

Economic and Demographic Conditions in Maine

Maine Credit Union League Volunteers Conference

November 4, 2023

Amanda Rector

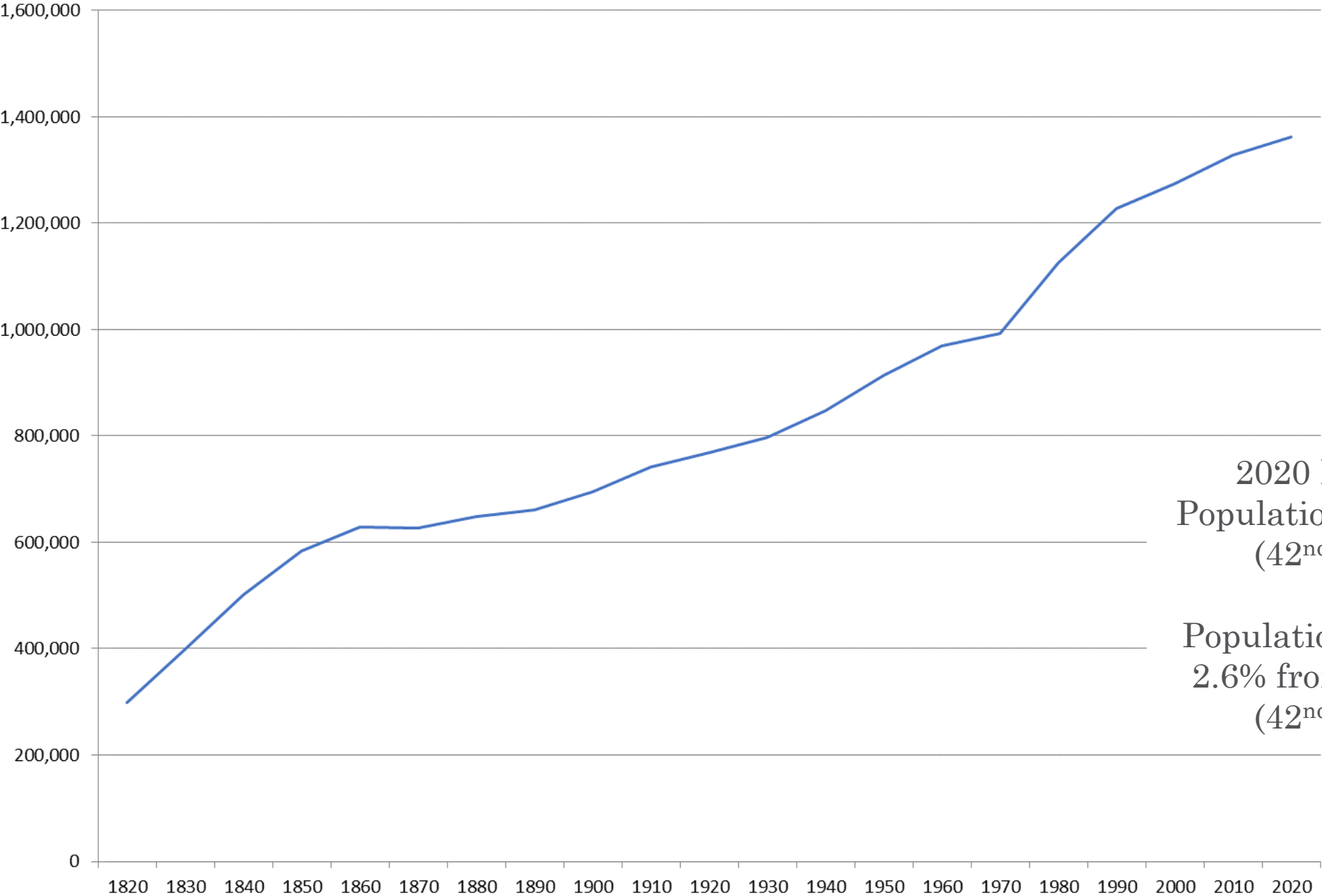
Maine State Economist

Overview

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

Demographics

Total Population, Maine

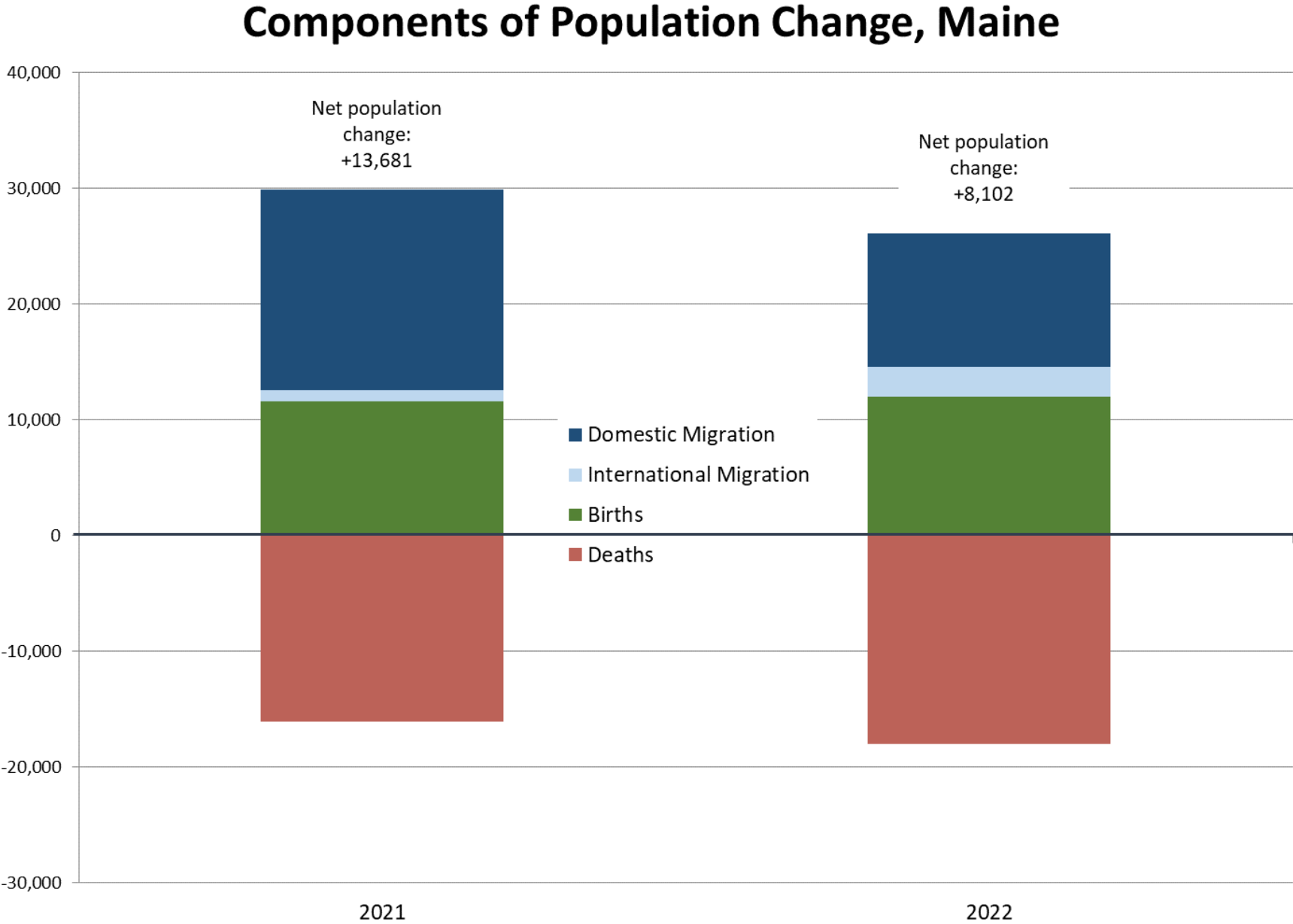


2020 Decennial
Population = 1,362,359
(42nd in U.S.)

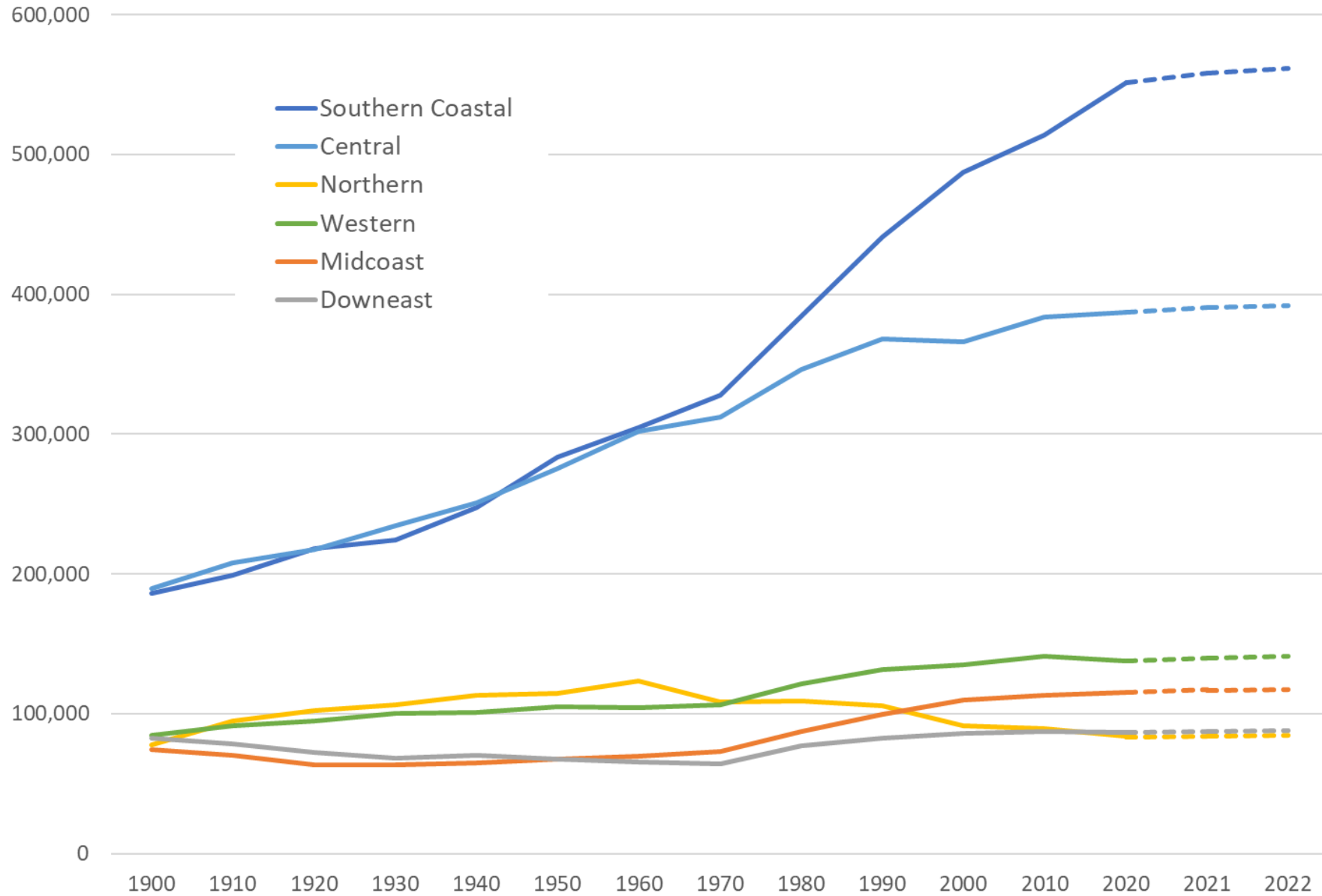
Population increase of
2.6% from 2010-2020
(42nd in U.S.)

