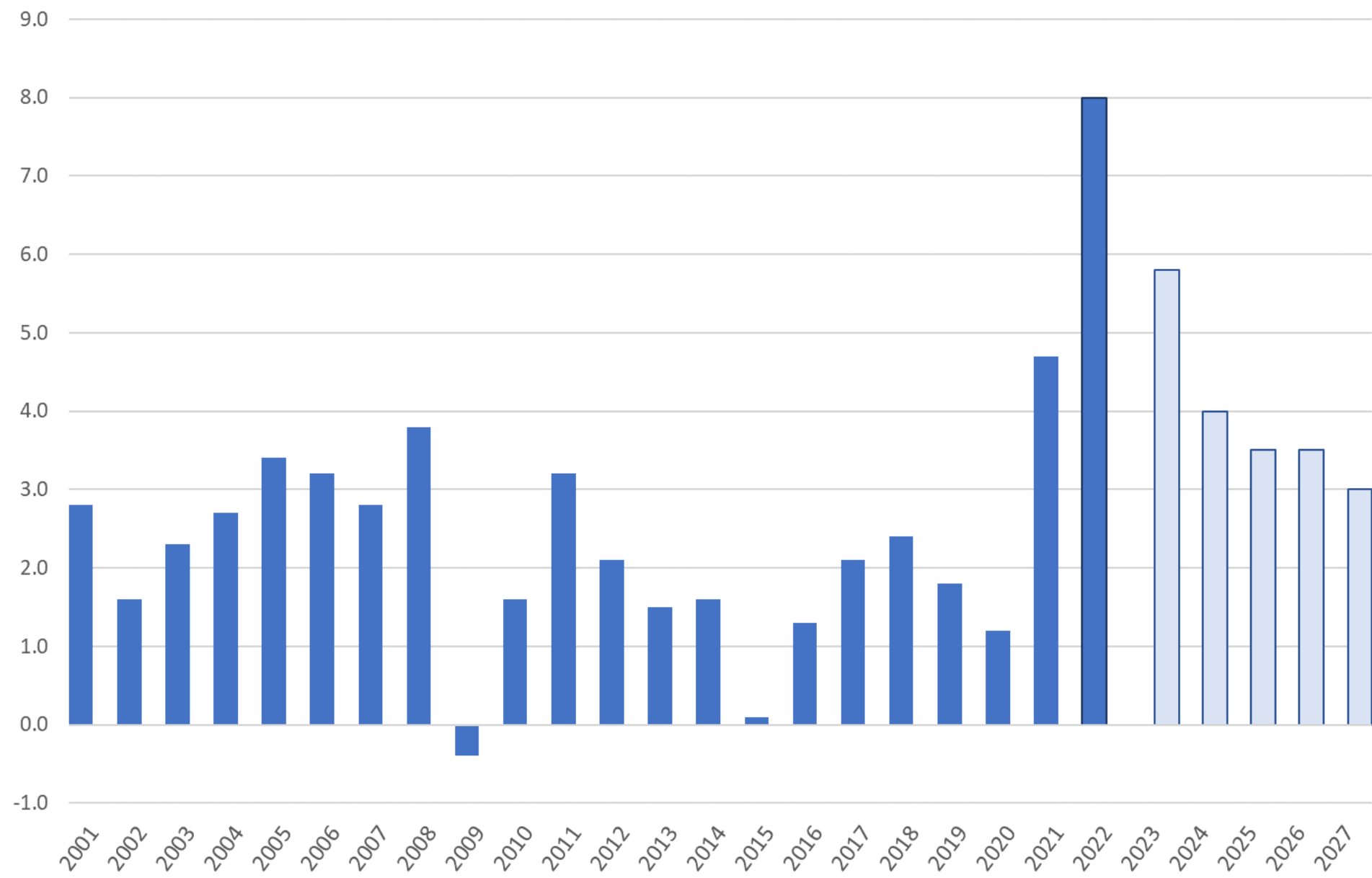


# What does this mean for interest rates?

Current target range: 5.25% to 5.5%

Median projection for 2023 from June 2023 Federal Open Market Committee statement was 5.6%, implying another possible increase of 25 basis points later this year

Year-over-year percent change in Consumer Price Index;  
2001-2022 historical and 2023-2027 forecast

