

# STATE OF THE STATE ECONOMY

## Legacy Properties

November 4, 2021

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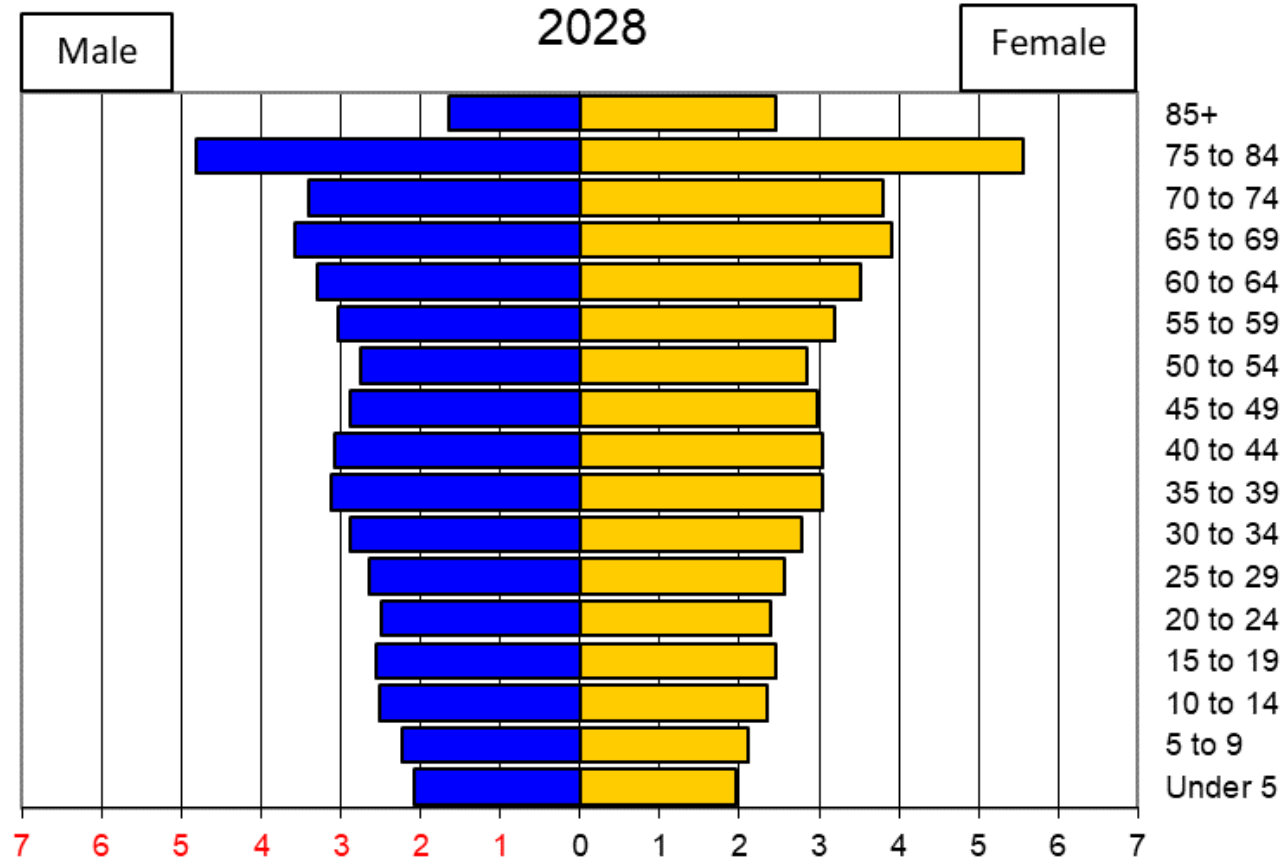
# Maine: a demographic snapshot

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- 2020 Decennial Population: 1,362,359
  - ▣ 42<sup>nd</sup> largest in U.S.
  
- 2010 – 2020 Population Change: +2.6%
  - ▣ 42<sup>nd</sup> among U.S. states (ahead of WV, MS, IL, CT, MI, OH, WY, PA)
  
- 2019 Median age: 45.0 years
  - ▣ Oldest in U.S.
  
- 9.8% Black, Indigenous, and People of Color
  - ▣ Lowest percentage in U.S., but improved from 5.6% in 2010



# The Baby Boom Wave





Housing Inventory: Active Listing Count in Maine

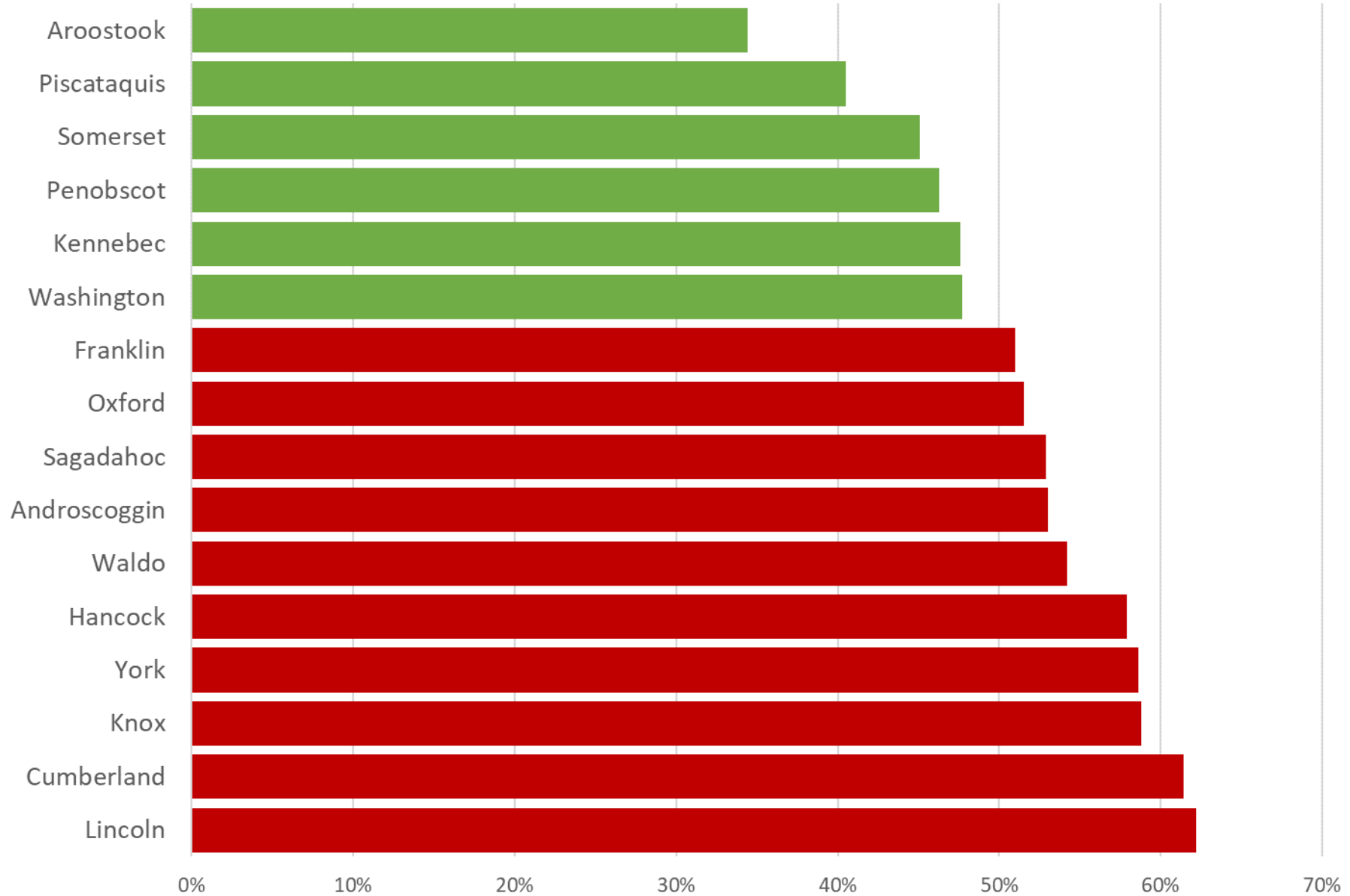


Shaded areas indicate U.S. recessions.