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

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

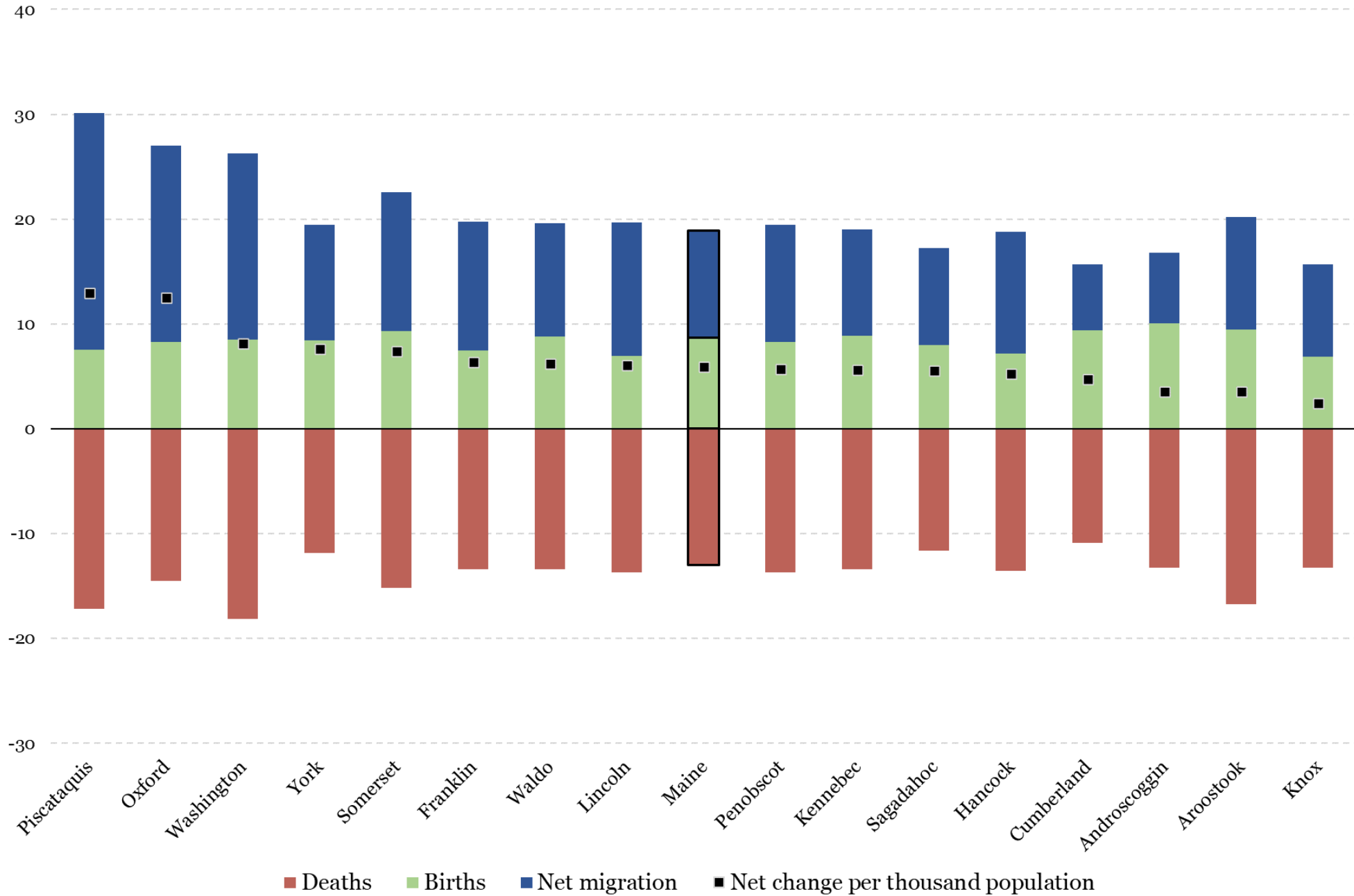


Population by Region

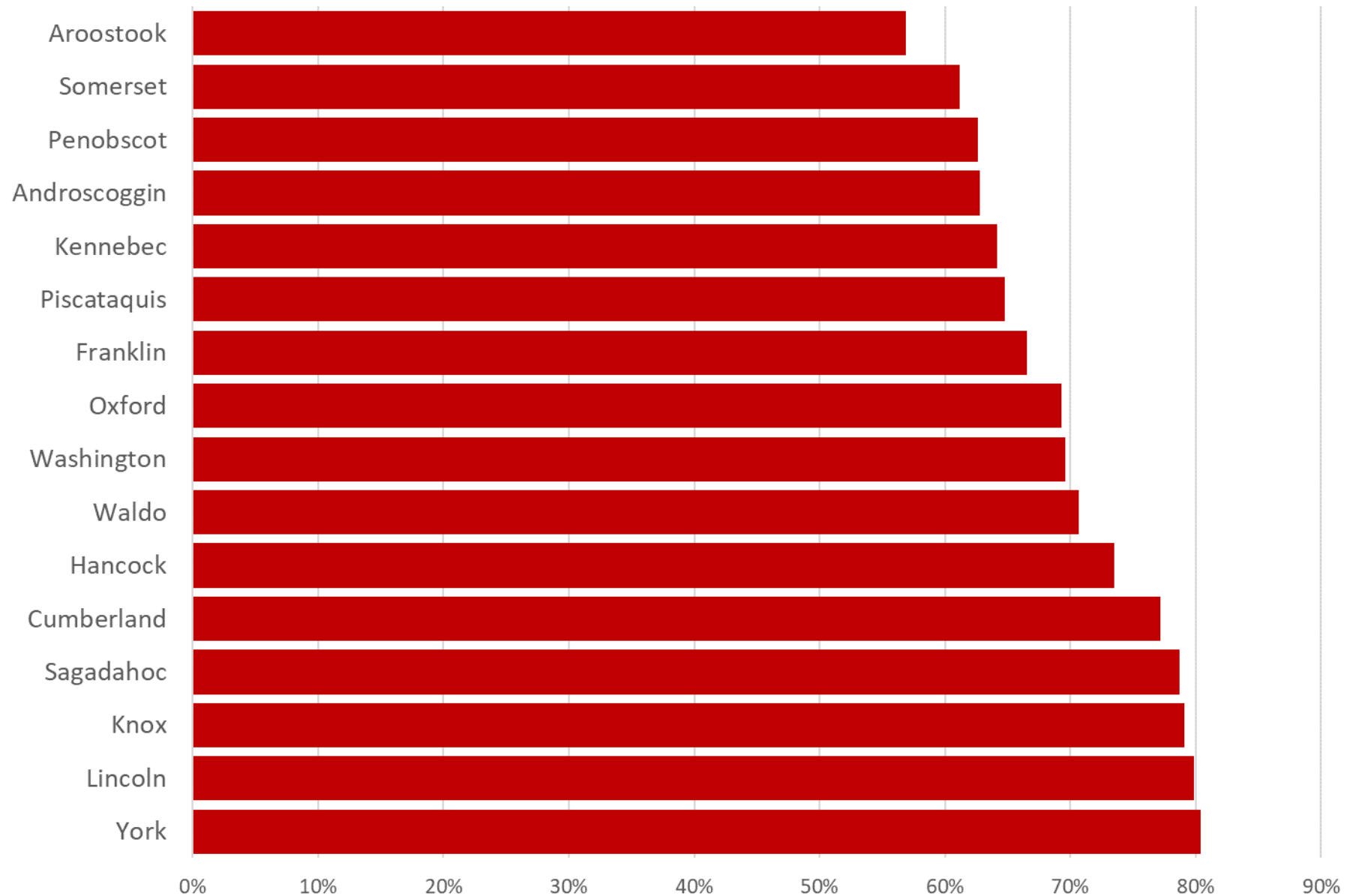


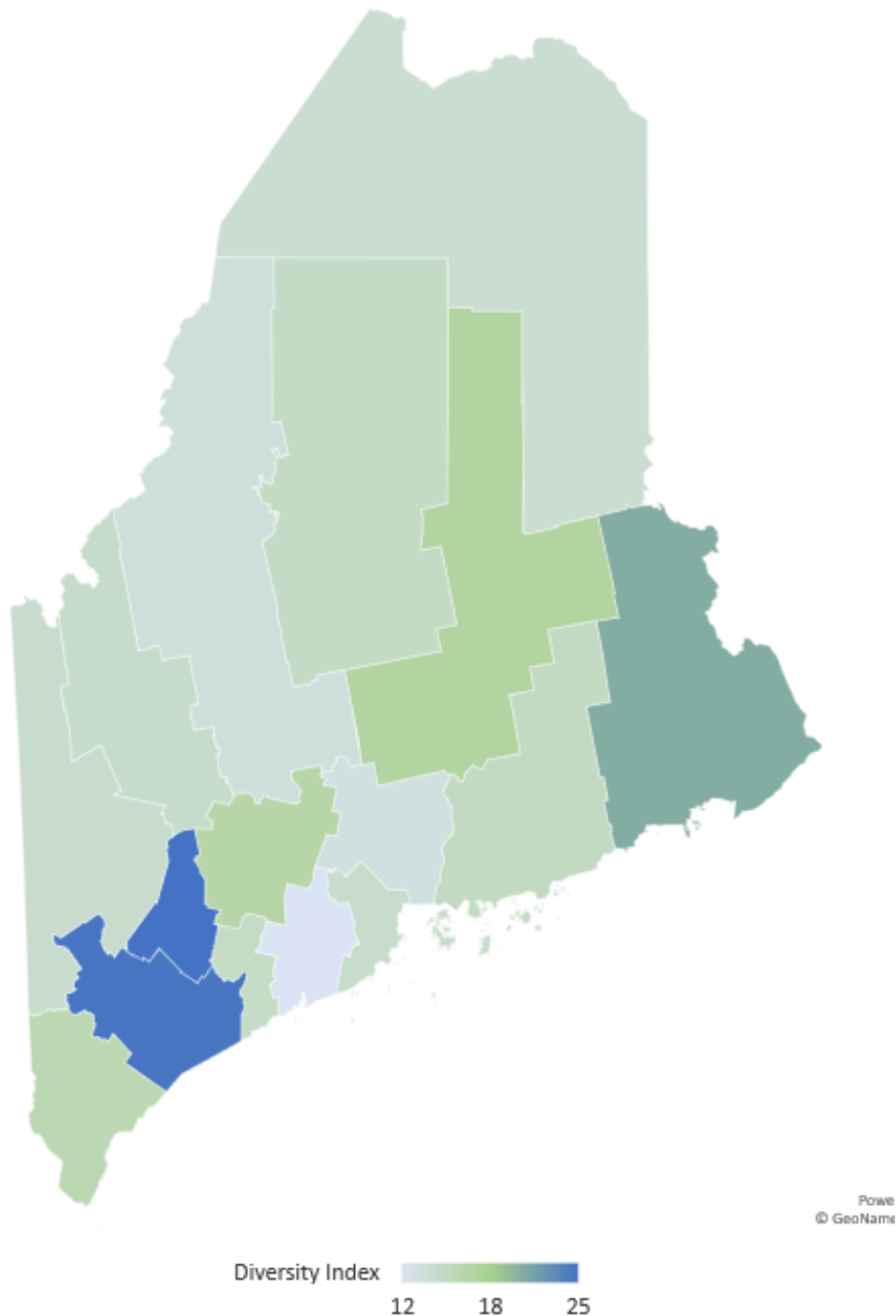
Components of Population Change in Maine, 2022

