MAINE'S ECONOMIC OUTLOOK

Midcoast Assessors

November 20, 2019

Amanda Rector Maine State Economist

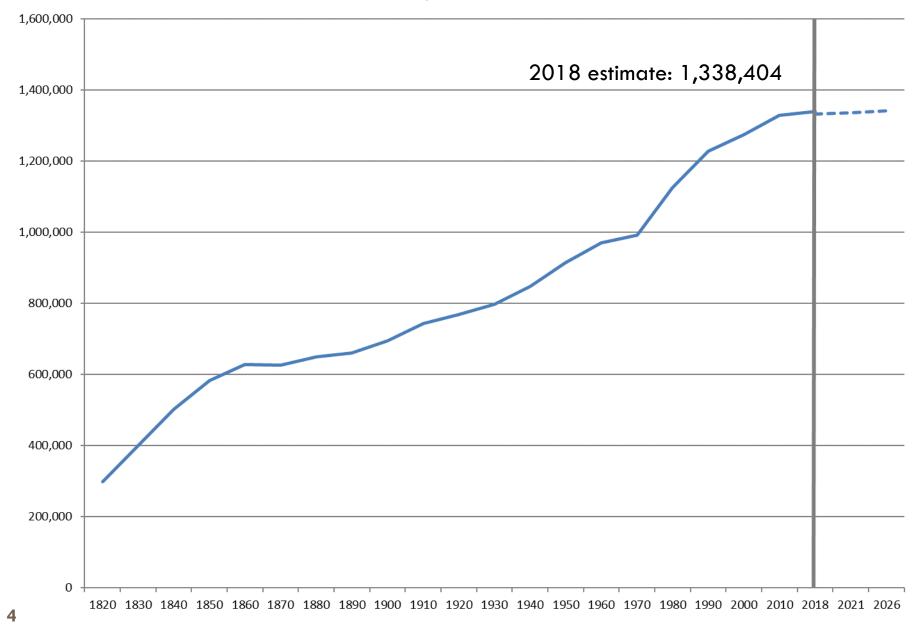
Overview

- Demographics and regional variations
- Labor force and employment
- Income and GDP
- Macroeconomic outlook
- □ Stress-testing revenues
- 10-year economic strategic planning

³ Demographics



Total Population, Maine





Maine: A Demographic Snapshot

2018 Population Estimate: 1,338,404

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

Source: U.S. Census Bureau, Population Estimates Program



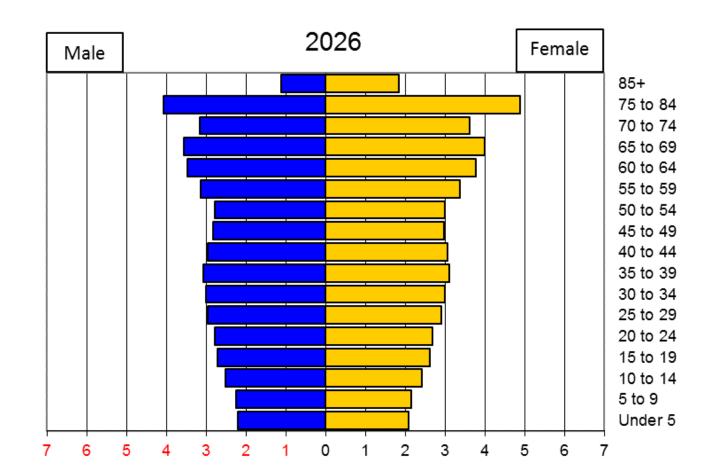
Improving Population Growth

In 2018, Maine's rate of total population increase ranked 34th and the rate of total net migration ranked 19th in the U.S.

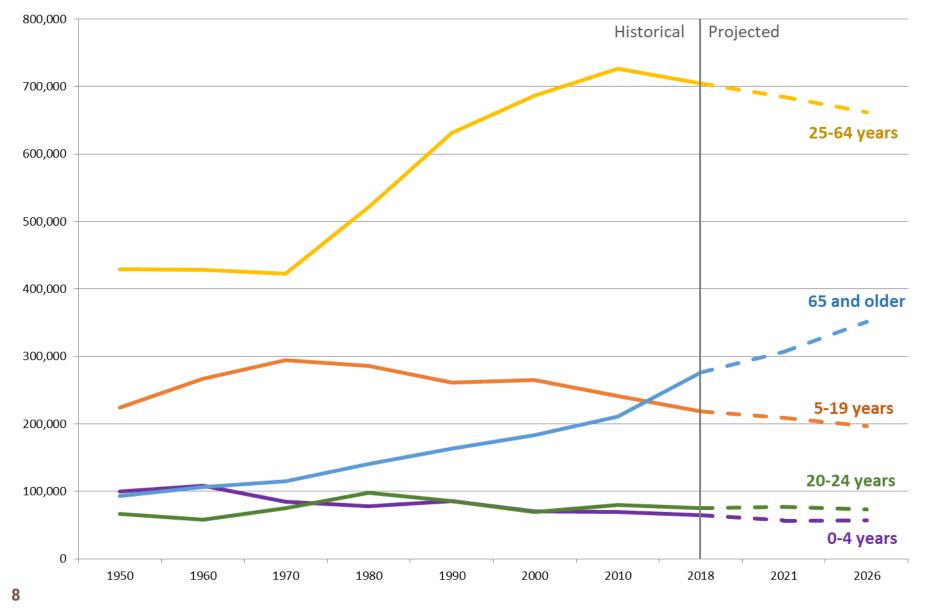
- Other states in the U.S. are starting to see their populations age and in-migration slow
- Maine has been at the leading edge and now other states are catching up