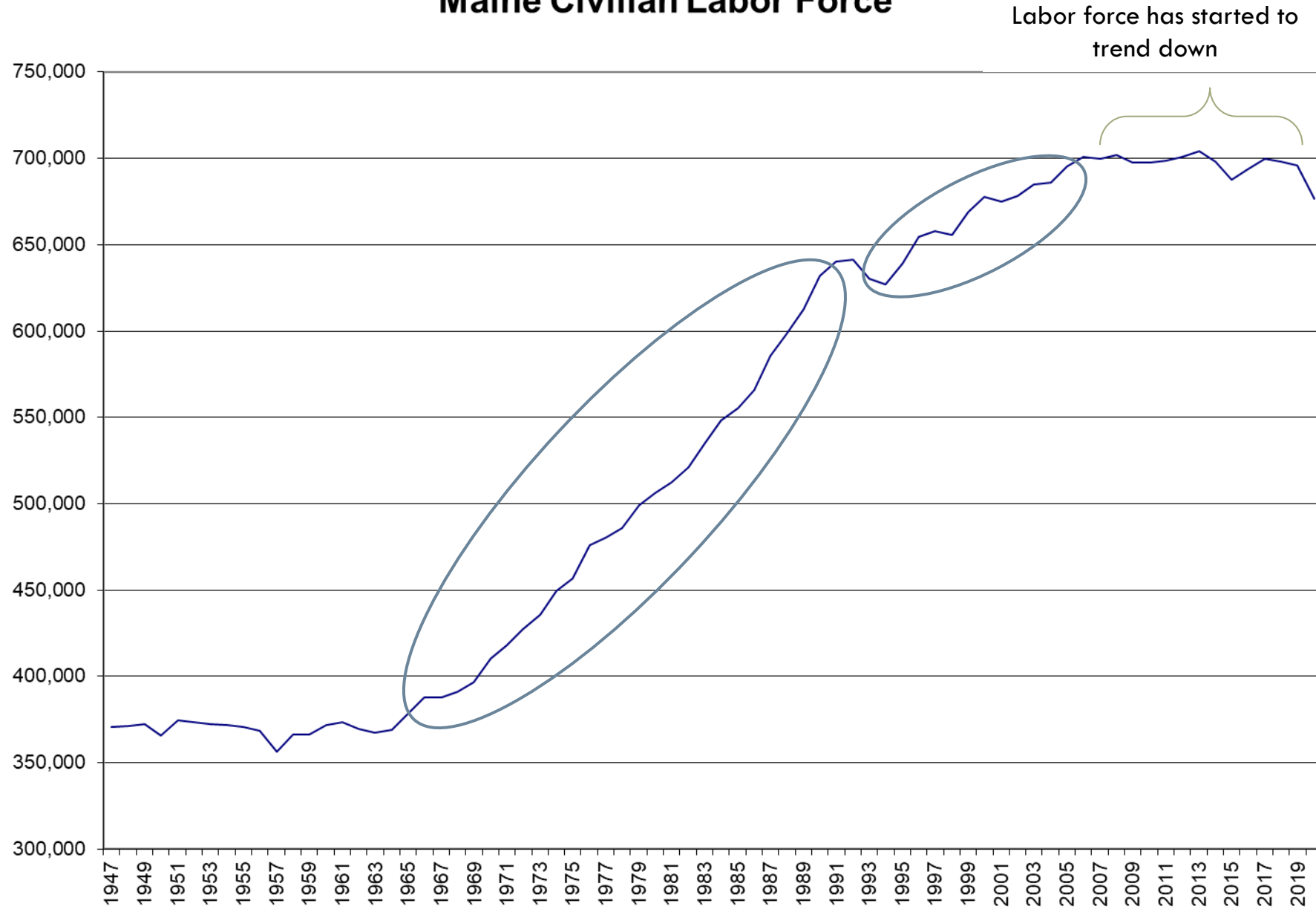
Source: Realtor.com

fred.stlouisfed.org

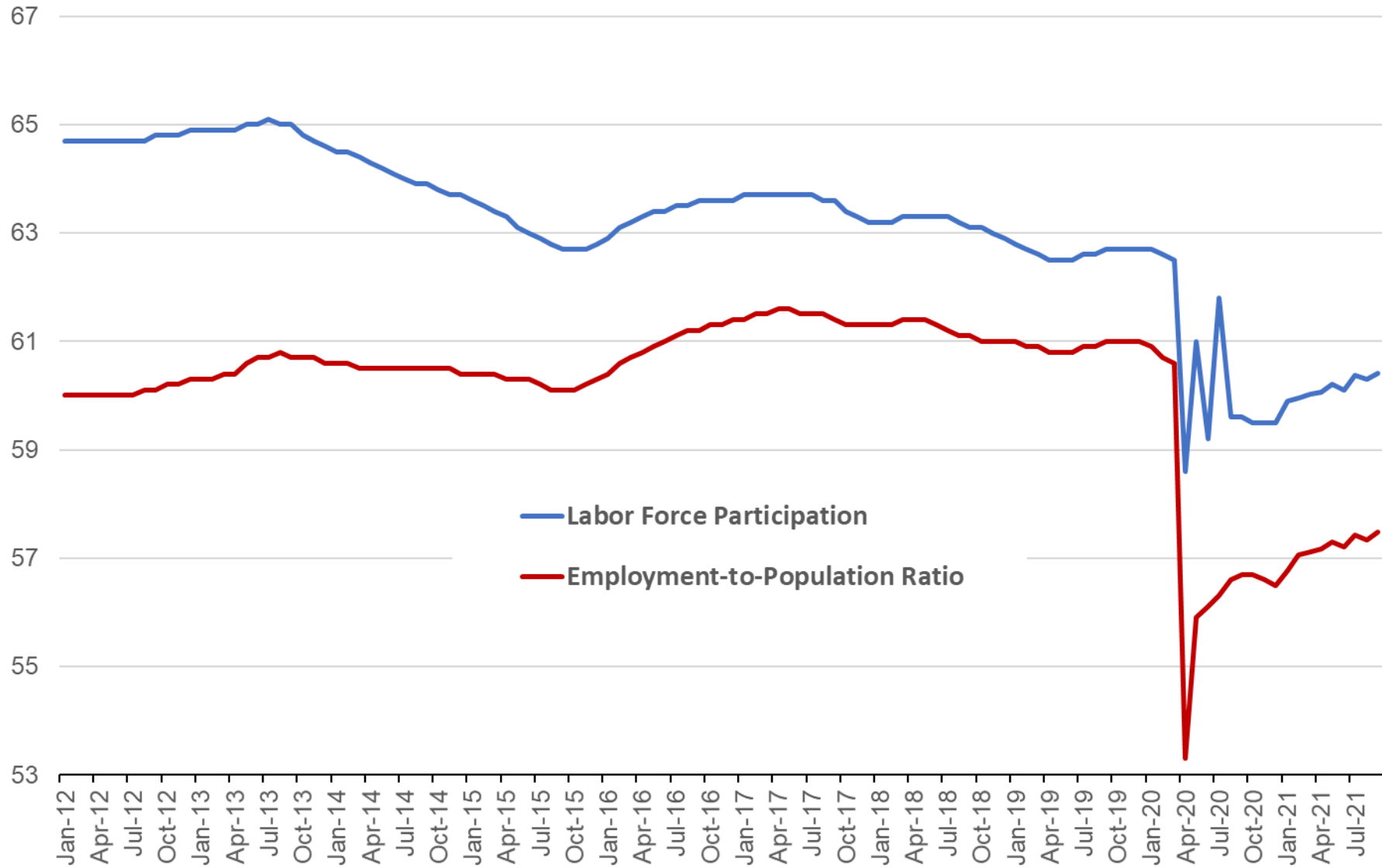
## Percent of Households Unable to Afford Median Home



