MAINE’S ECONOMIC OUTLOOK

AGA Maine Chapter meeting

November 12, 2019

Amanda Rector
Maine State Economist
Department of Administrative and Financial Services
Overview

- Demographics
- Labor force and employment
- Income and GDP
- Macroeconomic outlook
- 10-year economic strategic planning
Demographics
Maine: A Demographic Snapshot

  - 42nd largest in US

- 2010 – 2018 Population Change: +0.8%
  - 42nd in US (ahead of WV, IL, CT, VT, RI, MS, NY, PA)

- 2018 Median age: 44.9 years
  - Oldest in US

- 93.1% White, Non-Hispanic
  - Highest percentage in US

Source: U.S. Census Bureau, Population Estimates Program
In 2018, Maine’s rate of total population increase ranked 34th and the rate of total net migration ranked 19th in the U.S.

Other states in the U.S. are starting to see their populations age and in-migration slow.

Maine has been at the leading edge and now other states are catching up.
The Baby Boom Wave

Source: U.S. Census Bureau, Decennial Censuses and State Economist population projections
Maine Population Trends by Age
1950-2026

Sources: U.S. Census Bureau, Decennial Census; State Economist population projections
Components of Population Change, Maine

<table>
<thead>
<tr>
<th>Year</th>
<th>Births</th>
<th>Deaths</th>
<th>Domestic Migration</th>
<th>International Migration</th>
<th>Net Population Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>+518</td>
<td>-459</td>
<td></td>
<td></td>
<td>+52</td>
</tr>
<tr>
<td>2012</td>
<td>+505</td>
<td></td>
<td></td>
<td>+159</td>
<td>+34</td>
</tr>
<tr>
<td>2013</td>
<td>+2,564</td>
<td></td>
<td></td>
<td></td>
<td>+2,603</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td>+2,886</td>
<td>+2,886</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td>-2,276</td>
<td>-2,276</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td>+3,693</td>
<td>+3,693</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+3,341</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, Population Estimates Program
### 2018 State-to-State Migration Patterns

<table>
<thead>
<tr>
<th>Moved to Maine from:</th>
<th>Moved from Maine to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts</td>
<td>New Hampshire</td>
</tr>
<tr>
<td>5,775</td>
<td>4,016</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>Massachusetts</td>
</tr>
<tr>
<td>4,731</td>
<td>3,188</td>
</tr>
<tr>
<td>New York</td>
<td>Florida</td>
</tr>
<tr>
<td>2,909</td>
<td>2,783</td>
</tr>
<tr>
<td>Texas</td>
<td>Connecticut</td>
</tr>
<tr>
<td>2,386</td>
<td>1,342</td>
</tr>
<tr>
<td>Florida</td>
<td>California</td>
</tr>
<tr>
<td>2,082</td>
<td>1,294</td>
</tr>
<tr>
<td>Connecticut</td>
<td>North Carolina</td>
</tr>
<tr>
<td>1,734</td>
<td>1,235</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Maryland</td>
</tr>
<tr>
<td>1,393</td>
<td>990</td>
</tr>
<tr>
<td>Michigan</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td>1,320</td>
<td>916</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Colorado</td>
</tr>
<tr>
<td>1,049</td>
<td>912</td>
</tr>
<tr>
<td>Vermont</td>
<td>Texas</td>
</tr>
<tr>
<td>997</td>
<td>815</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2018 American Community Survey 1-year estimates
Annual Domestic Migration Rate by Age, 2018

Source: U.S. Census Bureau, 2018 American Community Survey 1-year estimates
Maine statewide median = 44.9 years

Source: U.S. Census Bureau, 2018 Population Estimates
Counties with positive net migration

**2010 - 2018**

- Cumberland (10,151)
- York (9,412)
- Hancock (1,408)
- Waldo (1,200)
- Lincoln (1,083)
- Kennebec (1,067)
- Knox (911)
- Oxford (840)
- Sagadahoc (533)

**2017 - 2018**

- York (1,856)
- Cumberland (1,080)
- Kennebec (386)
- Hancock (382)
- Oxford (366)
- Lincoln (304)
- Sagadahoc (288)
- Somerset (273)
- Franklin (155)
- Washington (85)
- Piscataquis (68)
- Penobscot (51)

Source: U.S. Census Bureau, Population Estimates Program
Labor Force and Employment
Maine Civilian Labor Force

Added 50,000 to labor force every 6 years

Added 50,000 to labor force every 9 years

Labor force has been flat since 2005

Source: Maine Department of Labor
Projected Population Change and Participation Rates by Age Group in Maine

Source: Maine Department of Labor, Employment Outlook to 2026;
Regional variations persist in unemployment rates, although all are lower than one year prior.