The Baby Boom Wave

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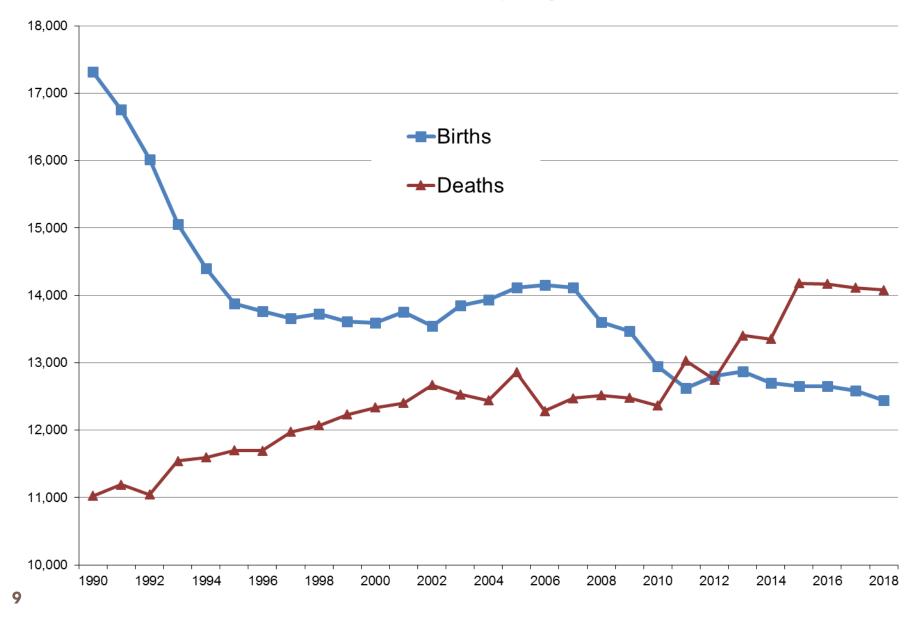


Maine Population Trends by Age 1950-2026



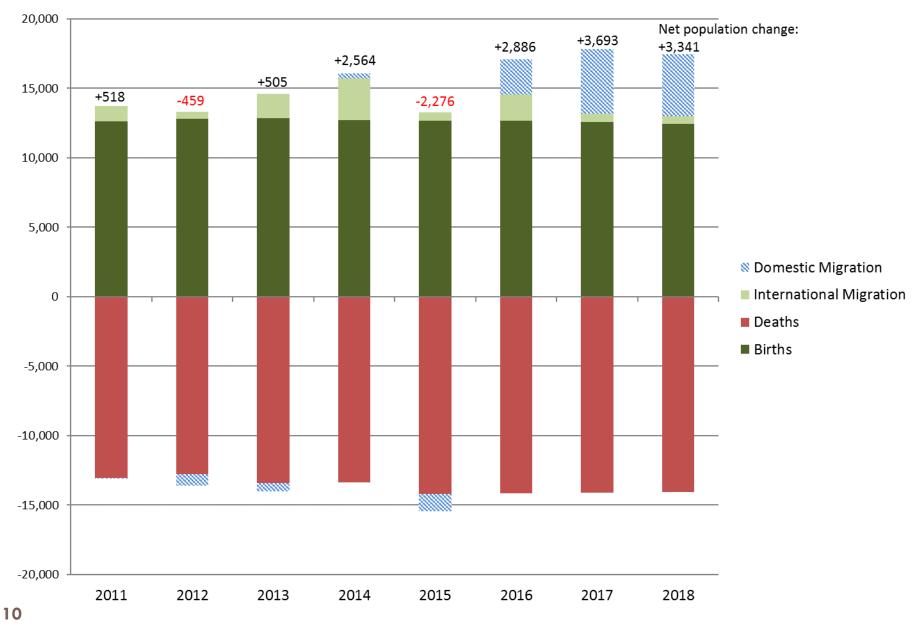
Sources: U.S. Census Bureau, Decennial Census; State Economist population projections

Births and Deaths per year in Maine



Sources: Maine Office of Data, Research, and Vital Statistics; U.S. Census Bureau Population Estimates Program