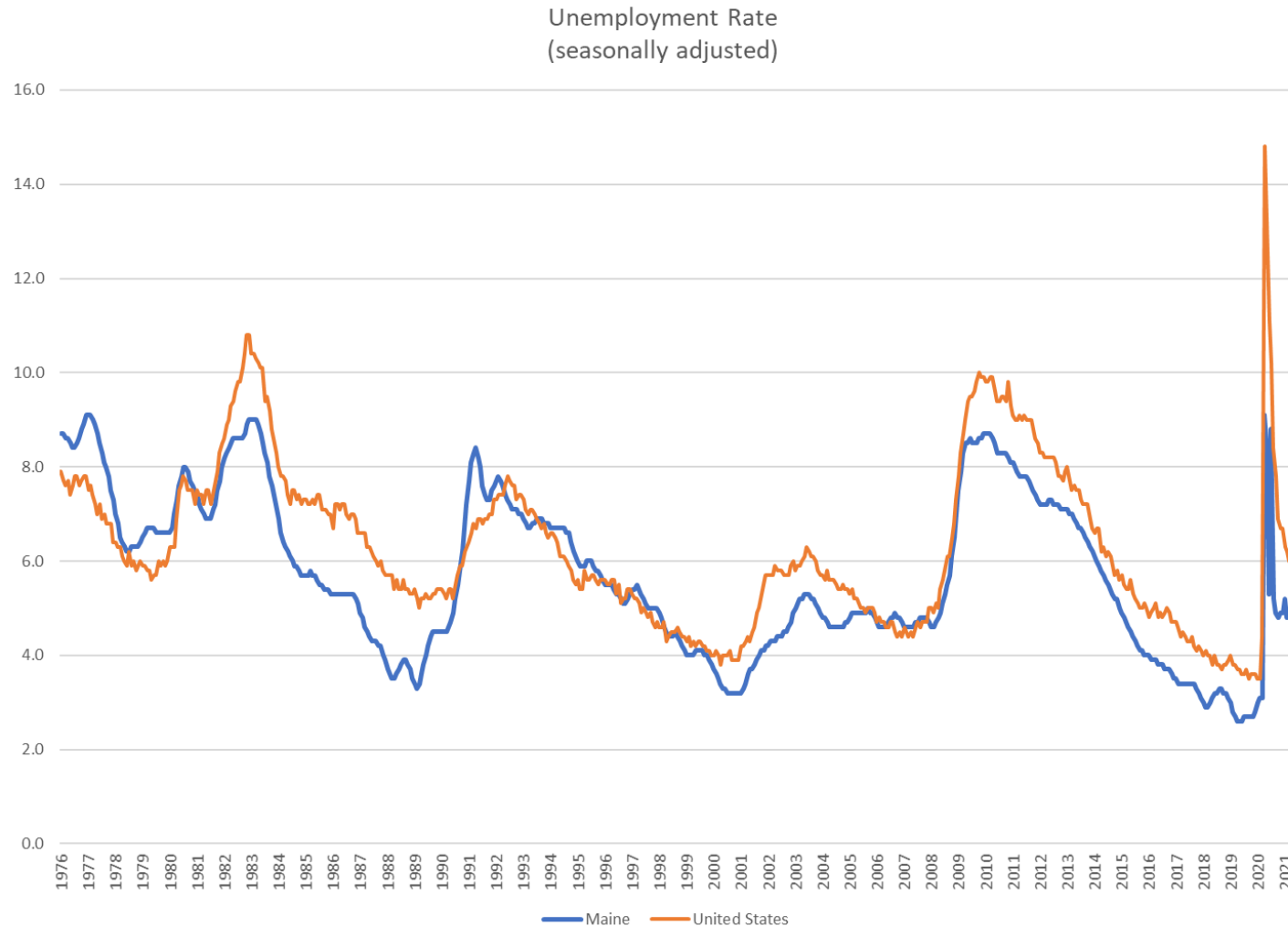
# Maine Civilian Labor Force



## Labor Force Participation & Employment-to-Population Ratio (Seasonally Adjusted)



In April 2020, Maine's official unemployment rate was 9.1% - the highest since February 1977. Even so, it underrepresented the true unemployment rate due to technical issues.



Maine's official unemployment rate in September 2021 was 4.8%, but the Maine Department of Labor estimates that if labor force participation were at Feb. 2020 levels the unemployment rate would be 8.4%