Rate per thousand population



Percent of Households Unable to Afford Median Home, 2022

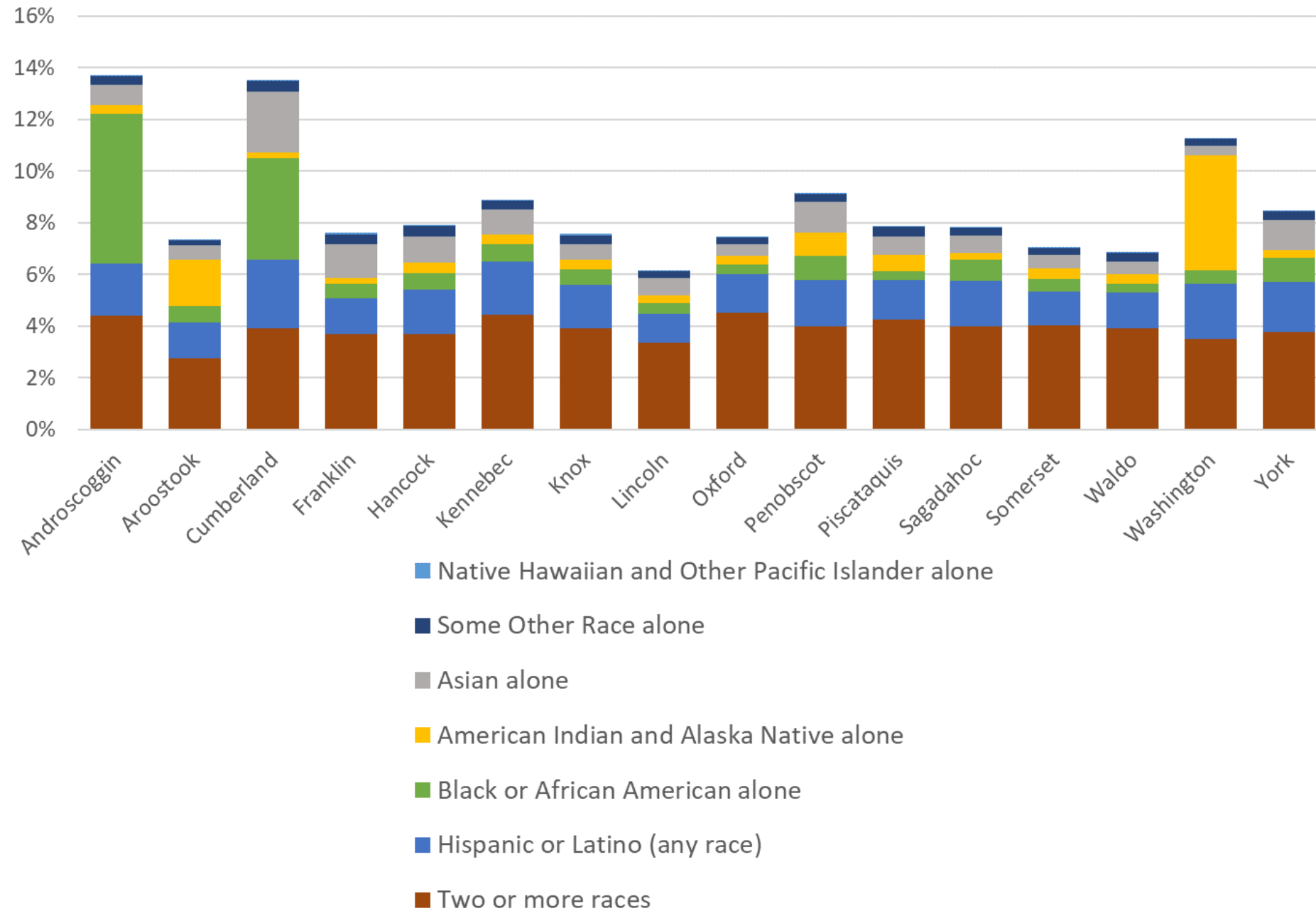




The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

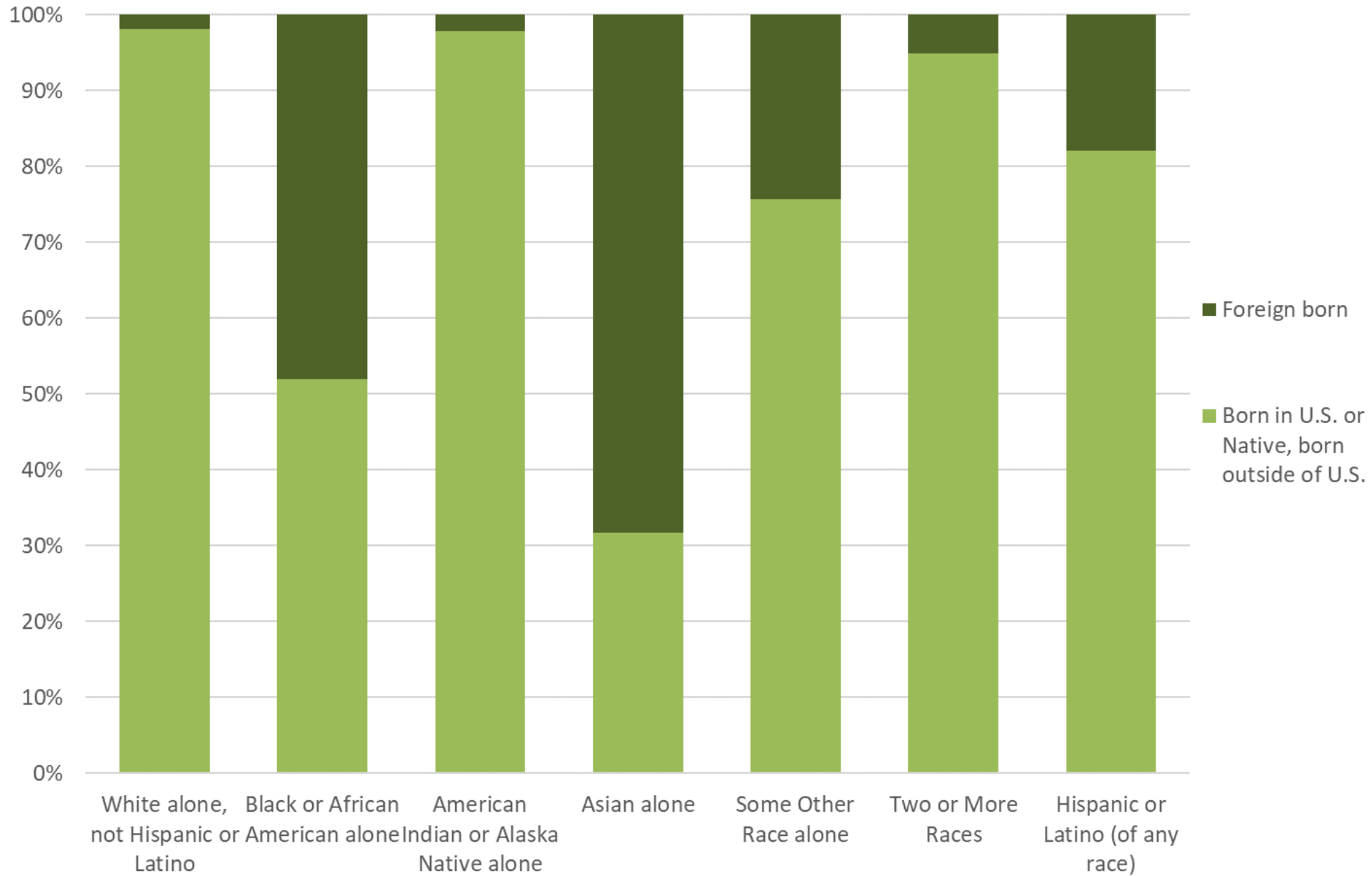
- In 2020, Maine ranked as the least diverse state in the U.S.
 - ME index = 18.5%
 - U.S. index = 61.1%
- But there is regional variation: Cumberland, Androscoggin, and Washington counties are more diverse

Share of 2020 Population by Race/Ethnicity Excluding White Alone



Race &/or ethnicity
is not the same as
place of birth

Share of Maine Population by Region of Birth for Race/Ethnicity

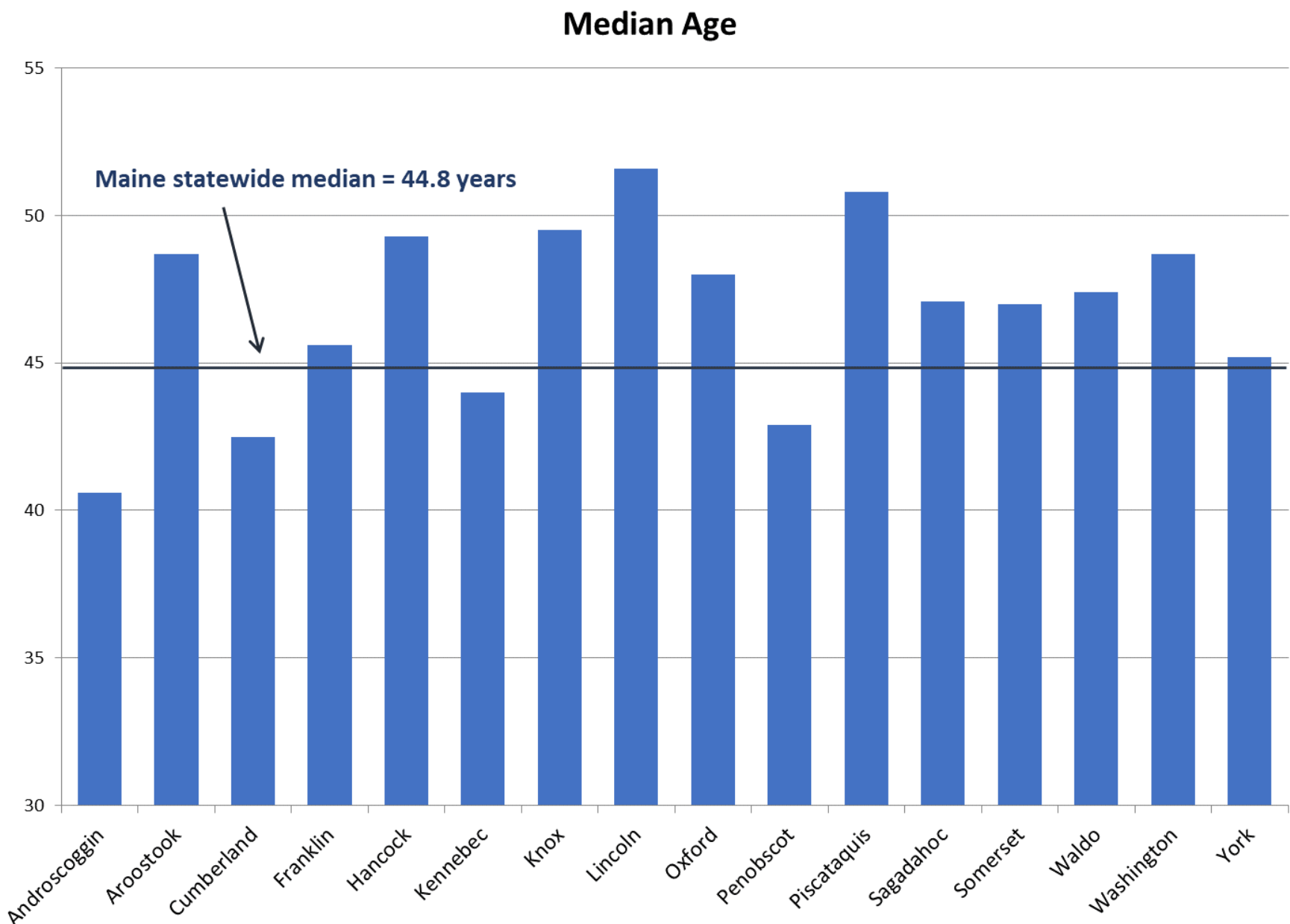


Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (22.5%)

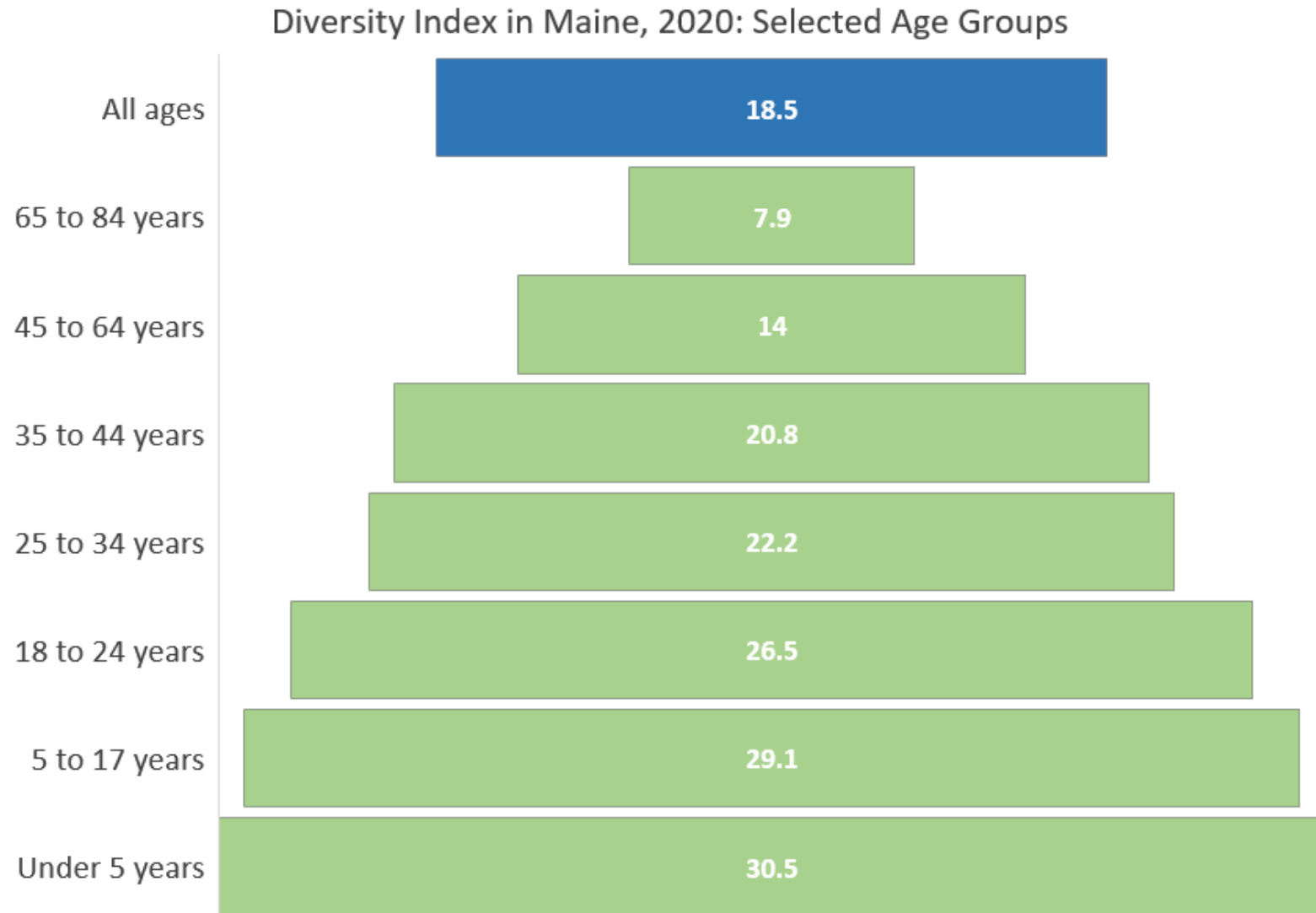
BUT!

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



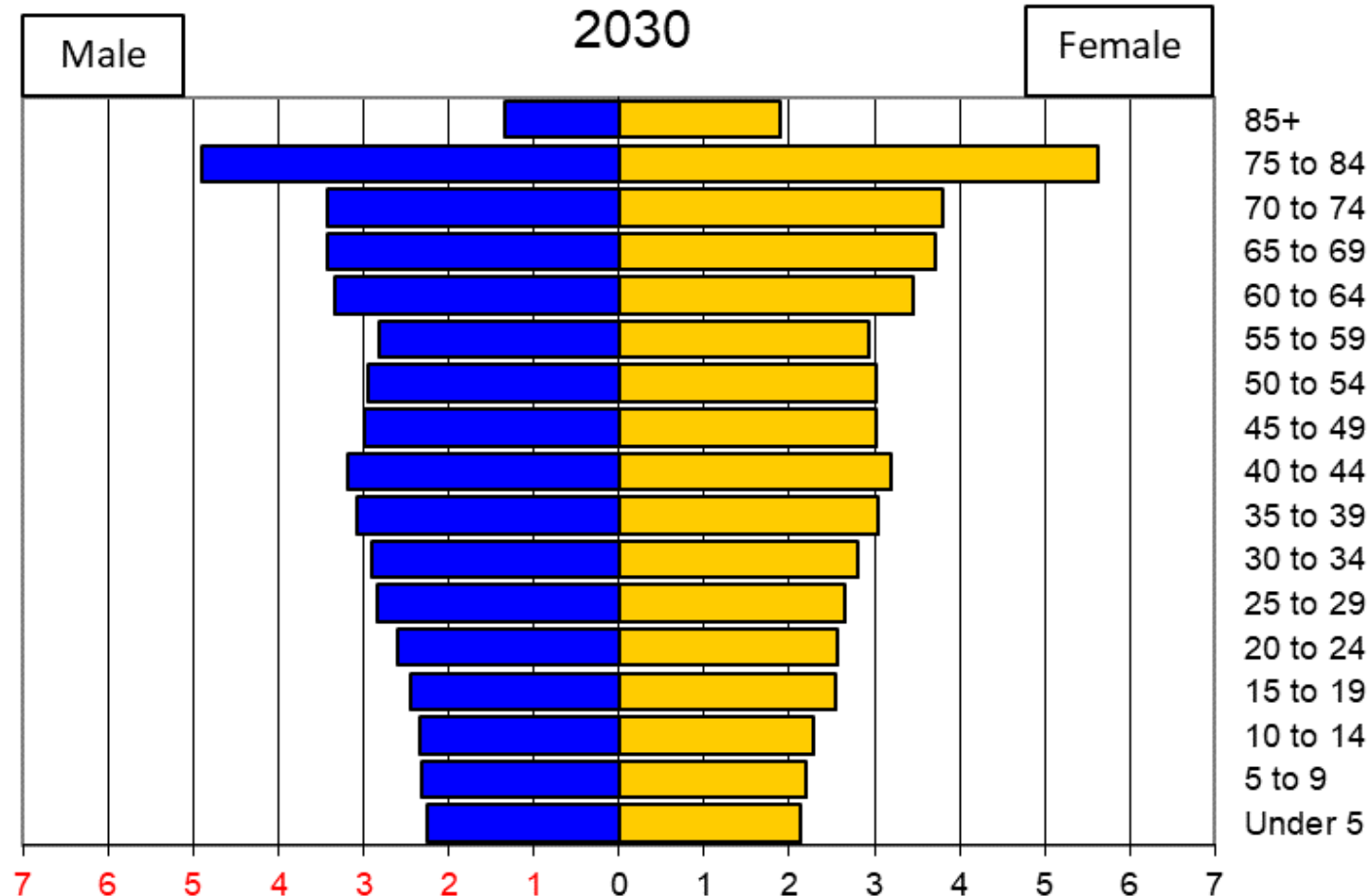
Younger generations in Maine are more diverse than older generations