Components of Population Change, Maine

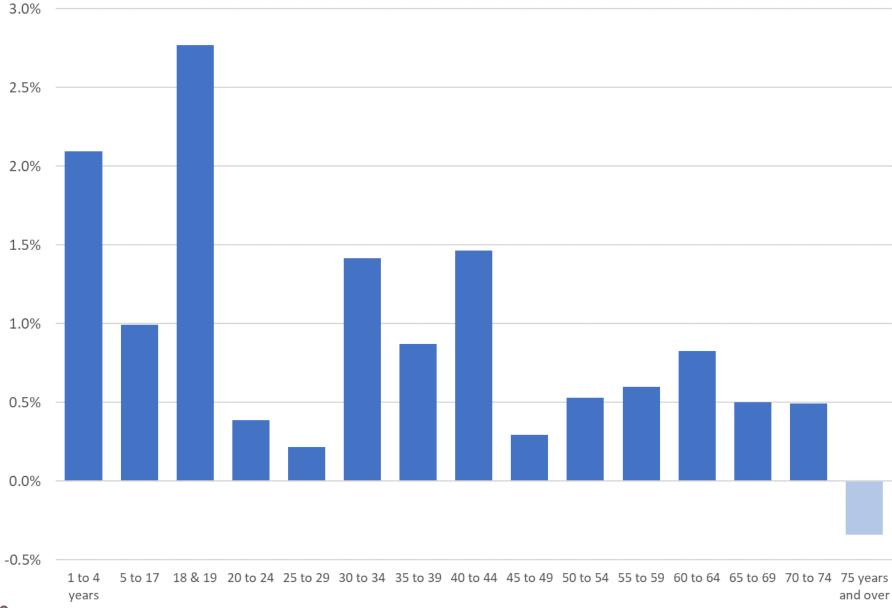


Source: U.S. Census Bureau, Population Estimates Program

Where are people moving to/from?

2018 State-to-State Migration Patterns						
Moved to Maine from:		Moved from Maine to:				
Massachusetts	5,775	New Hampshire	4,016			
New Hampshire	4,731	Massachusetts	3,188			
New York	2,909	Florida	2,783			
Texas	2,386	Connecticut	1,342			
Florida	2,082	California	1,294			
Connecticut	1,734	North Carolina	1,235			
Pennsylvania	1,393	Maryland	990			
Michigan	1,320	Pennsylvania	916			
North Carolina	1,049	Colorado	912			
Vermont	997	Texas	815			

Annual Domestic Migration Rate by Age, 2018

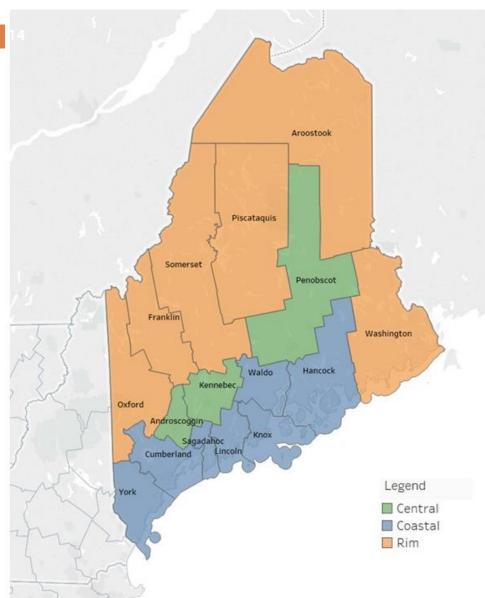


Source: U.S. Census Bureau, 2018 American Community Survey 1-year estimates

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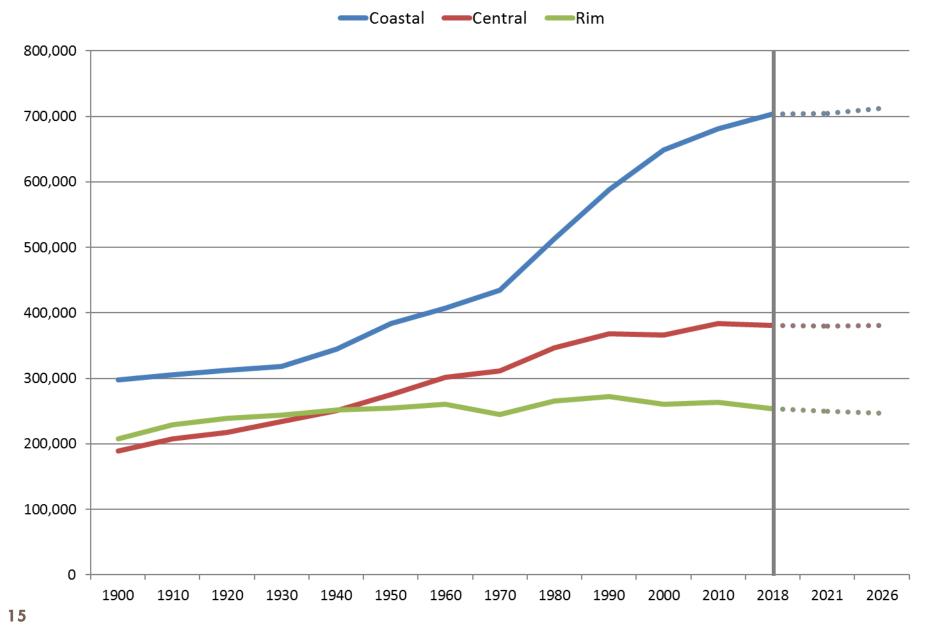
Regions of Maine