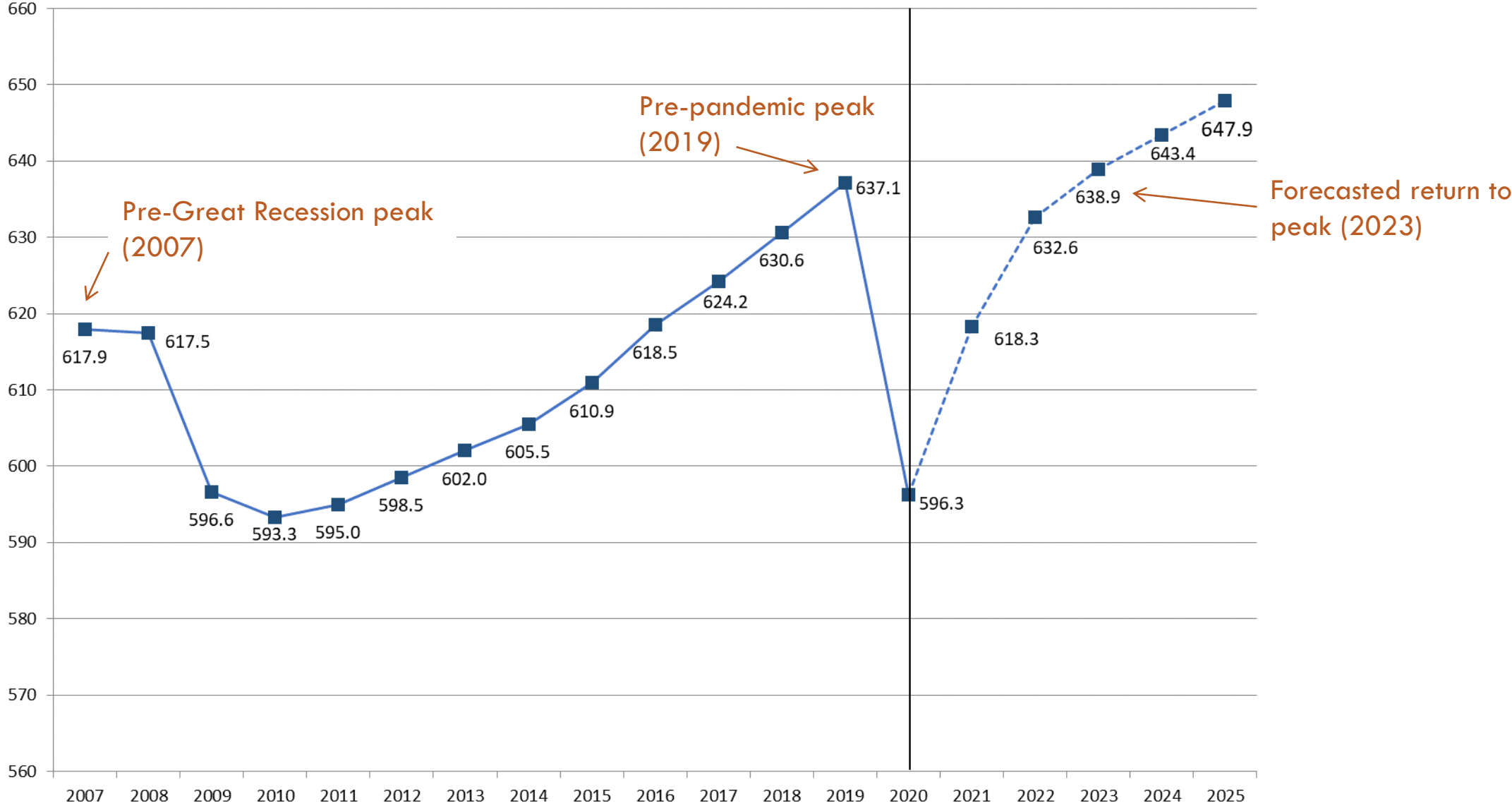


# Maine DOL surveyed unemployment claimants and active job seekers on barriers to return to work

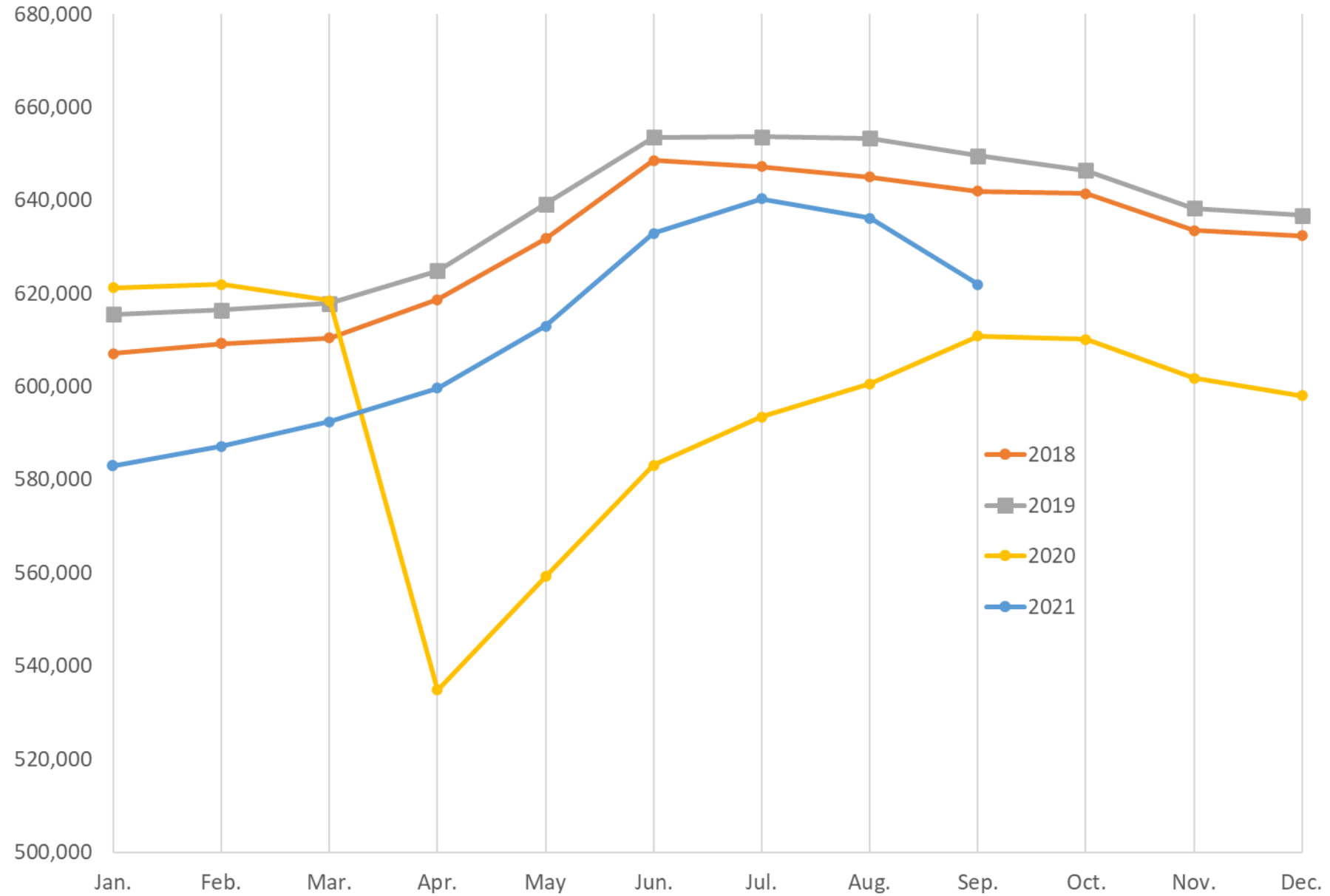
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- The most commonly cited barriers were “lack of opportunities that match my skill set” (34%) and “COVID health risks or concerns” (31%)
- Other reasons preventing return to work were concerns about job quality, inaccessibility of opportunities, and lack of social supports such as childcare or transportation
- Of those who did return to work, the most commonly cited enabling factors were that their previous employer rehired them (38%) and finding a job that matched their skillset (26%)

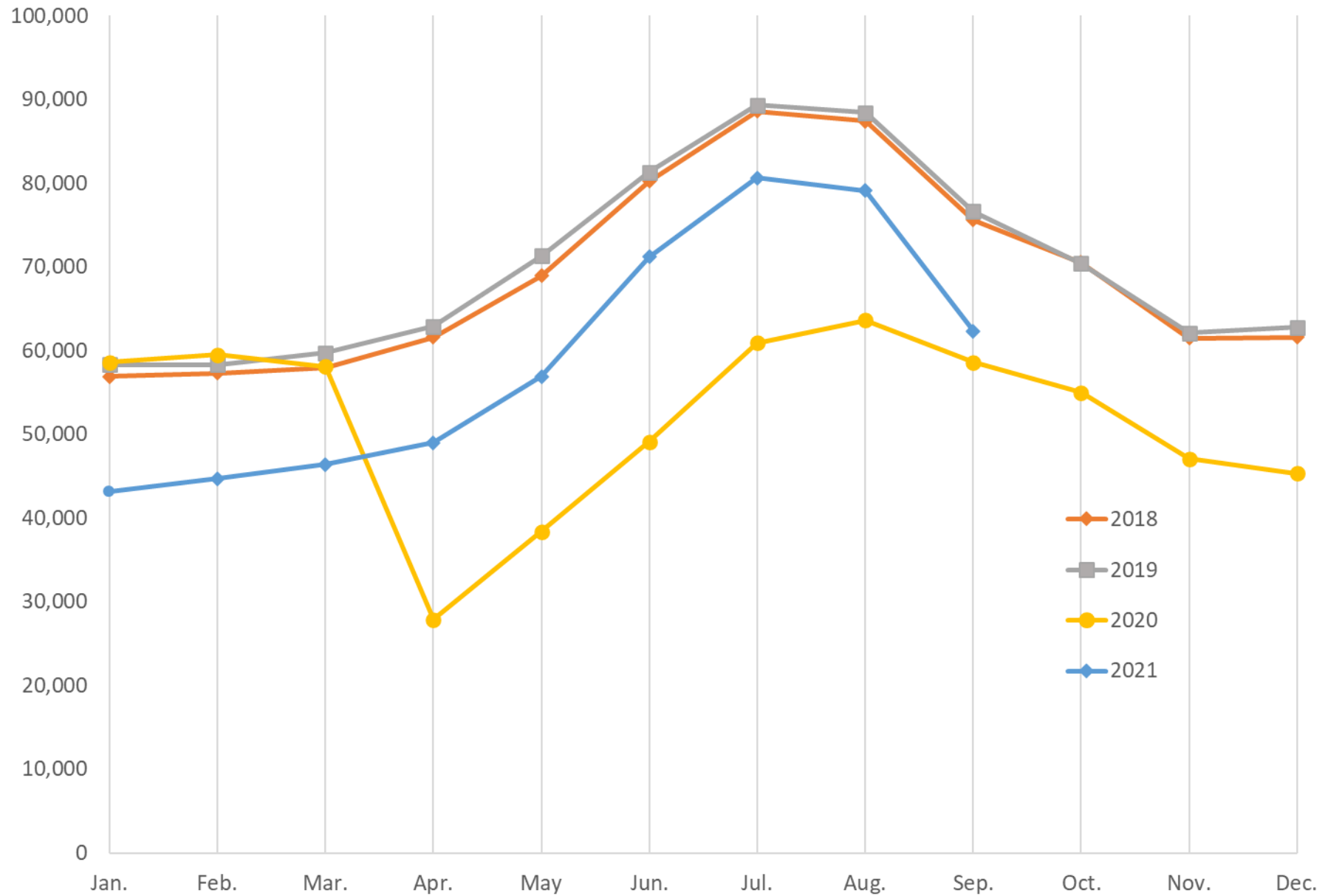
# Total Nonfarm Employment (in thousands) History and CEFC forecast