The Baby Boom: 1946-1964

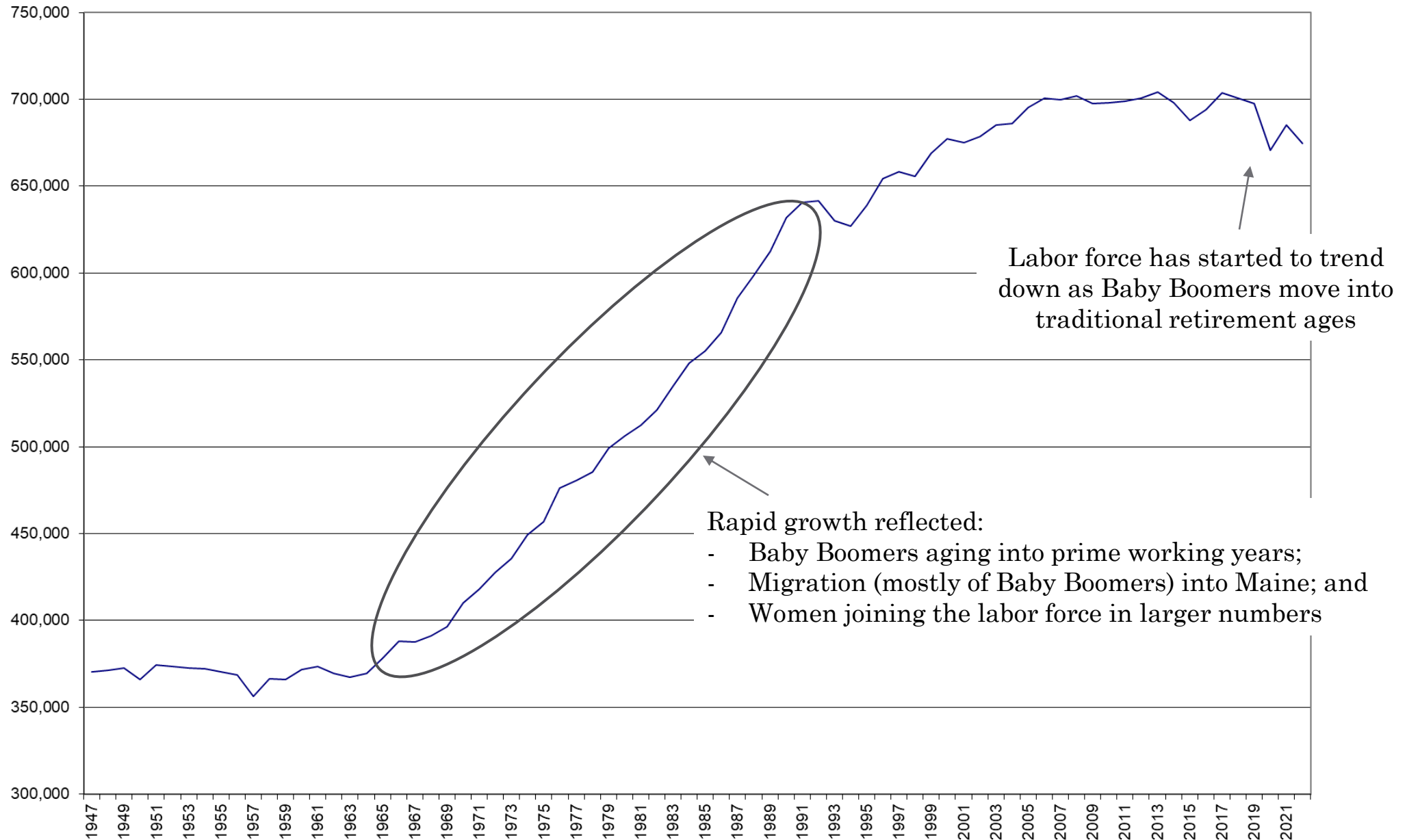
Baby Boom
generation in
2030: age 66-84

Baby Boom
generation in
2022: age 58-76

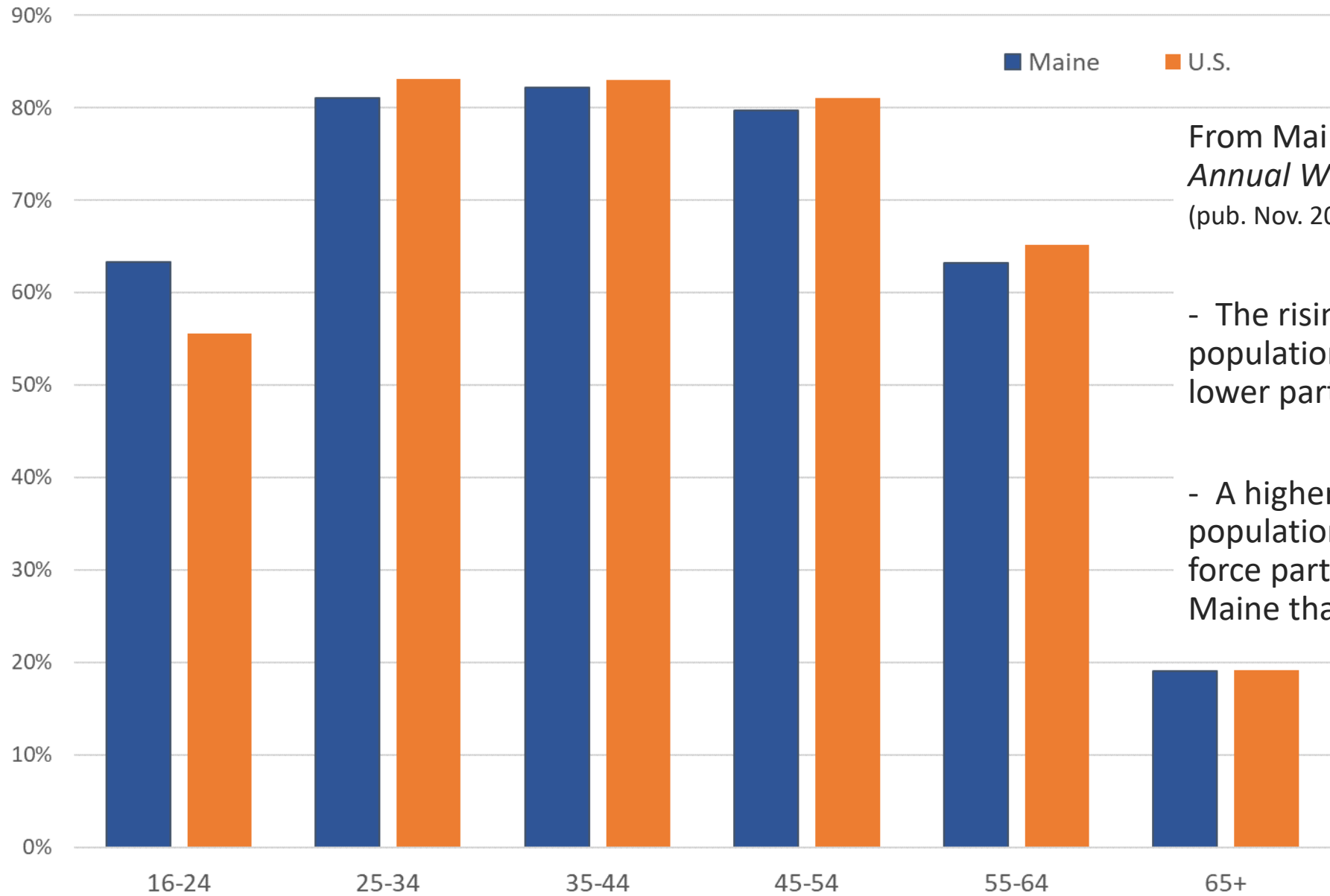


Workforce and Employment

Maine Civilian Labor Force



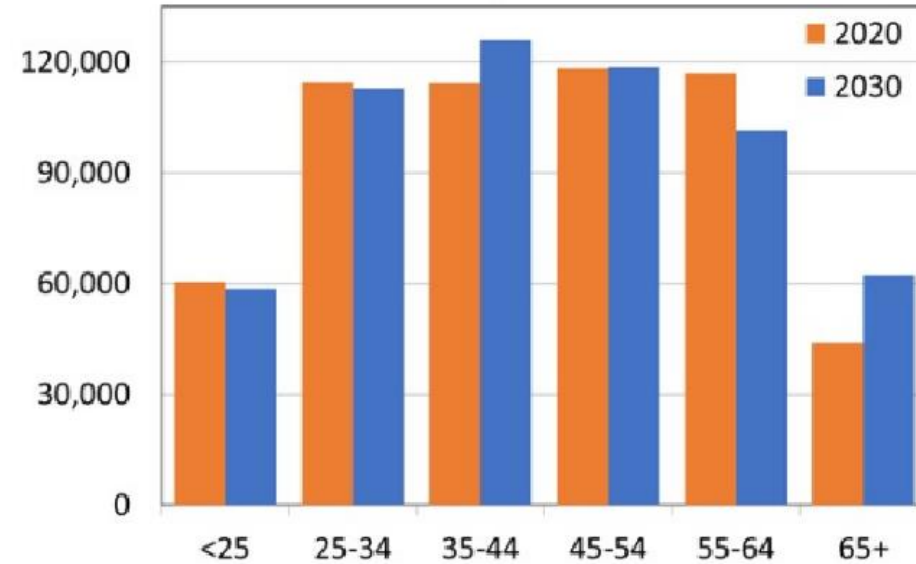
2022 Labor Force Participation Rate



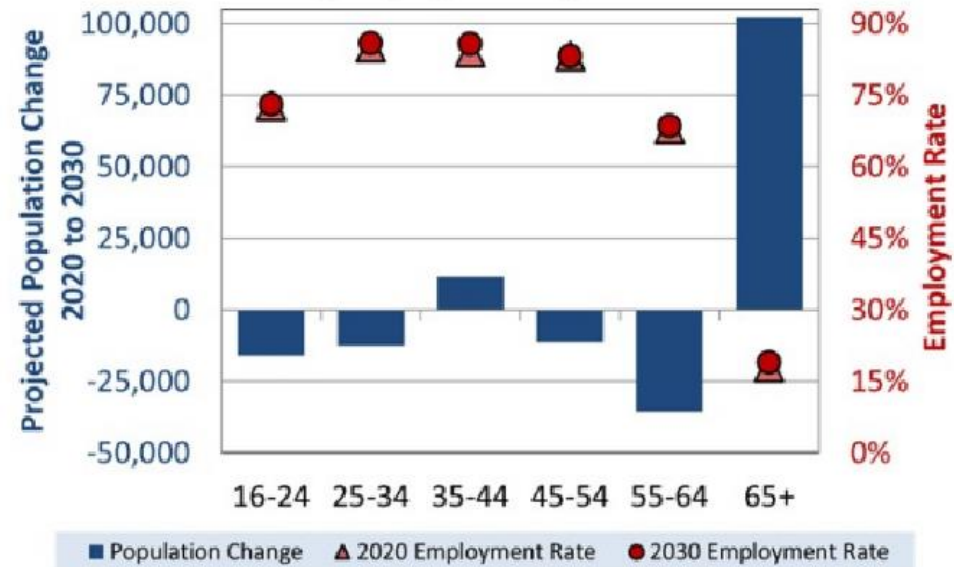
From Maine Dept. of Labor’s
Annual Workforce Report for 2021
(pub. Nov. 2022):