Three counties had peak decennial population in a year other than 2010:

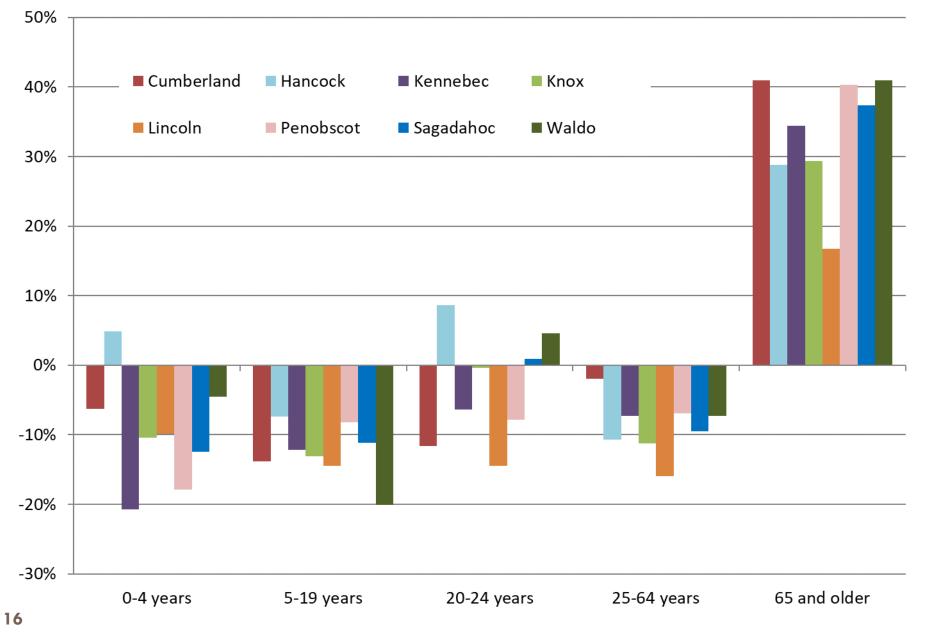
- Aroostook: 1960
- Piscataquis: 1920
- Washington: 1900

Total Population, Regions of Maine



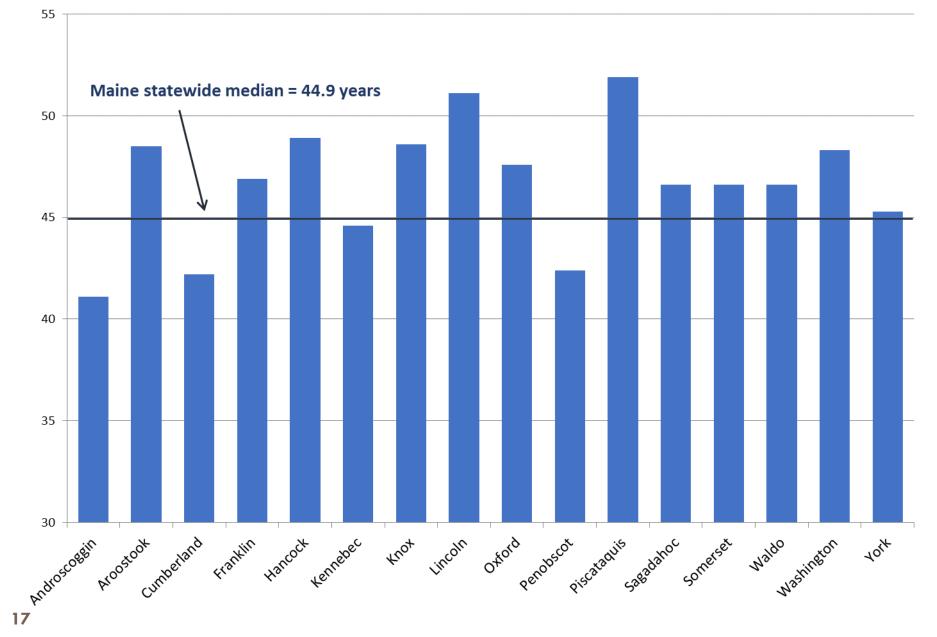


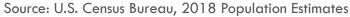
Projected Population Change by Age, 2016-2026