### County Rates (not seasonally adjusted)

<table>
<thead>
<tr>
<th>County</th>
<th>Rate</th>
<th>Year ago</th>
<th>One-yr change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maine</td>
<td>2.3%</td>
<td>2.8%</td>
<td>-0.5</td>
</tr>
<tr>
<td>Androscoggin Cty</td>
<td>2.3%</td>
<td>3.0%</td>
<td>-0.7</td>
</tr>
<tr>
<td>Aroostook Cty</td>
<td>3.3%</td>
<td>3.9%</td>
<td>-0.6</td>
</tr>
<tr>
<td>Cumberland Cty</td>
<td>1.9%</td>
<td>2.4%</td>
<td>-0.5</td>
</tr>
<tr>
<td>Franklin Cty</td>
<td>3.1%</td>
<td>3.2%</td>
<td>-0.1</td>
</tr>
<tr>
<td>Hancock Cty</td>
<td>2.0%</td>
<td>2.3%</td>
<td>-0.3</td>
</tr>
<tr>
<td>Kennebec Cty</td>
<td>2.3%</td>
<td>2.8%</td>
<td>-0.5</td>
</tr>
<tr>
<td>Knox Cty</td>
<td>2.0%</td>
<td>2.6%</td>
<td>-0.6</td>
</tr>
<tr>
<td>Lincoln Cty</td>
<td>2.1%</td>
<td>2.4%</td>
<td>-0.3</td>
</tr>
<tr>
<td>Oxford Cty</td>
<td>2.7%</td>
<td>3.7%</td>
<td>-1.0</td>
</tr>
<tr>
<td>Penobscot Cty</td>
<td>2.4%</td>
<td>3.3%</td>
<td>-0.9</td>
</tr>
<tr>
<td>Piscataquis Cty</td>
<td>2.6%</td>
<td>3.1%</td>
<td>-0.5</td>
</tr>
<tr>
<td>Sagadahoc Cty</td>
<td>1.8%</td>
<td>2.3%</td>
<td>-0.5</td>
</tr>
<tr>
<td>Somerset Cty</td>
<td>3.3%</td>
<td>4.1%</td>
<td>-0.8</td>
</tr>
<tr>
<td>Waldo Cty</td>
<td>2.2%</td>
<td>2.9%</td>
<td>-0.7</td>
</tr>
<tr>
<td>Washington Cty</td>
<td>3.3%</td>
<td>4.0%</td>
<td>-0.7</td>
</tr>
<tr>
<td>York Cty</td>
<td>2.0%</td>
<td>2.5%</td>
<td>-0.5</td>
</tr>
</tbody>
</table>
Total Nonfarm Employment (in thousands)
History and CEFC forecast


Sources: Maine Department of Labor and Consensus Economic Forecasting Commission report, November 1, 2019
Revisions to CEFC Forecast of Total Nonfarm Employment (in thousands)

Source: Consensus Economic Forecasting Commission reports
Income and GDP
Major Components of Personal Income, 2018

- Wages and salaries: 43%
- Personal current transfer receipts: 21%
- Dividends, interest, and rent: 18%
- Supplements to wages and salaries: 11%
- Proprietors' income: 7%

Source: U.S. Bureau of Economic Analysis
Major Components of Personal Income, 2017

- **Wages and salaries**
- **Personal current transfer receipts**
- **Dividends, interest, and rent**
- **Supplements to wages and salaries**
- **Proprietors' income**

Source: U.S. Bureau of Economic Analysis
Components of Personal Current Transfer Receipts, 2018

- Social Security benefits: 36%
- Medicare benefits: 25%
- Medicaid: 20%
- Income maintenance benefits: 7%
- Veterans' benefits: 5%
- Education and training assistance: 2%
- Unemployment insurance compensation: 1%

Source: U.S. Bureau of Economic Analysis
Percent of Households by Income Level, 2018

Source: U.S. Census Bureau, 2018 American Community Survey 1-year estimates
Share of Maine Real GDP by Metropolitan Area

- Portland-South Portland MSA (Cumberland-Sagadahoc-York counties)
- Non-MSA portion
- Bangor MSA (Penobscot County)
- Lewiston-Auburn MSA (Androscoggin County)

Source: U.S. Bureau of Economic Analysis
Macroeconomic Conditions
We are now in the longest period of economic expansion on record

Some early warning signs of economic slowdown on the horizon (e.g. inverted yield curve), but...
GDP-Based Recession Indicator remains low
Sahm Rule Recession Indicator also remains low
One possible trigger: tariffs

- Trade war has created uncertainty for businesses and is starting to impact consumers
- Slowdown in consumer spending could lead to larger economic slowdown
Energy Prices

Recent spike in oil prices was relatively small and diminished quickly; forecast is for stable prices, but that could change quickly.

Petroleum Crude Oil Price: Brent

Source: U.S. Energy Information Administration, IHS Markit
Weekly New England Retail Gasoline Prices
(Dollars per Gallon)

Price per Gallon


Oct 14, 2019, $2.60

Source: U.S. Energy Information Administration
Maine No. 2 Heating Oil Residential Price

Source: U.S. Energy Information Administration
Percent of Housing Units by Type of Primary Heating Fuel (2018)

Source: U.S. Census Bureau, 2018 American Community Survey 1-year estimates
10-Year Economic Strategic Plan
Strategic Planning
Process Flow

TRENDS ANALYSIS
PRELIMINARY SWOT
VISION STATEMENT
STRATEGIC GOALS
BARRIER ANALYSIS
SOLUTION PLANNING
SWOT
STRATEGIC DEPLOYMENT
ACCOUNTABILITY
TRACKING METRICS
Strategic Goals

Equitably grow the real average annual wage from $45,370 to $49,900 (10.0%) by investing in long-term talent development.

Drive the real dollar value added\(^1\) contribution per job from $87,160 to $95,876 (10.0%) while protecting Maine’s quality of life by focusing on sectors of promise in each region of the state.

Attract 75,000 people to Maine’s workforce. The target addresses the increase in people entering retirement age and the current shortage.

\(^1\) Value added is GDP/employment
Key Themes

- Talent is the economic driver at the heart of the plan.
- Maine must grow its workforce to grow the economy.
- Business climate must be stable and predictable to grow GDP
- Innovation is key for growth
- Ubiquitous connectivity enables access for economic growth and is required to attract talent.
- Modern infrastructure needed for business to thrive and to retain and attract talent.
Contact Information

Amanda Rector
Maine State Economist
Department of Administrative and Financial Services

amanda.rector@maine.gov
(207) 287-2873