- 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**



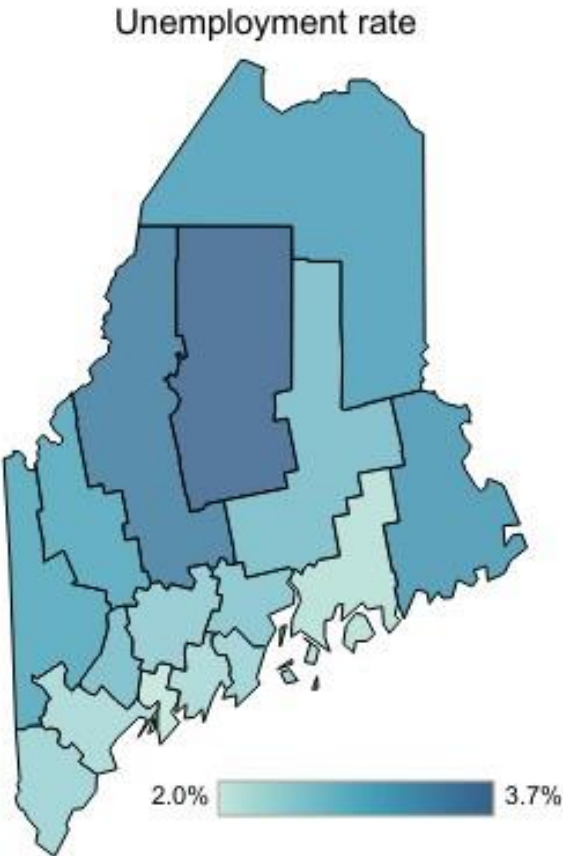
Maine’s 2.7% unemployment rate in September 2023 was close to recent record lows, with the slight rise coming from an increase in labor force participation, and was below the U.S. rate of 3.8%

County Rates (not seasonally adjusted)

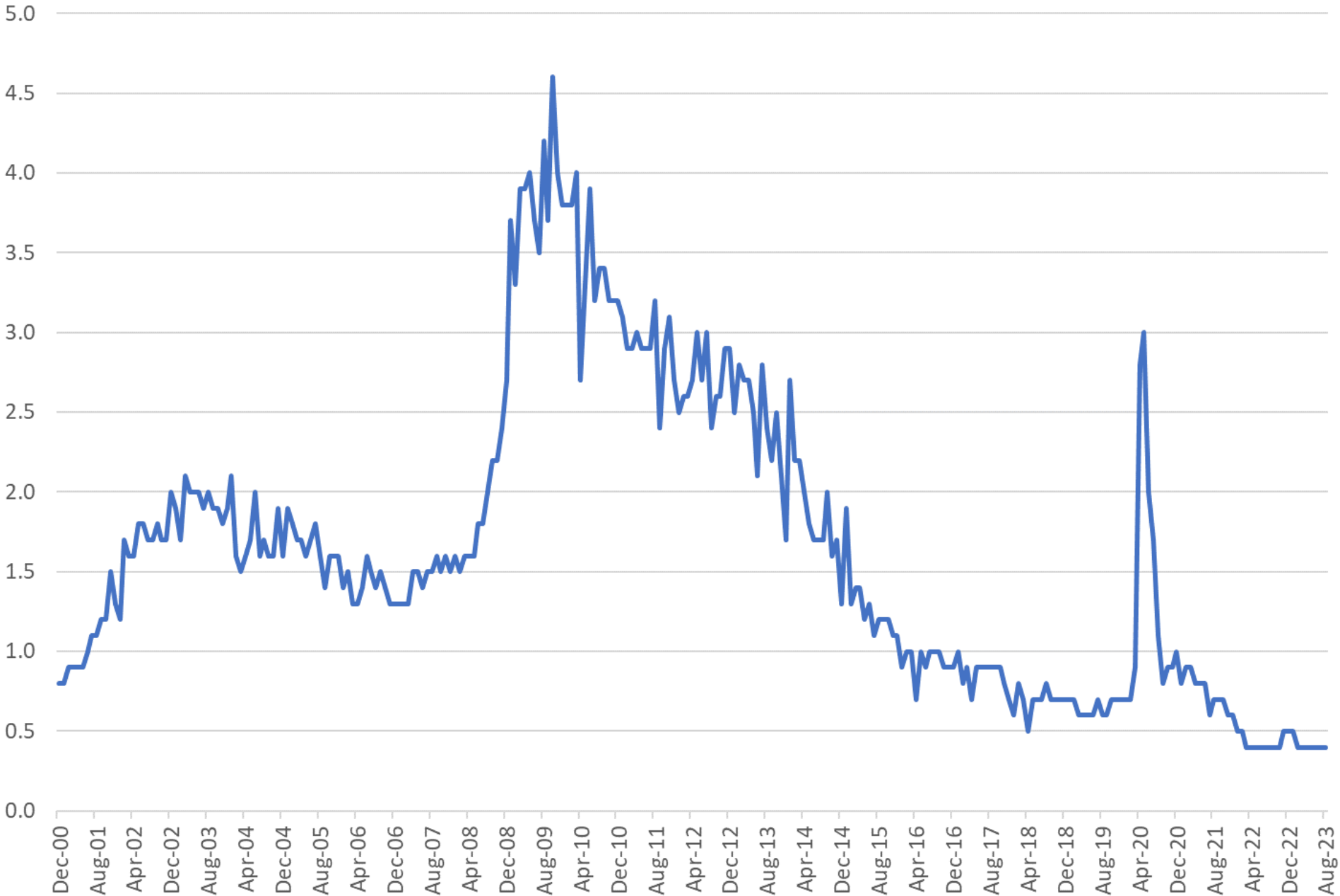
September, 2023

County	Rate	Year ago	One-yr change
Maine	2.5%	2.4%	0.1
Androscoggin	2.6%	2.6%	0.0
Aroostook	3.0%	3.0%	0.0
Cumberland	2.2%	2.2%	0.0
Franklin	2.9%	2.9%	0.0
Hancock	2.1%	2.2%	-0.1
Kennebec	2.4%	2.4%	0.0
Knox	2.3%	2.4%	-0.1
Lincoln	2.2%	2.2%	0.0
Oxford	2.9%	2.8%	0.1
Penobscot	2.6%	2.6%	0.0
Piscataquis	3.7%	3.1%	0.6
Sagadahoc	2.0%	2.1%	-0.1
Somerset	3.4%	3.3%	0.1
Waldo	2.5%	2.4%	0.1
Washington	3.1%	3.1%	0.0
York	2.3%	2.1%	0.2

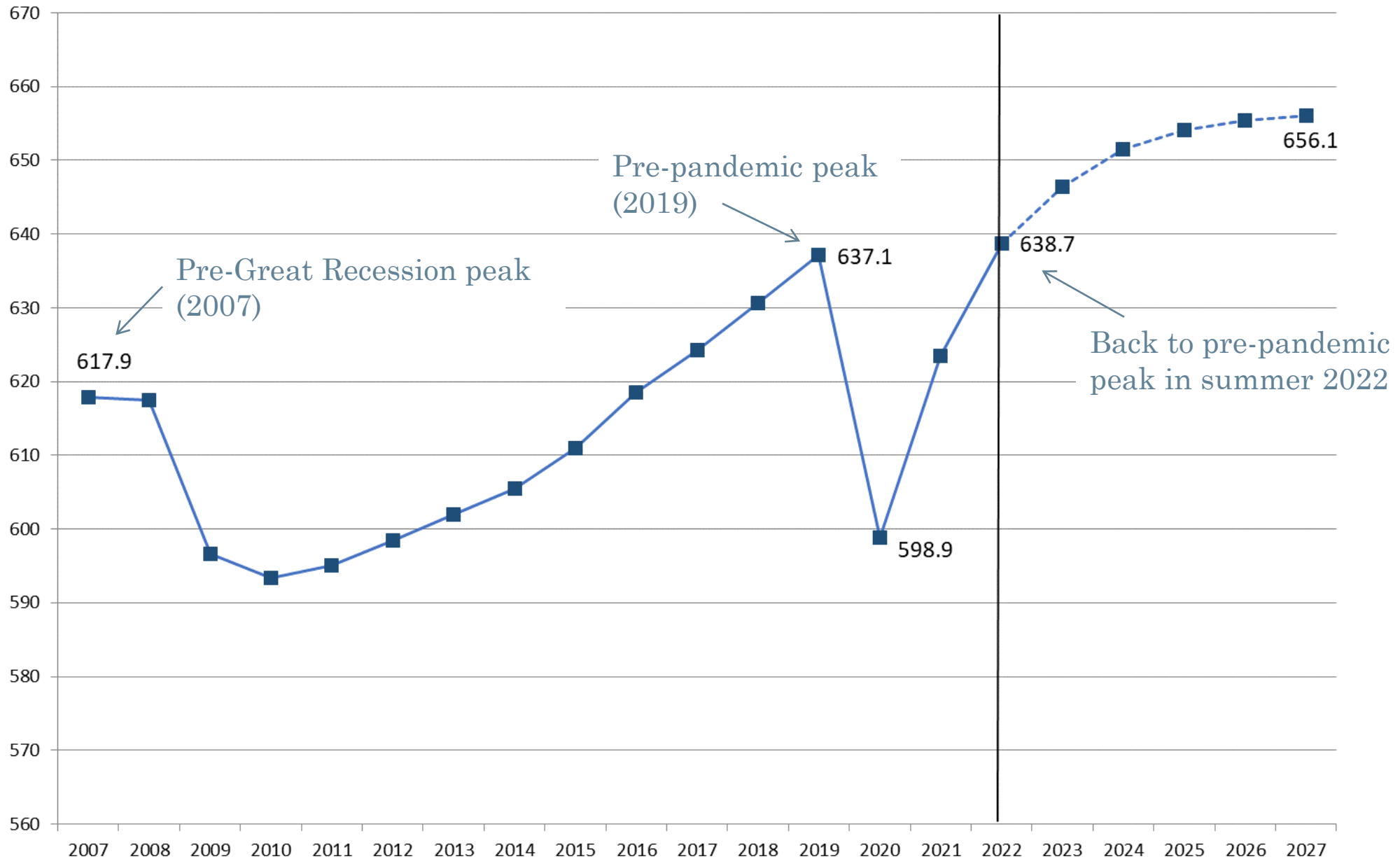
- ☒ Table
- ☐ Graph
- Map/Graph Display
- ☒ Unemployment rate
- ☐ One-year change



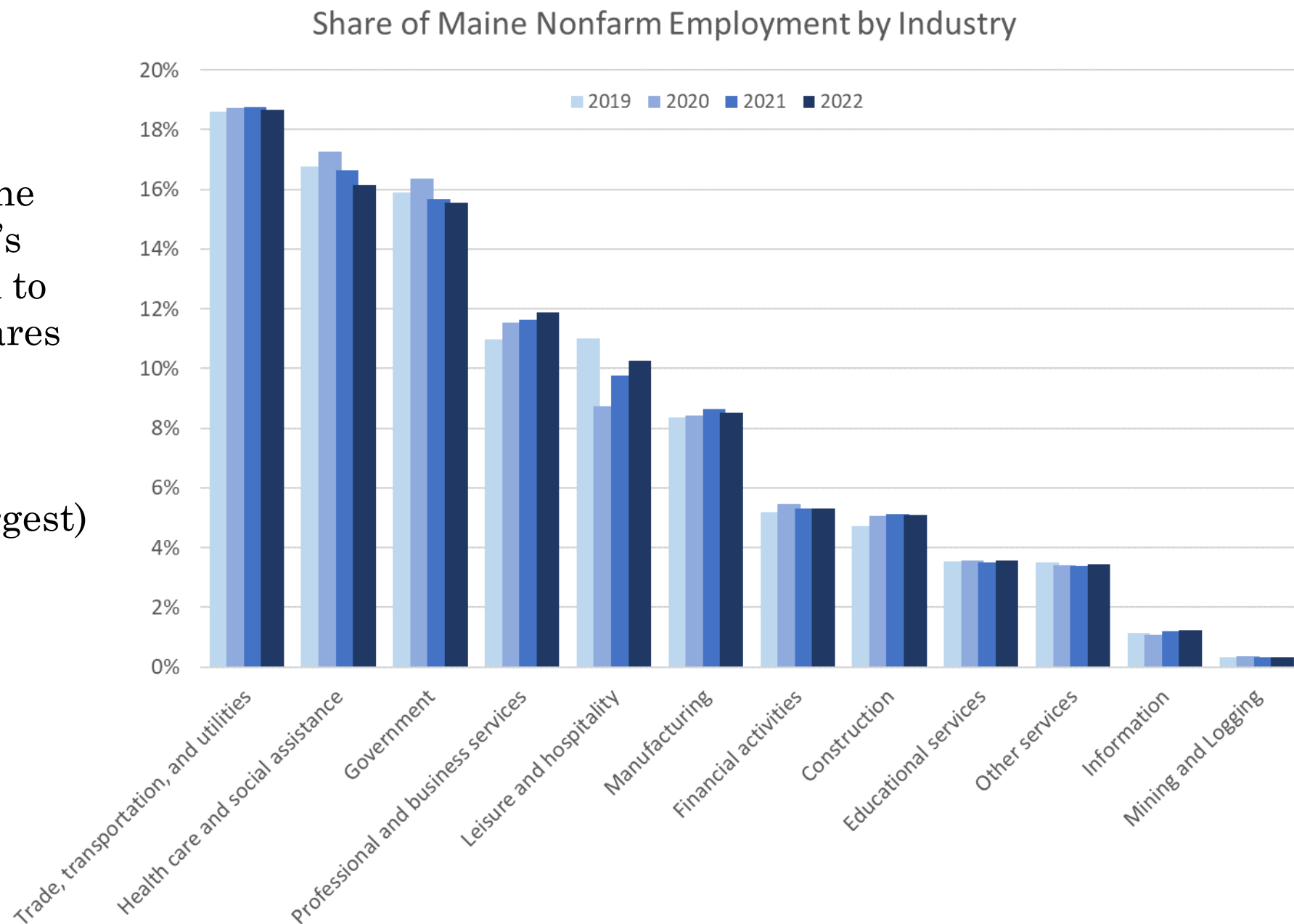
Unemployed Persons per Job Opening Ratio - Maine