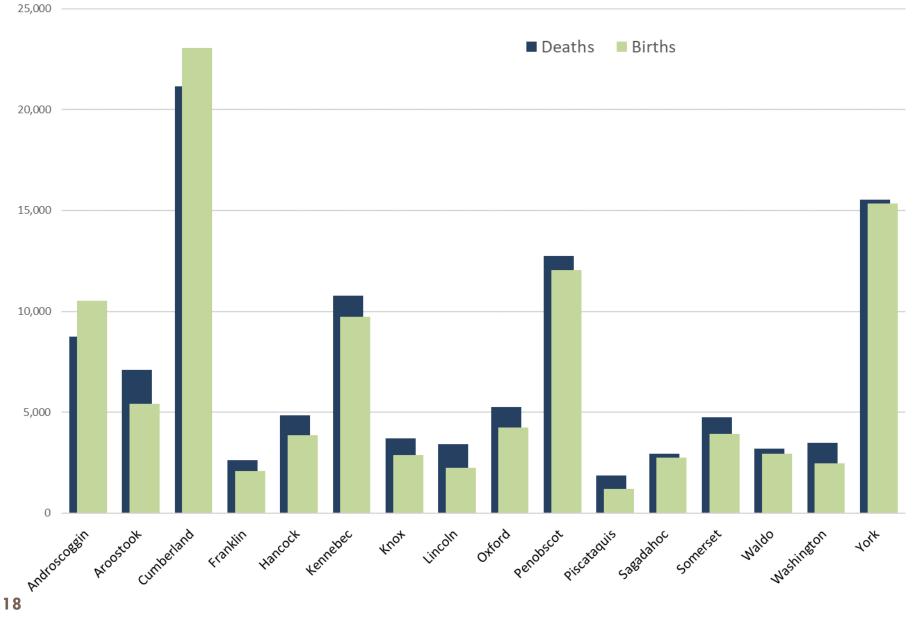
Sources: U.S. Census Bureau; State Economist population projections

Median Age



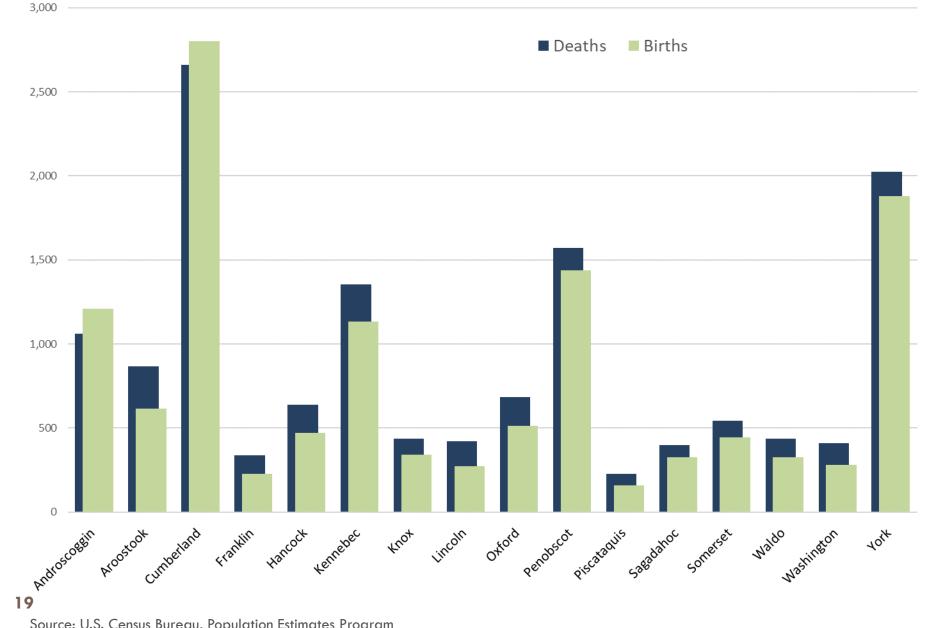


Cumulative Births and Deaths, 2010-2018



Source: U.S. Census Bureau, Population Estimates Program

Births and Deaths, 2017-2018



Source: U.S. Census Bureau, Population Estimates Program

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)