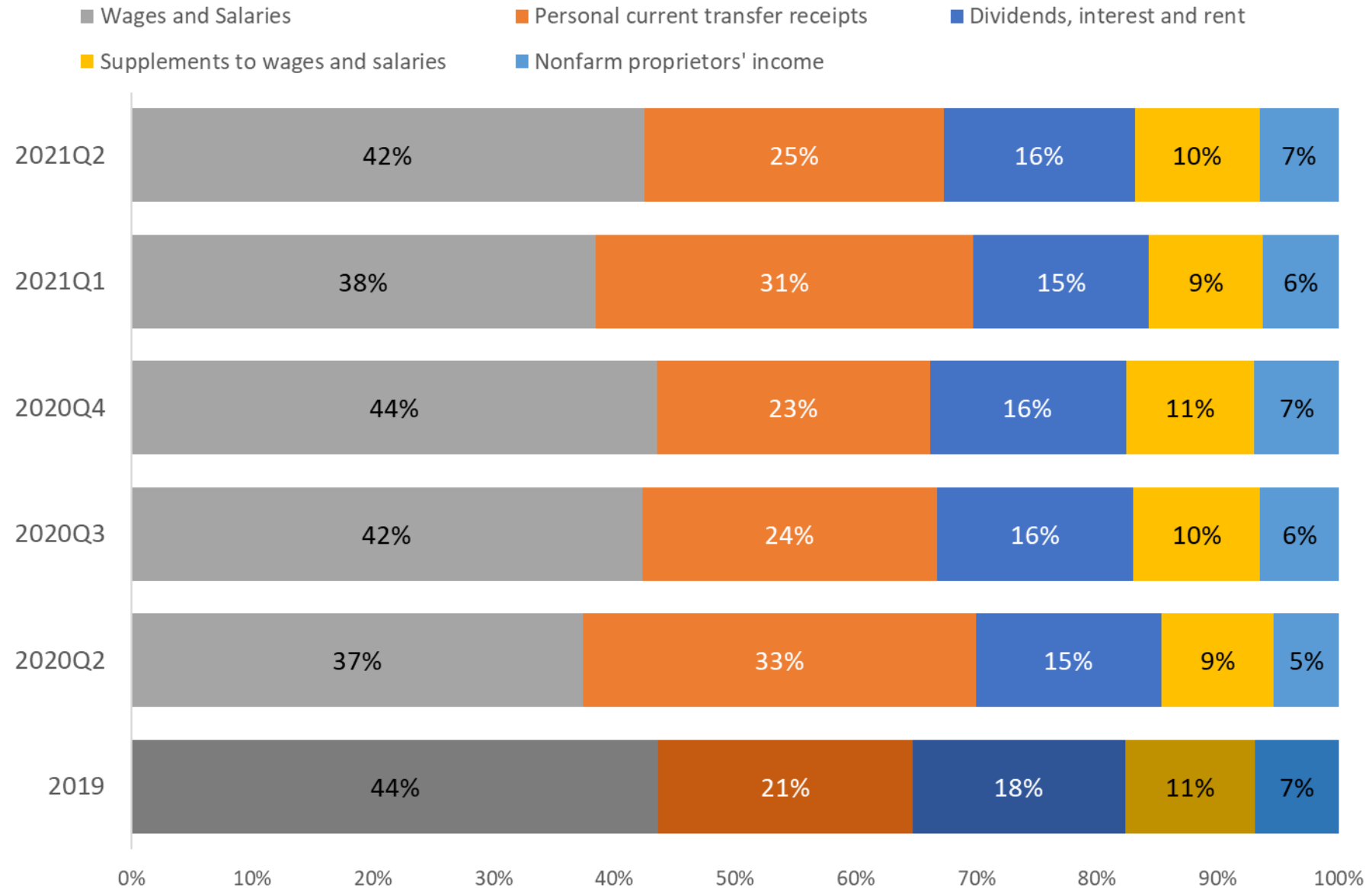
### Total Nonfarm Employment, Not Seasonally Adjusted