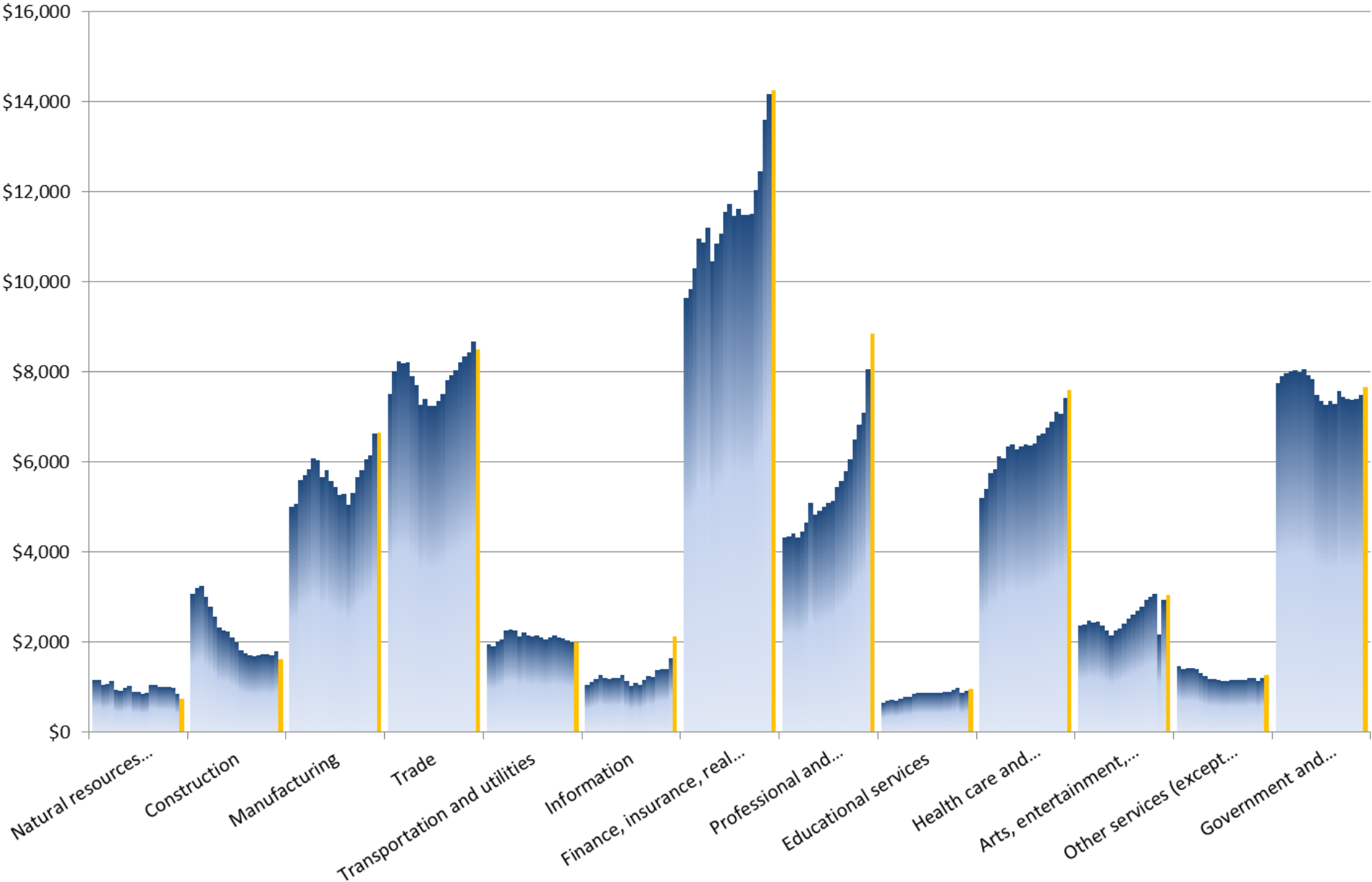
Total Nonfarm Employment (in thousands) History and CEFC forecast



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)

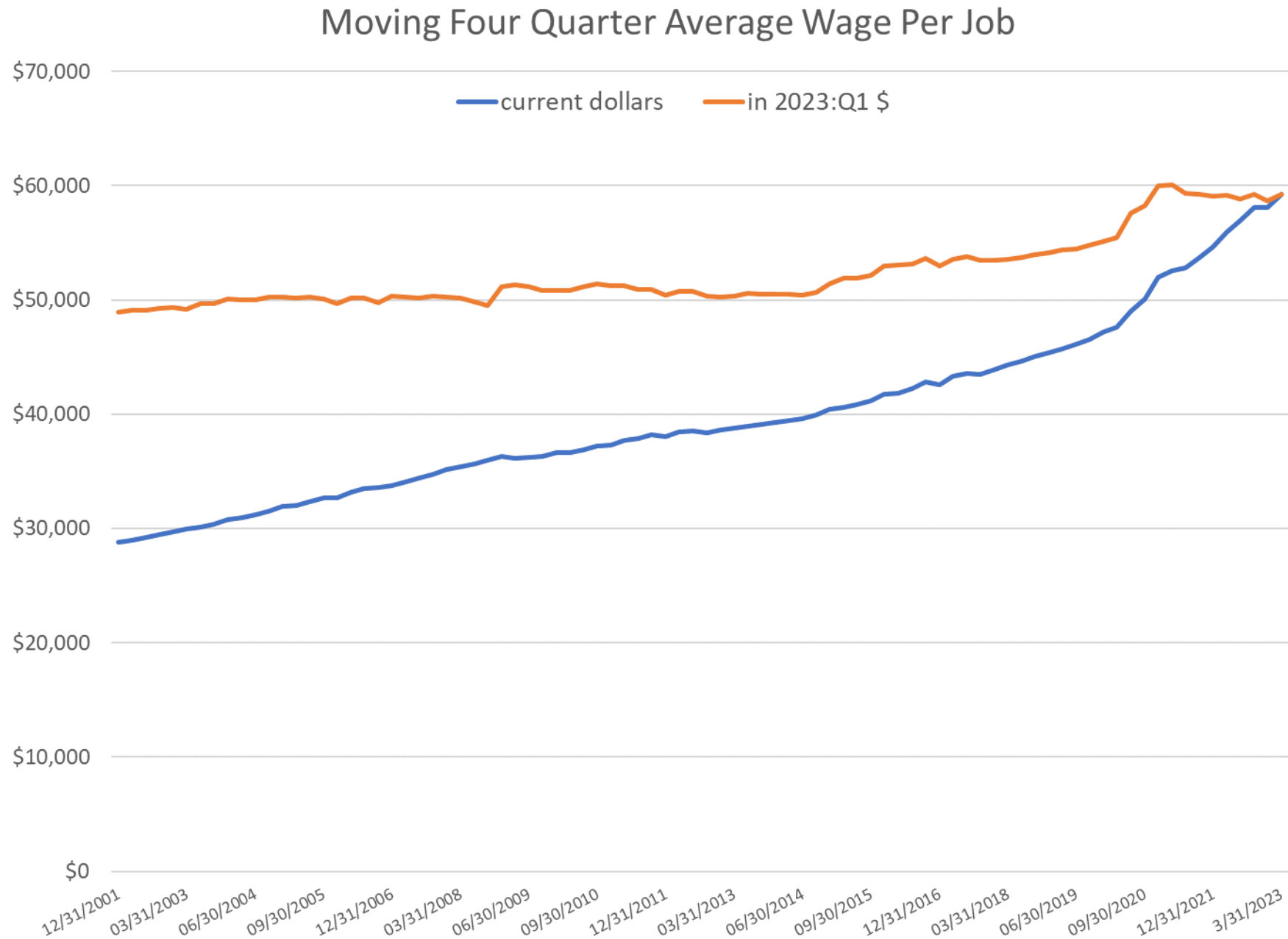


Maine Real GDP by Industry, 2002-2022
(in millions of chained 2012 dollars)



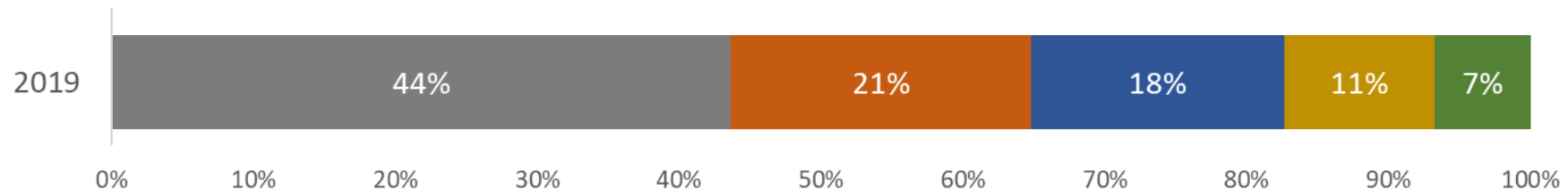
Wages, Income, and Inflation

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



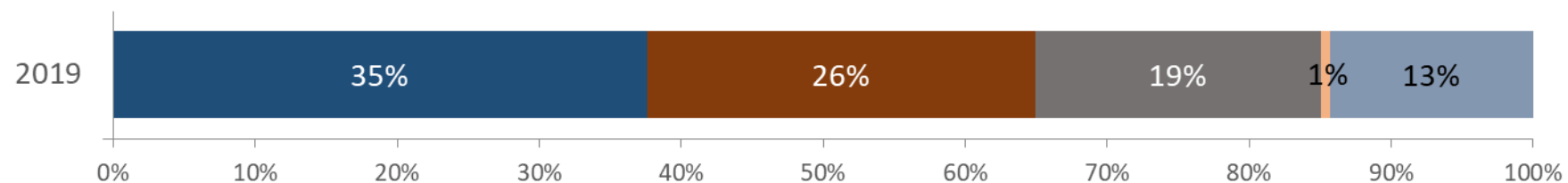
Major Components of Personal Income, Maine