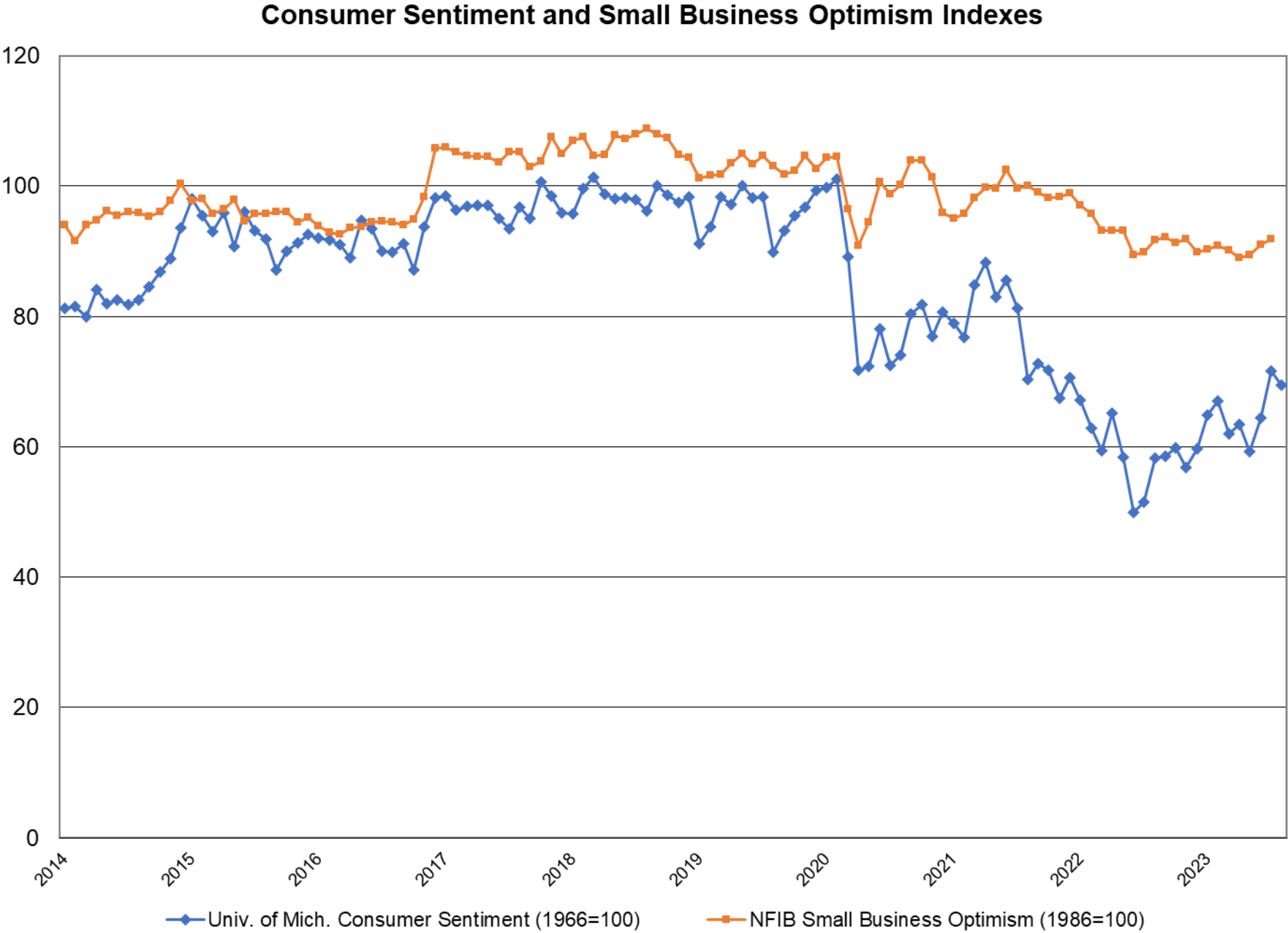


Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted);  
CEFC report, April 1, 2023

Where might we be going?

Consumer sentiment has been trending up since its all-time-low in June 2022, rising rapidly in July 2023 as inflation cooled and labor markets were stable, but leveling off in August 2023.

Lower-income consumers saw a drop in sentiment in July 2023, though, reflecting concerns about inflation and wage outlook.



## Select key assumptions from April 2023 CEFC report (emphasis added)

- There is an unequal distribution of supply and demand in the labor market. Demand for labor is high, supply is low, and unemployment rates are near historic lows in Maine and nationwide. Workers are experiencing higher wage growth, particularly for lower wage jobs. Some demographic trends, including a growing share of the population reaching retirement age, will continue to constrain labor supply. However, the Commission is optimistic that Maine will continue to see higher in-migration of working-age people in the coming years that will be more than sufficient to offset retirements in the forecast period.
- High inflation and interest rates have continued into 2023, though there have been improvements in some sectors, notably the energy sector. The Federal Reserve is expected to continue pursuing policies that will constrain inflation, but inflation risks are likely to take several years to fully ease.
- Rising interest rates, low supply of available properties, and ongoing in-migration are continuing to impact the housing market. Home sales are down, while sale prices have continued to increase. Affordability is of particular concern as more potential buyers to be priced out of the market. Higher home prices have contributed to higher rental prices.



# Things to keep in mind:

- Housing costs increased sharply as demand far outstripped supply and then interest rate hikes made mortgages more expensive, locking people into existing lower-rate mortgages – this limits availability for ongoing migration and workforce expansion
- Inflation has started slowing, but not quickly – the Federal Reserve raised interest rates again in July, but will they raise them any further?
- Will we see continued migration into Maine? Telework, housing, and dependent care are three key determinants
- Recession threat seems to have faded for now, but economic uncertainty remains elevated
- Maine has a robust Budget Stabilization Fund (over \$968 million – at the statutory maximum) and spending from pandemic-era infusion of federal funds (e.g. MJRP, IIJA) is still ongoing, which will help Maine weather a potential slowdown

# One more piece of good news:

Maine's outlook  
upgraded from  
'stable' to  
'**positive**' in  
recent credit  
rating

Moody's attributed its upgrade of  
Maine to 'positive' because of Maine's  
“continued GDP growth at or  
above the national rate” and  
Maine's growing population and  
employment rates.

# Contact Information

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