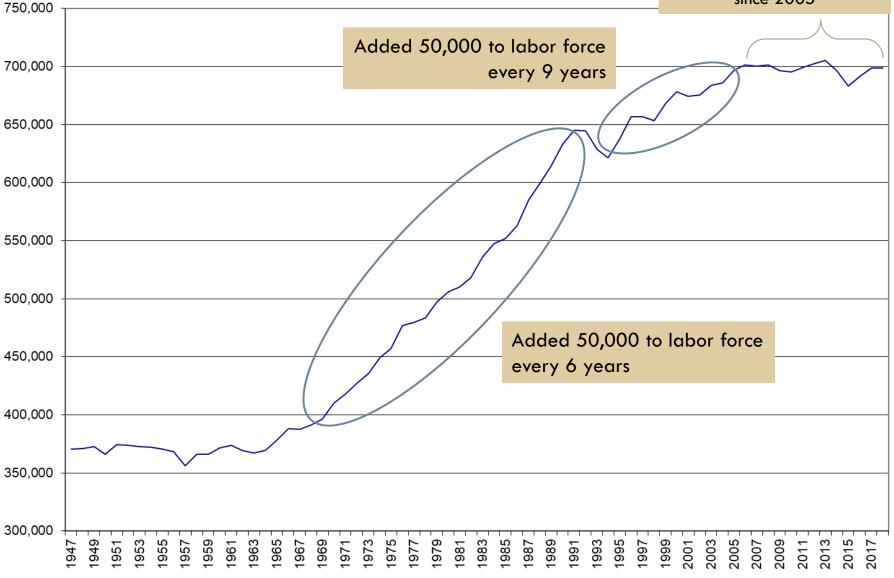
2017 - 2018

- □ 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)



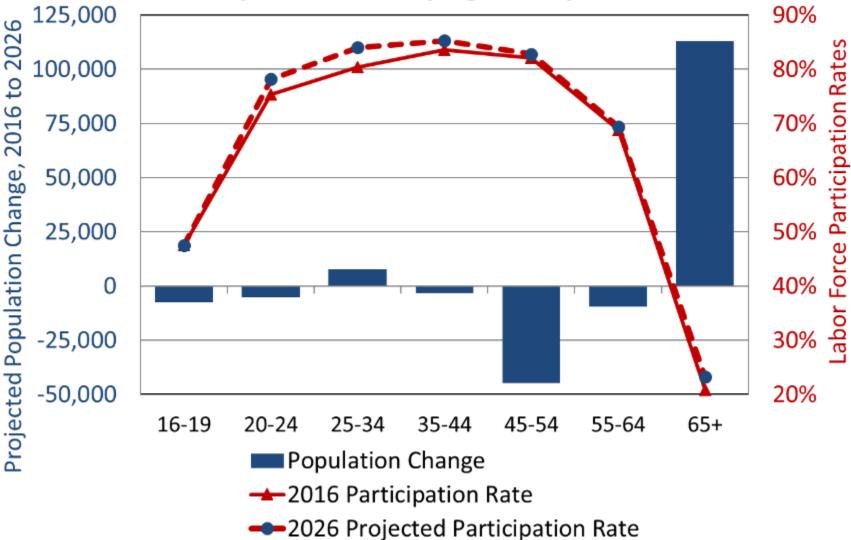
Maine Civilian Labor Force

Labor force has been flat since 2005



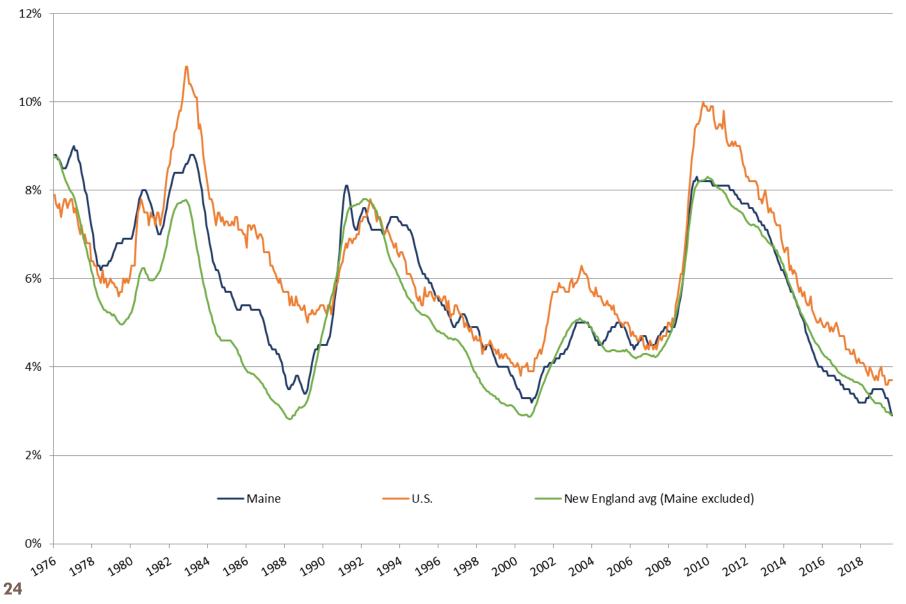
22 Source: Maine Department of Labor

Projected Population Change and Participation Rates by Age Group in Maine



23 Source: Maine Department of Labor, Employment Outlook to 2026; https://cwri1.blogspot.com/2018/07/employment-outlookto-2026.html

Monthly Unemployment Rate (Seasonally Adjusted)