### Leisure and Hospitality Employment, Not Seasonally Adjusted

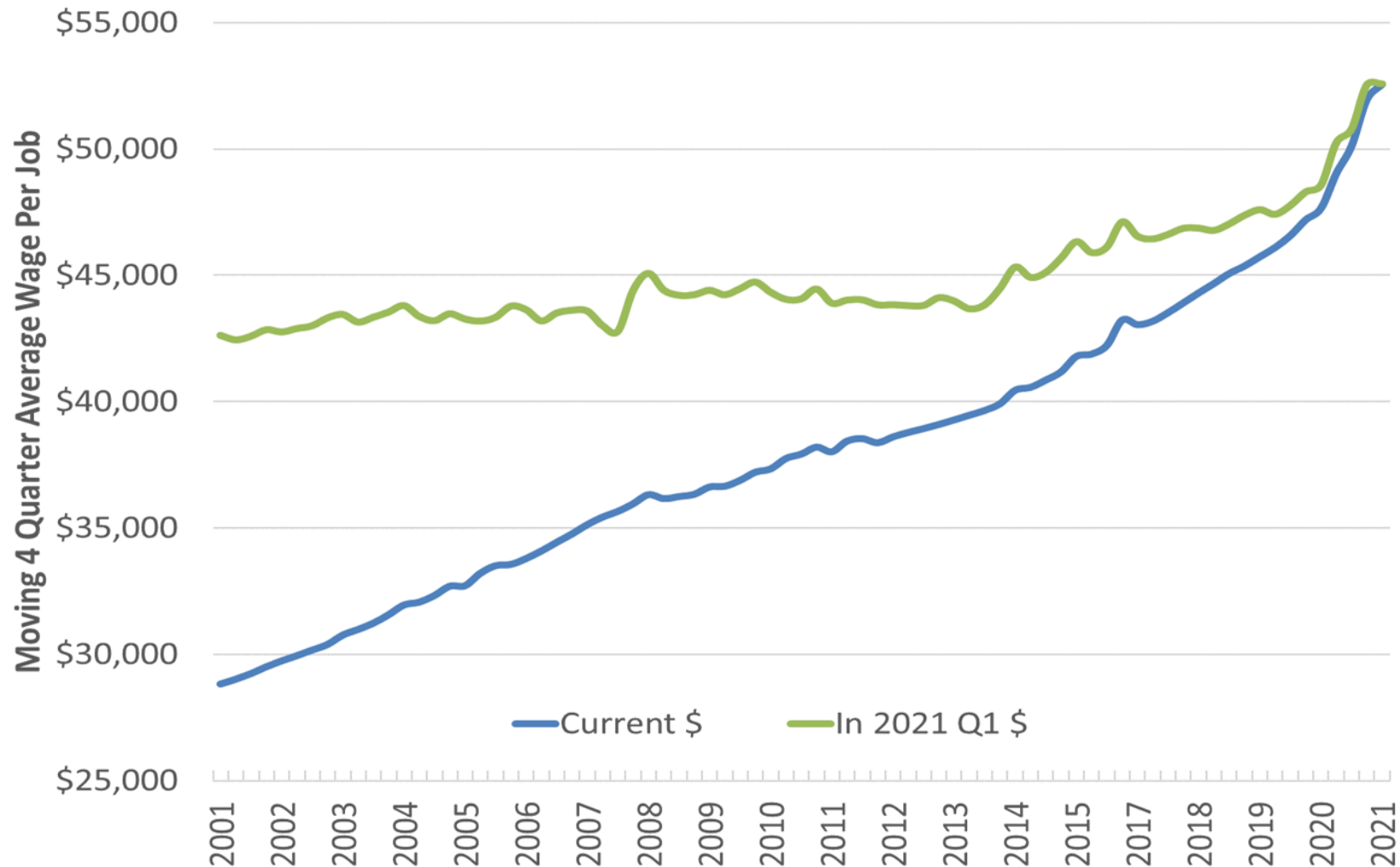


# Major Components of Personal Income, Maine



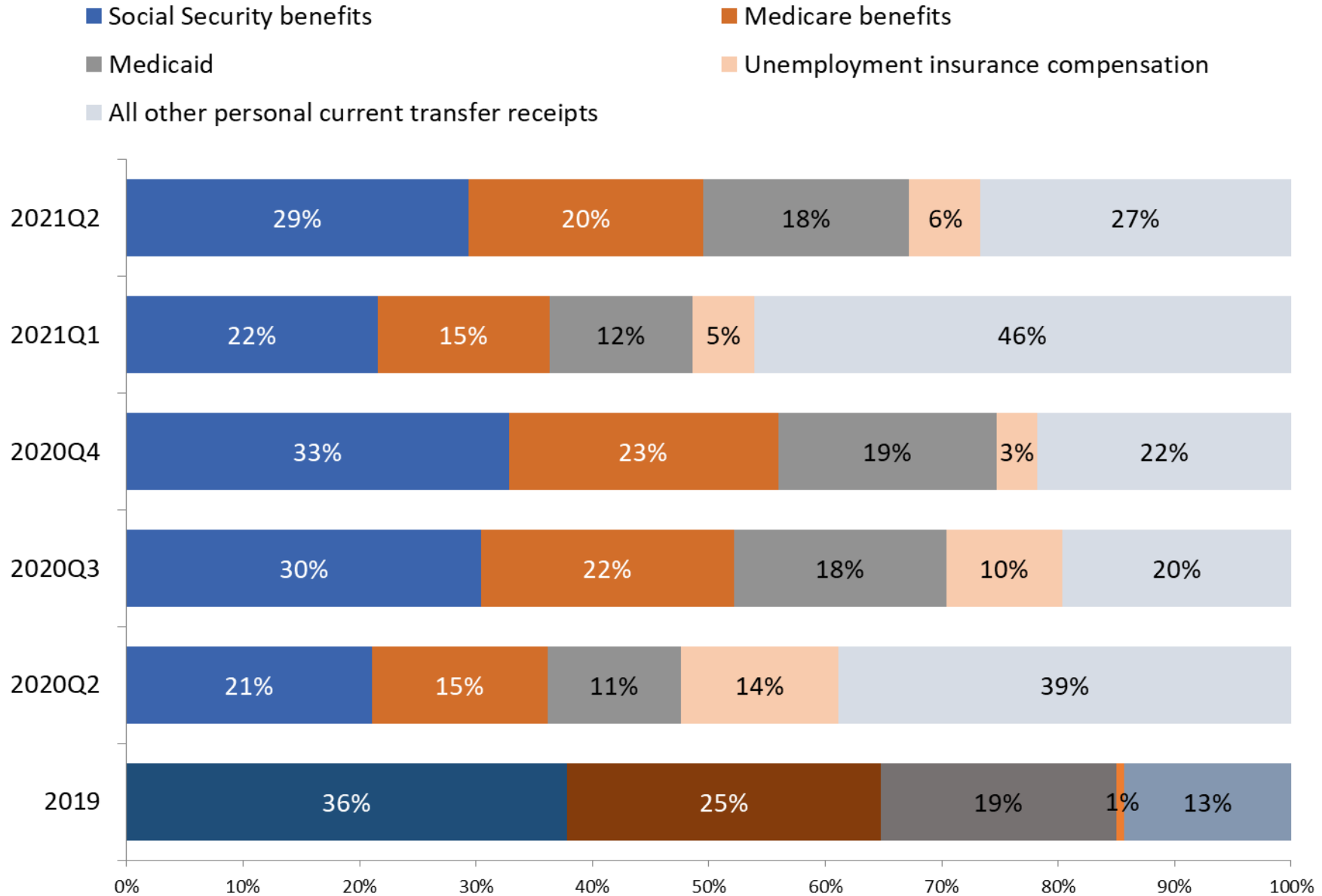
# Higher total wages spread across fewer jobs drove the average wage per job up sharply in the pandemic era

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Source: Maine Department of Labor, Center for Workforce Research and Information,  
<https://www.maine.gov/dafs/economist/sites/maine.gov.dafs.economist/files/inline-files/labor%20update.pdf>

## Components of Personal Current Transfer Receipts, Maine



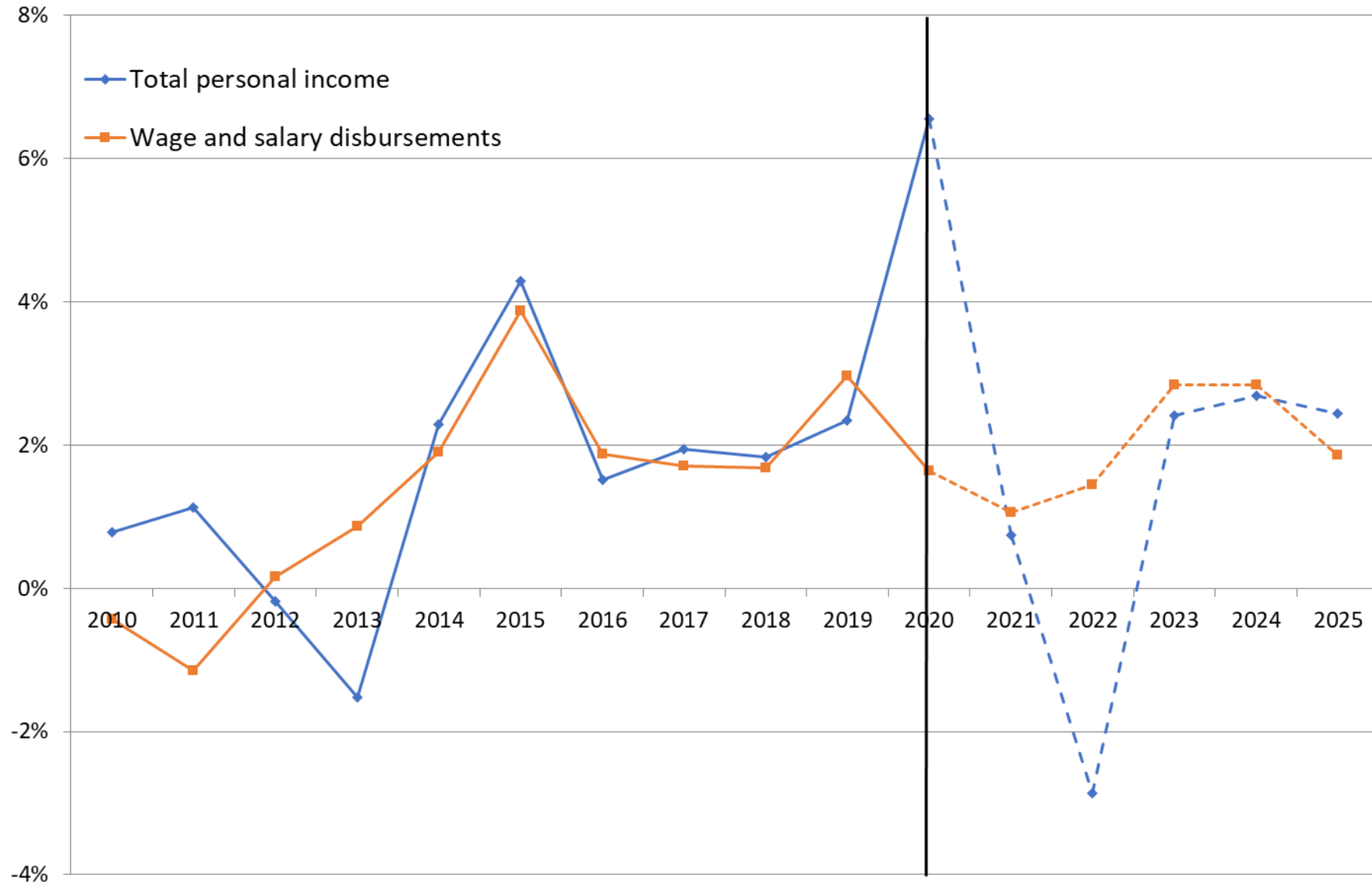
# Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020