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

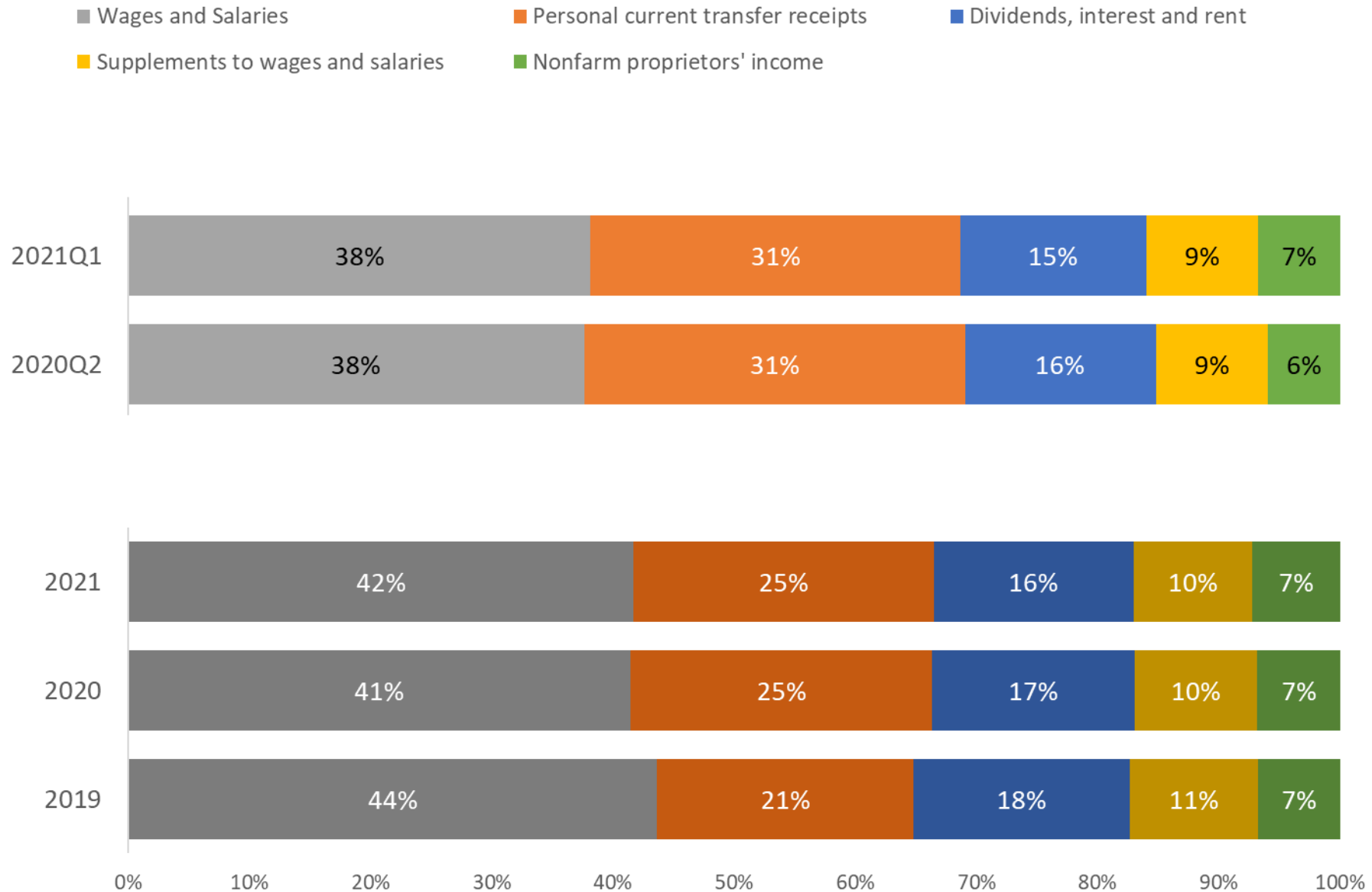


Components of Personal Current Transfer Receipts, Maine

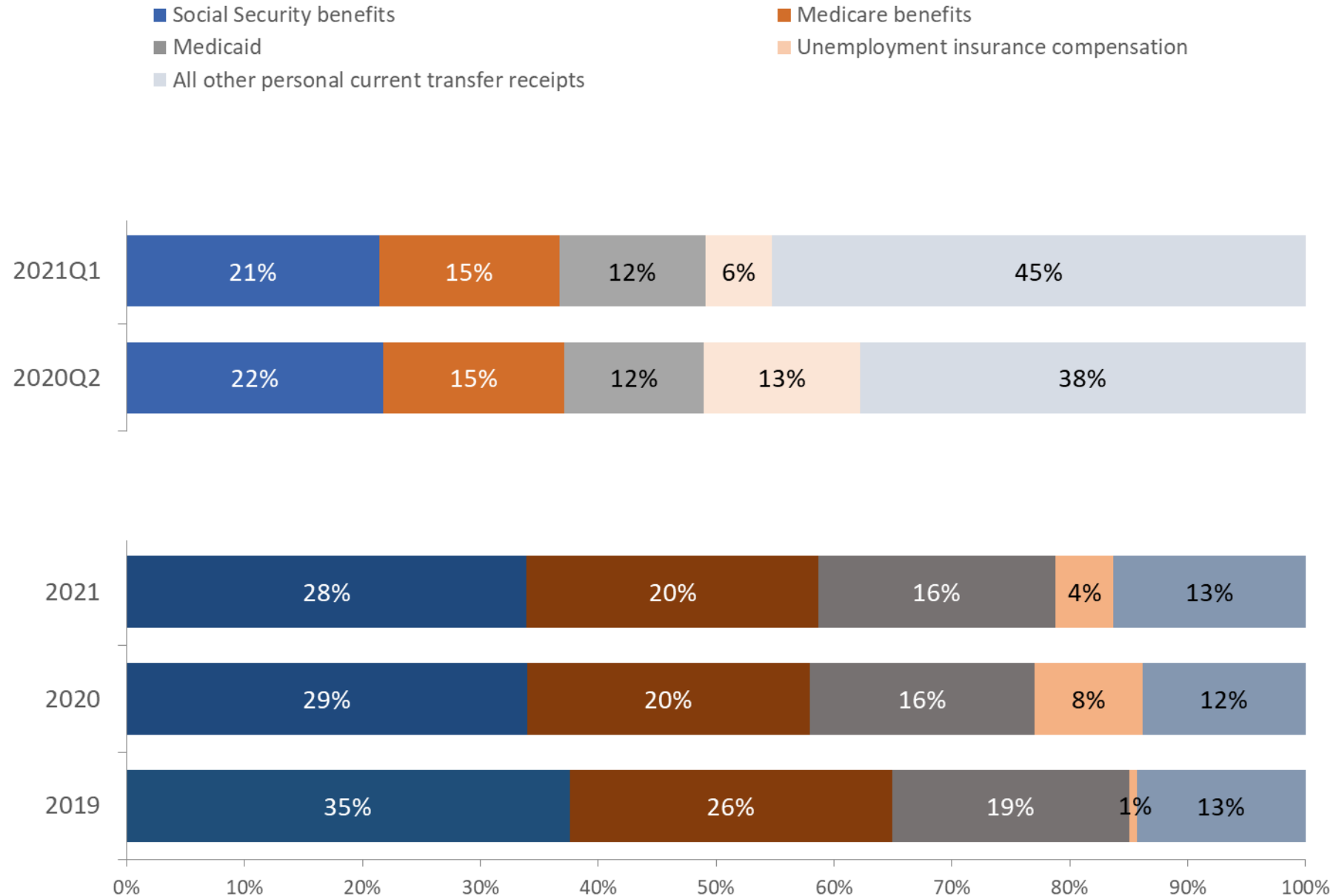
- Social Security benefits
- Medicare benefits
- Medicaid
- Unemployment insurance compensation
- All other personal current transfer receipts



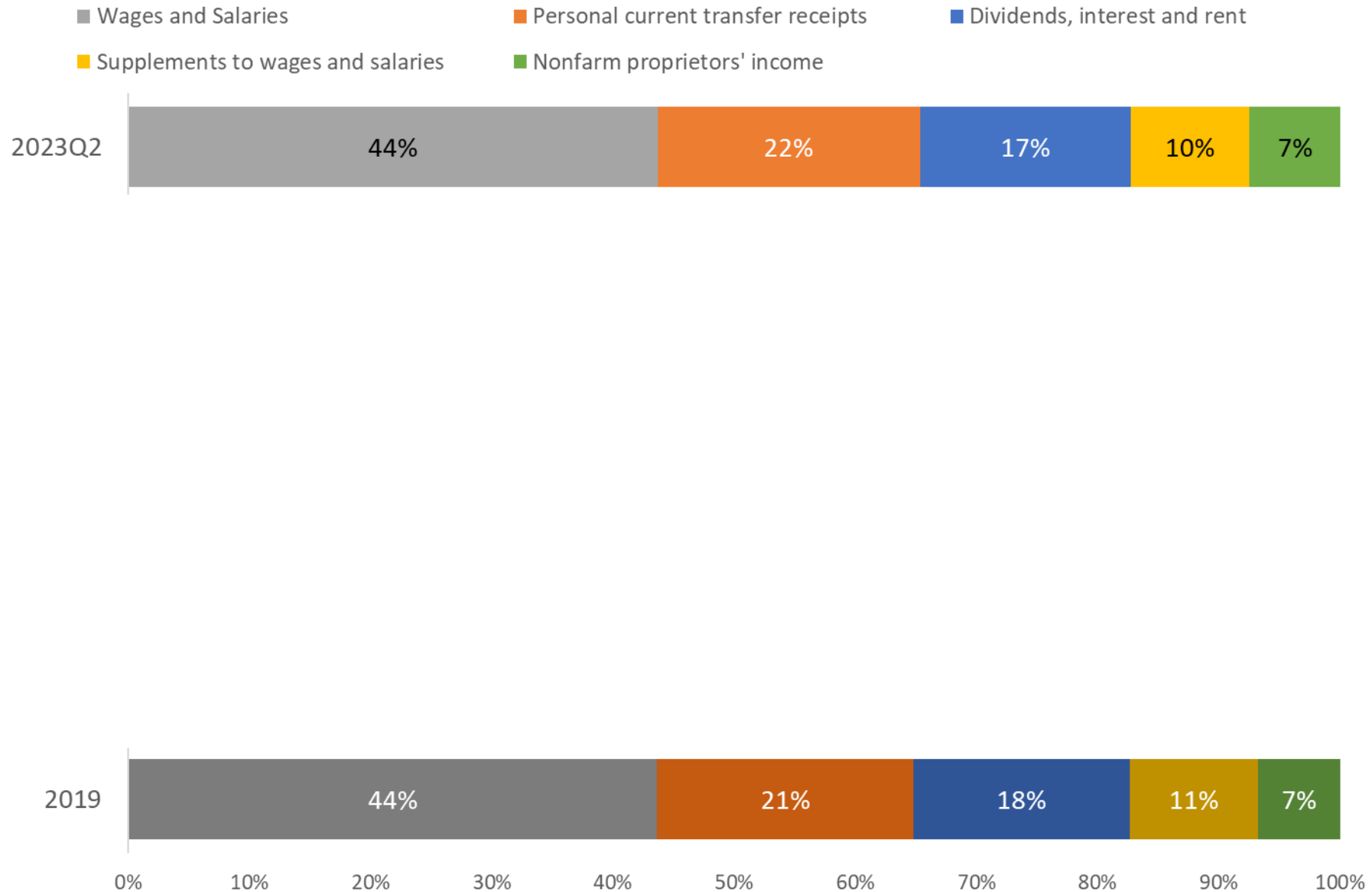
Major Components of Personal Income, Maine



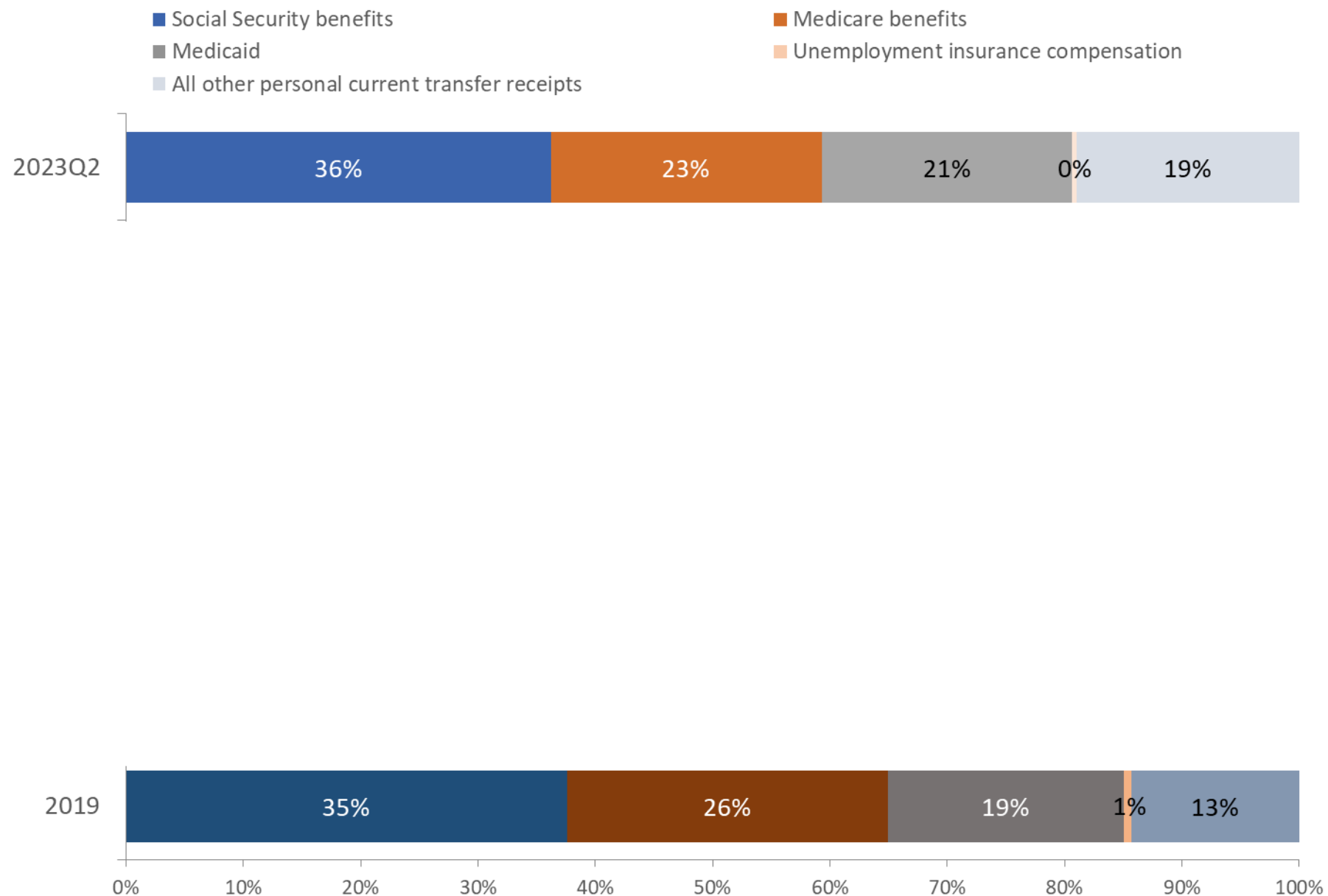
Components of Personal Current Transfer Receipts, Maine