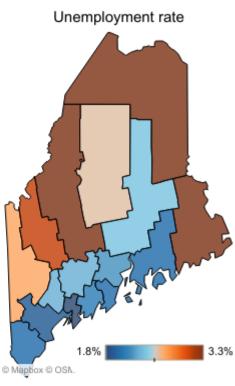


Source: Maine Department of Labor, Center for Workforce Research and Information

Regional variations persist in unemployment rates, although all are lower than one year prior

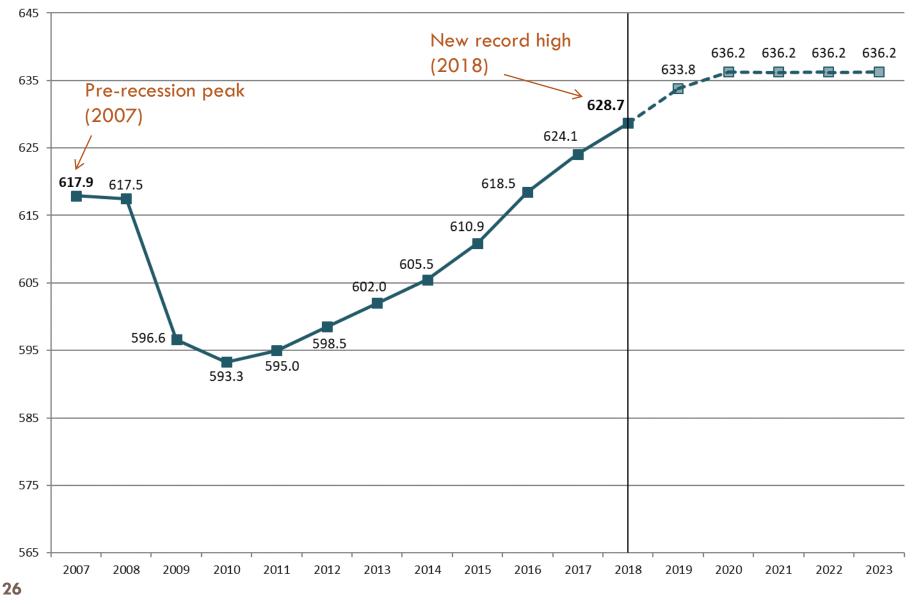
County Rates (not seasonally adjusted)

September, 2019	County	Rate	Year ago	One-yr change		ı
	Maine	2.3%	2.8%	-0.5	Ŧ	
	Androscoggin Cty	2.3%	3.0%	-0.7	+	
 Table 	Aroostook Cty	3.3%	3.9%	-0.6	+	
🔘 Graph	Cumberland Cty	1.9%	2.4%	-0.5	+	
	Franklin Cty	3.1%	3.2%	-0.1	+	
Map/Graph Display Onemployment rate	Hancock Cty	2.0%	2.3%	-0.3	+	
One-year change	Kennebec Cty	2.3%	2.8%	-0.5	+	
O one-year change	Knox Cty	2.0%	2.6%	-0.6	+	5
	Lincoln Cty	2.1%	2.4%	-0.3	+	
	Oxford Cty	2.7%	3.7%	-1.0	+	
	Penobscot Cty	2.4%	3.3%	-0.9	+	1 5
	Piscataquis Cty	2.6%	3.1%	-0.5	+	4
	Sagadahoc Cty	1.8%	2.3%	-0.5	+	1
	Somerset Cty	3.3%	4.1%	-0.8	+	S S
	Waldo Cty	2.2%	2.9%	-0.7	+	24
	Washington Cty	3.3%	4.0%	-0.7	+	
	York Cty	2.0%	2.5%	-0.5	Ŧ	1 2



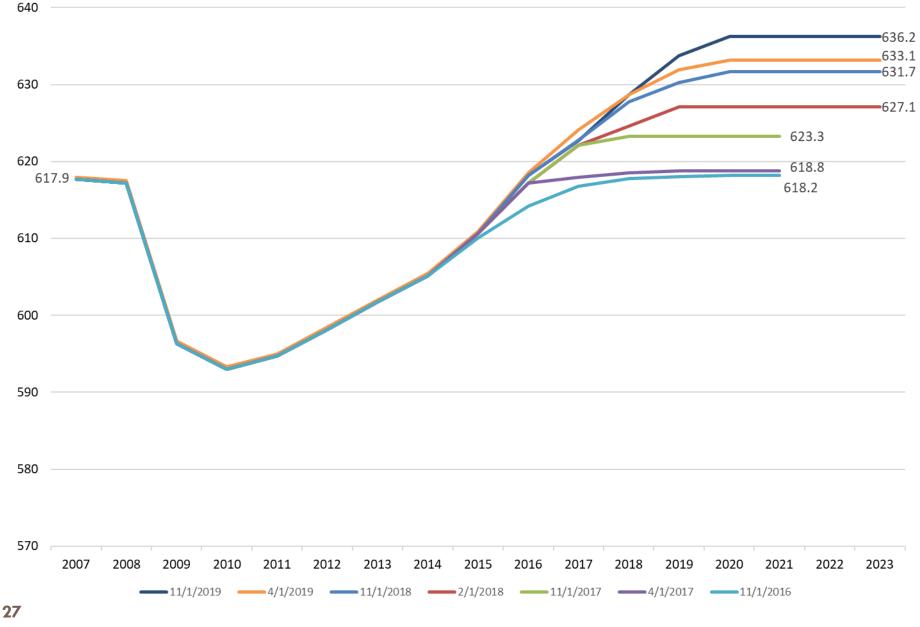
Maine Department of Labor, Center for Workforce Research and Information