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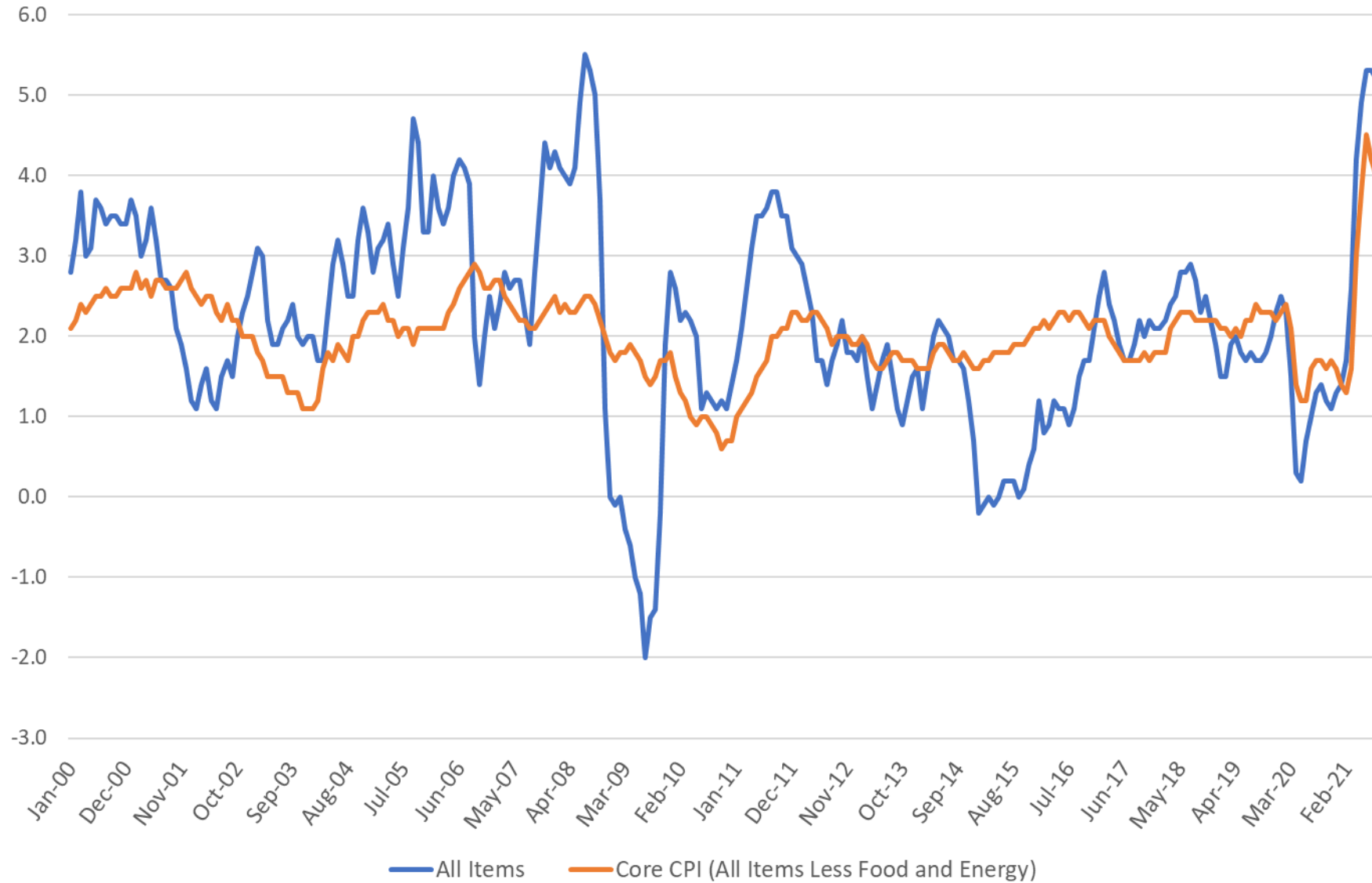
- While the official poverty rate was 11.4% in the U.S. in 2020, 1.0 percentage points higher than 2019, the Supplemental Poverty Measure (SPM) was 9.1% nationally, 2.6 percentage points LOWER than 2019
  - ▣ Without stimulus payments, the SPM would have been 12.7% rather than 9.1%
  
- Maine was one of 30 states where the 2018-2020 SPM (7.3%) was lower than the official measure (10.0%)
  