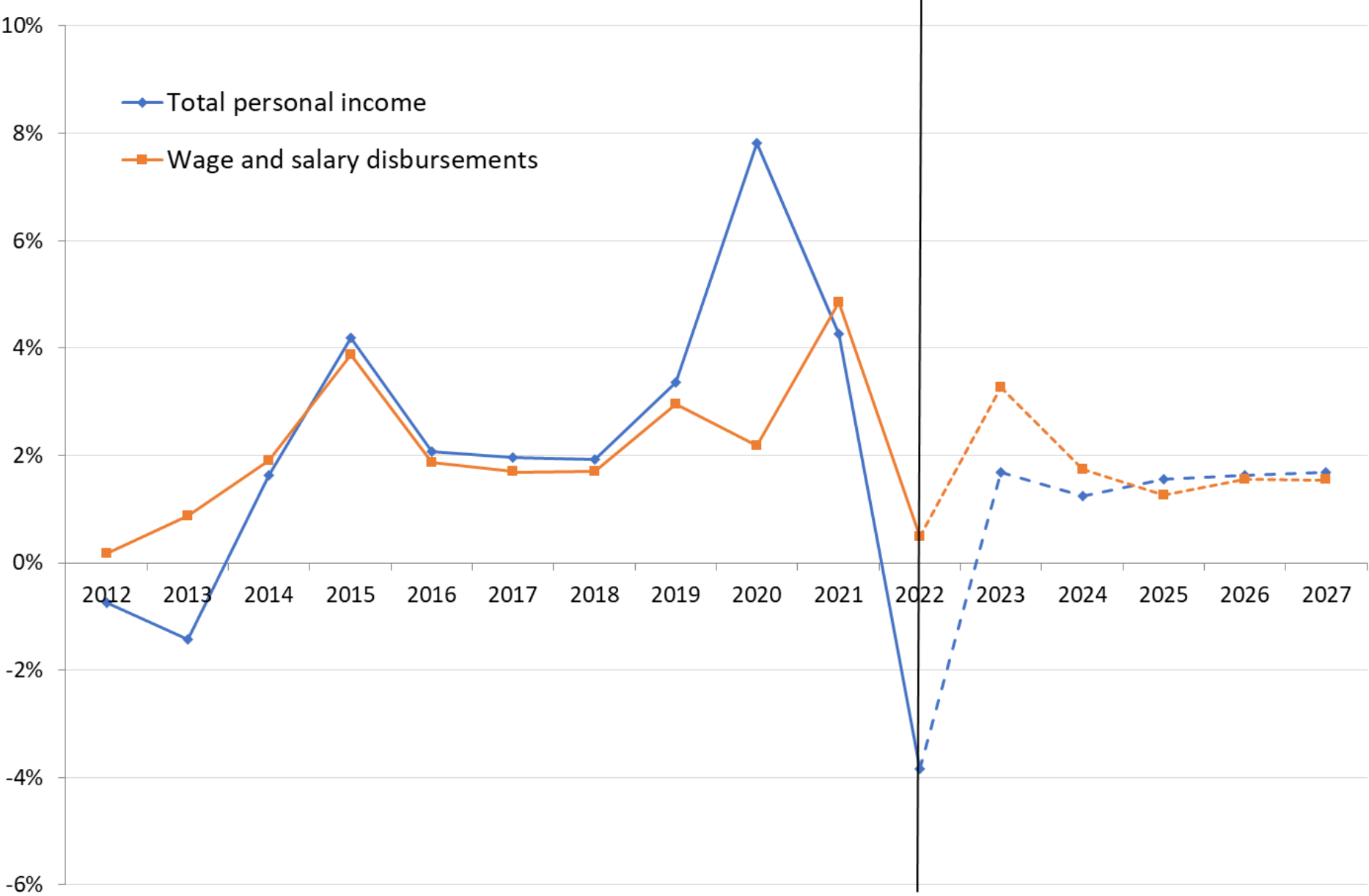
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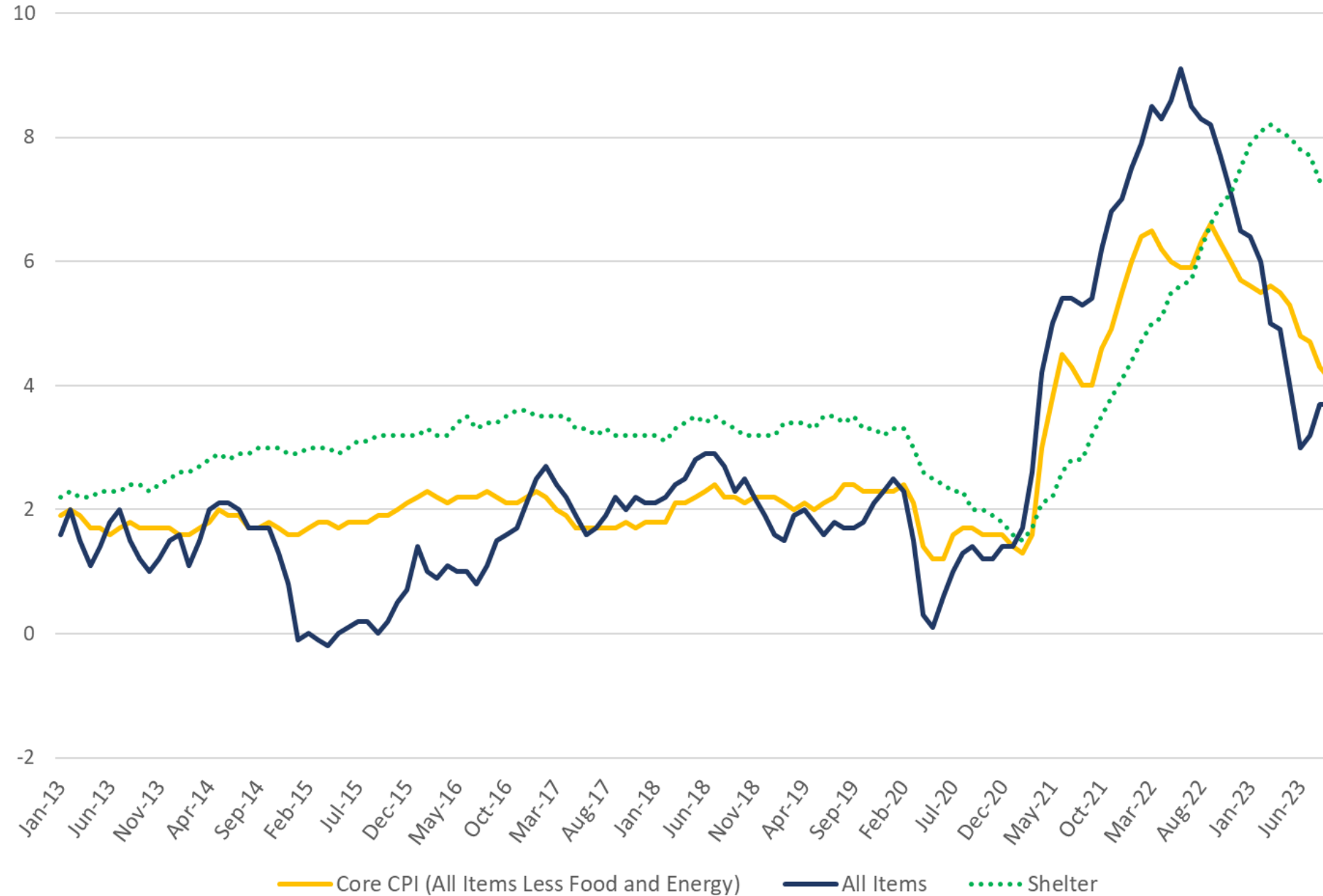
Components of Personal Current Transfer Receipts, Maine



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)

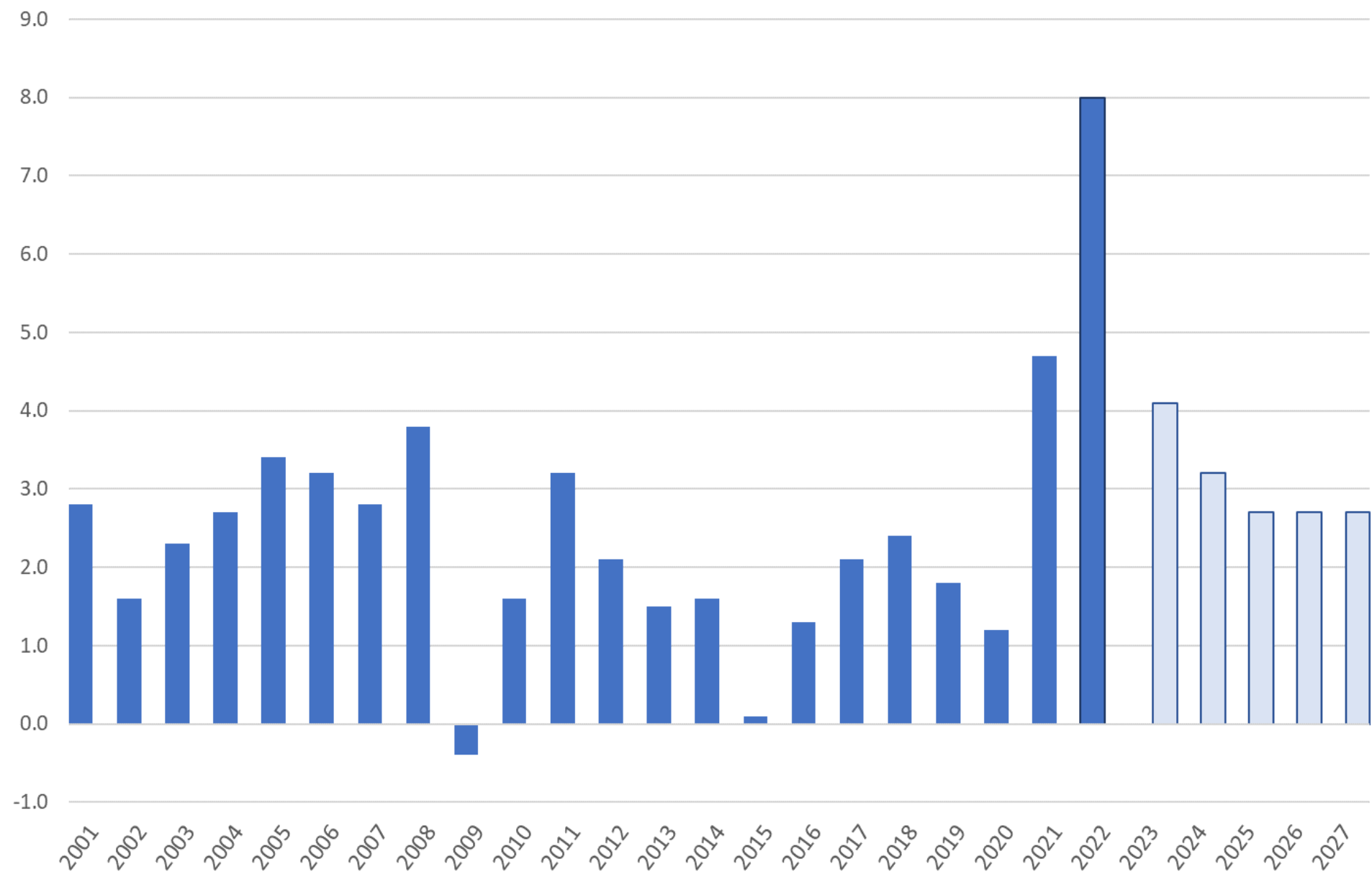


What does
this mean
for interest
rates?

Current target range:
5.25% to 5.5%

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

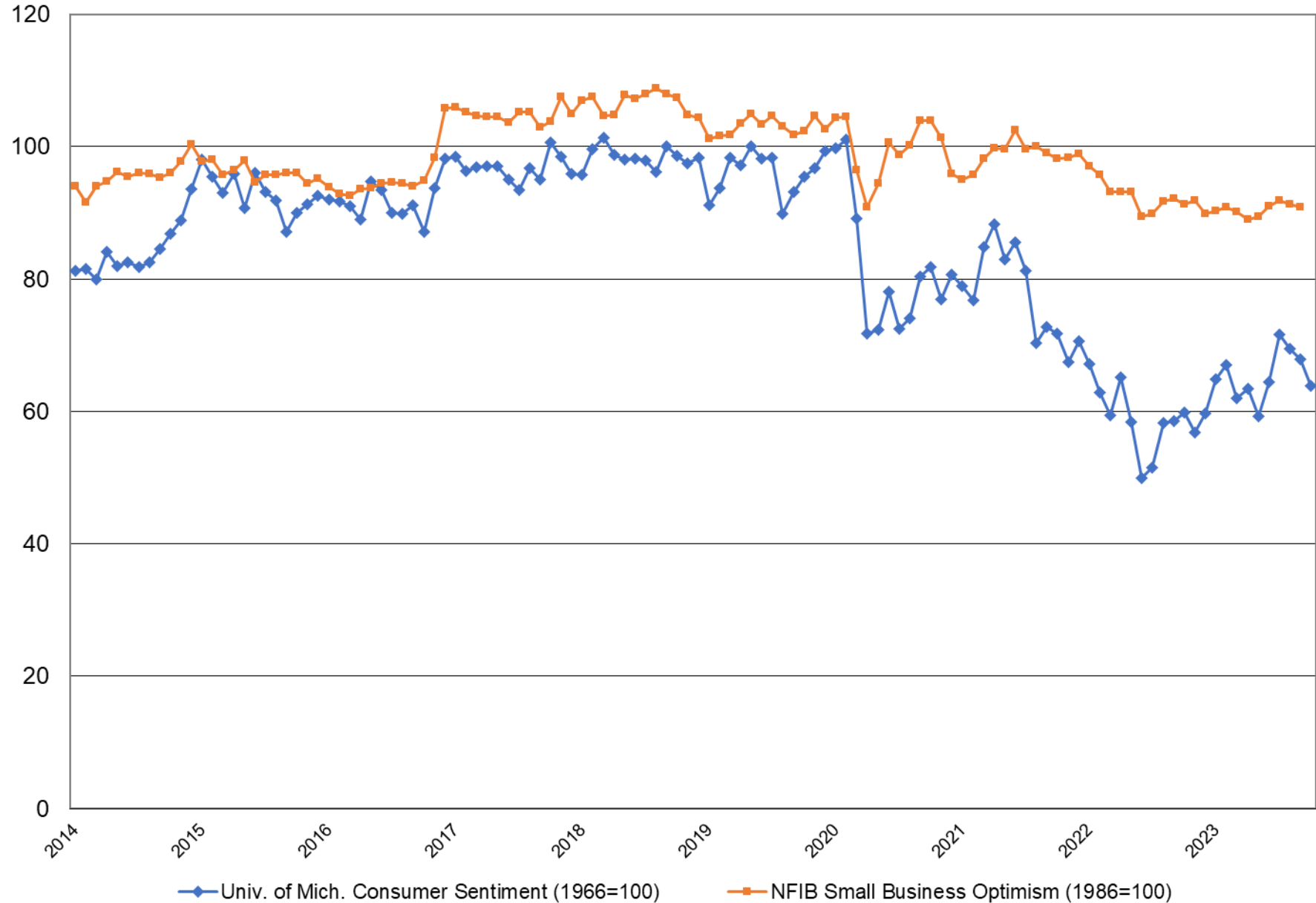
Year-over-year percent change in Consumer Price Index;
2001-2022 historical and 2023-2027 forecast



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

Where might we be going?

Consumer Sentiment and Small Business Optimism Indexes



Consumer sentiment dipped in October 2023, largely driven by higher-income consumers' concerns about stock markets.

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
- Economic uncertainty remains elevated, especially with geopolitical upheaval, the resumption of student loan payments, and the possibility of a federal government shutdown in November
- Maine has a robust Budget Stabilization Fund (\$969.5 million – the statutory maximum) and spending from pandemic-era infusion of federal funds (e.g. MJRP, BIL) 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.

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