- 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



## Percent Change in Real Personal Income, Maine 2010-2020 and forecast to 2025

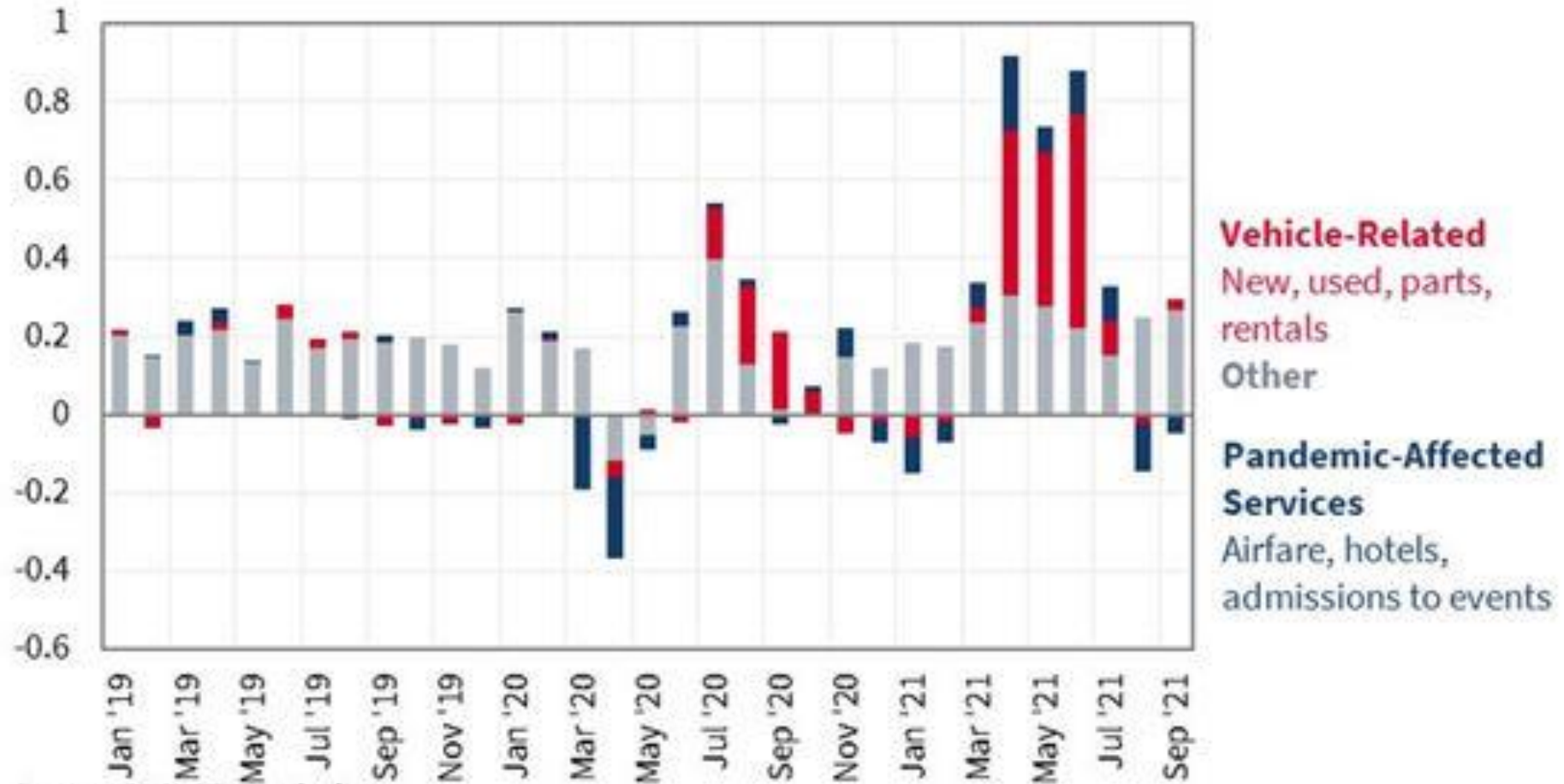


# Year-over-year percent change in Consumer Price Index (1982-84=100, seasonally adjusted)



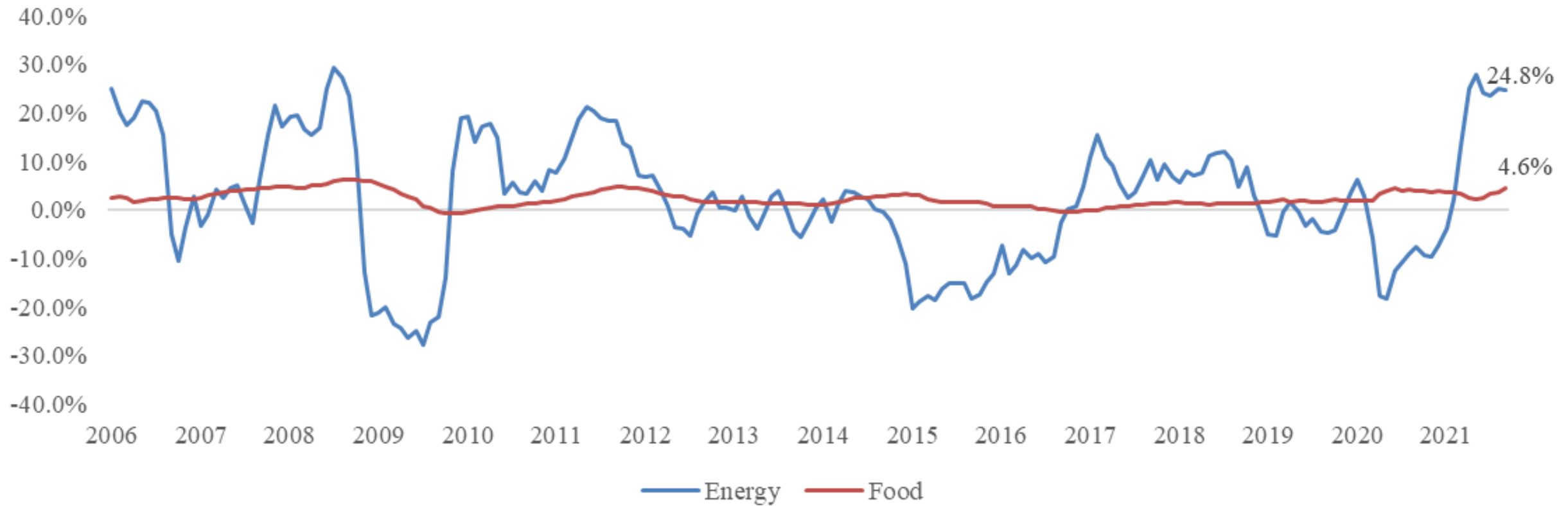
# Contributions to Monthly Core CPI Inflation

Percentage points, monthly rate

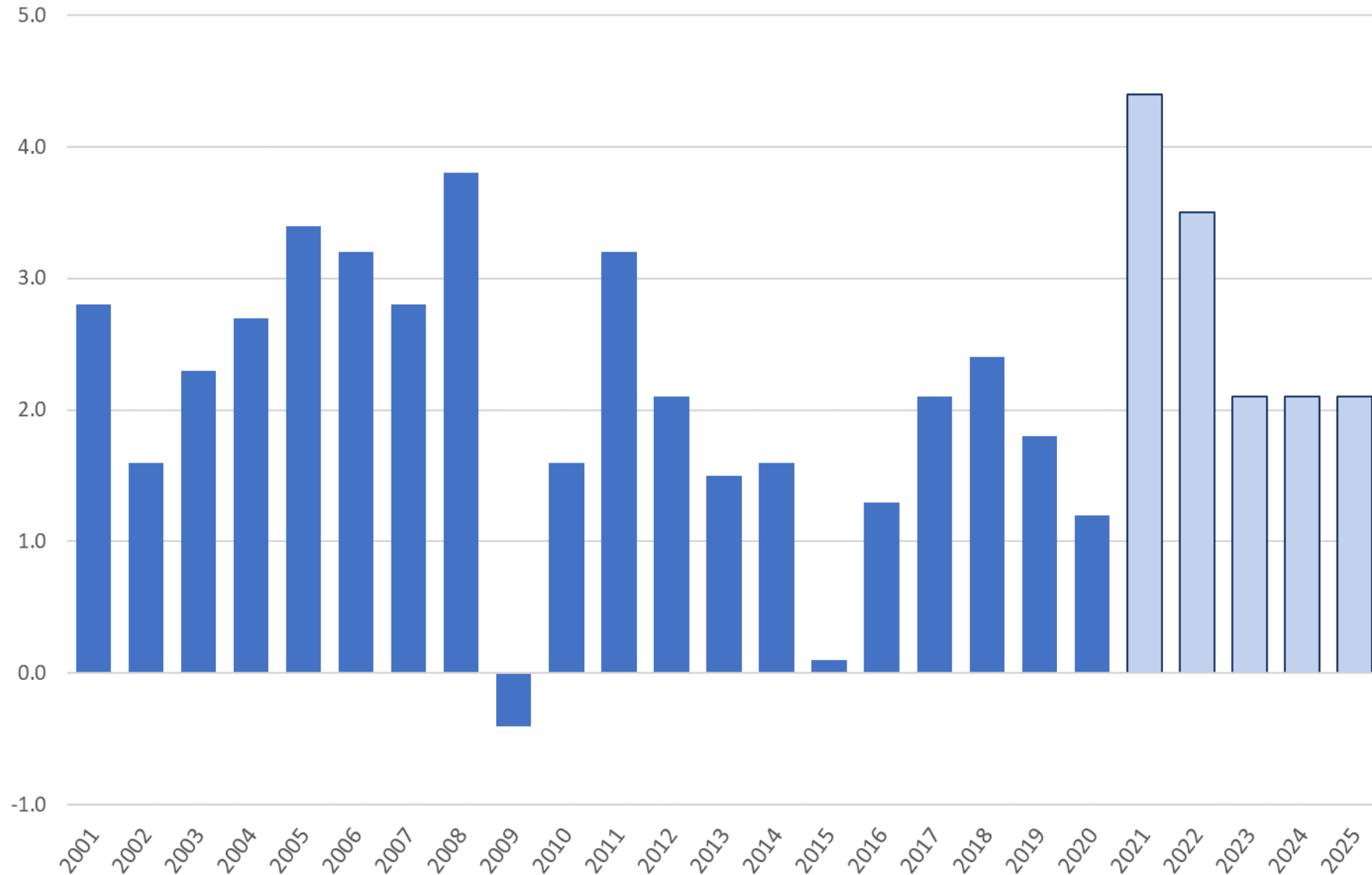


Source: BLS, CEA analysis.

## CPI-U, seasonally adjusted, Energy and Food



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



# NFIB COVID-19 Small Business Survey

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- Half of respondents in Sept. 2021 reported a significant impact from supply chain issues
  - ▣ 86% expect the disruptions to continue for at least 5 more months
  
- 45% of respondents reported moderate to significant staffing shortages
  - ▣ 52% of those are reporting loss of sales opportunities due to staffing
  - ▣ 77% of respondents reported increasing wages to attract applicants

# This was not a typical recession (as much as there is such a thing as a “typical” recession)

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Both the deepest and the shortest on record

Normally in a recession, we see more losses in goods-producing sectors while services hold up, but this time around, we saw the opposite

- ▣ Leisure and hospitality plus state and local government (mostly public education) accounted for 77% of net job loss Feb. 2020 – Aug. 2021
- ▣ Auto sales (up 5.6%) and building supply sales (up 19.9%) did very well in 2020, but restaurant (down 25.5%) and lodging sales (down 35.2%) were well below normal levels

Impacts have been highly disparate, with women, BIPOC, low-income households, households with children, and younger workers more affected (share of employment in hard hit sectors is one of the contributing factors)

- ▣ This is exacerbating existing inequities and is somewhat disguised by top-level indicators

# Things to keep in mind:

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- Economic health relies on public health, especially in key sectors of Maine's economy
- Supply chain issues have become a significant problem, contributing to increased inflation, and an extended period of supply chain disruptions could slow the recovery
  - Higher and more persistent inflation could lead to earlier and faster interest rate increases
- Federal support has been crucial, staving off what could have been far worse economic consequences
- What happens with remote work, migration, and job quality in the long term?



# Contact Information

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<https://www.maine.gov/dafs/economist>