Total Nonfarm Employment (in thousands) History and CEFC forecast



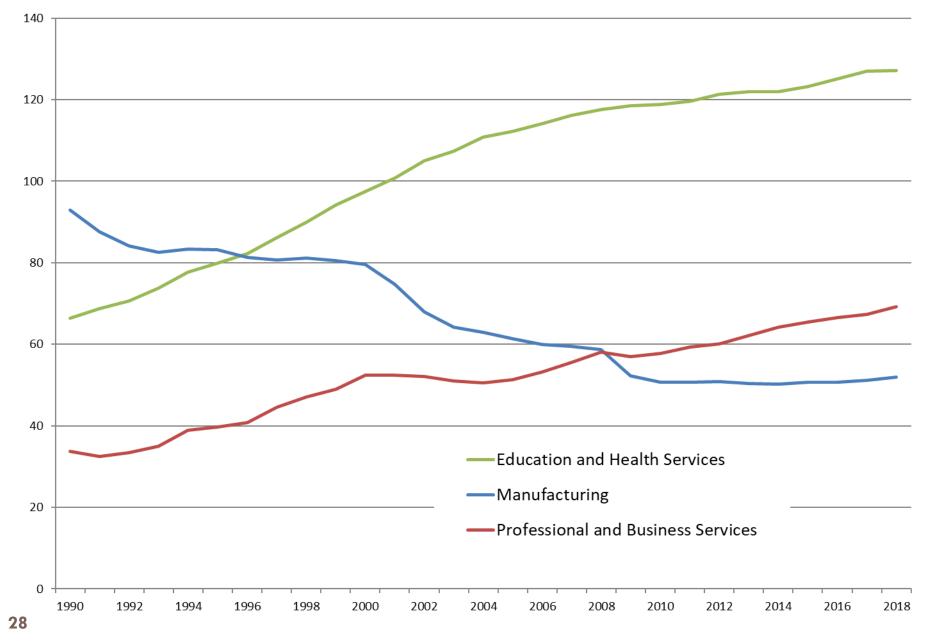
Sources: Maine Department of Labor and Consensus Economic Forecasting Commission report, November 1, 2019

Revisions to CEFC Forecast of Total Nonfarm Employment (in thousands)



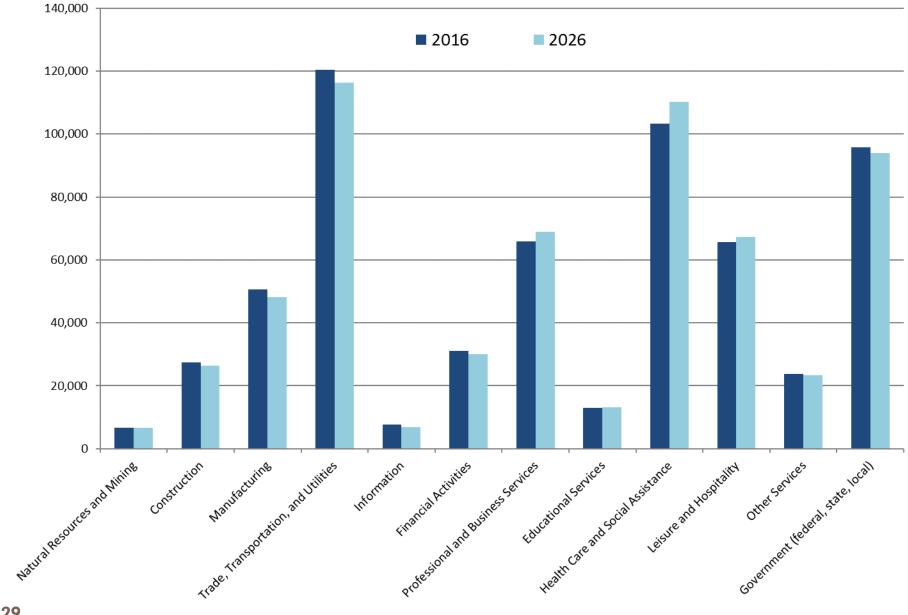
Source: Consensus Economic Forecasting Commission reports

Maine Wage and Salary Employment by Industry (in thousands)



Source: Maine Department of Labor, Center for Workforce Research and Information

Maine Wage and Salary Employment by Industry



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Source: Maine Department of Labor, Center for Workforce Research and Information

In nearly all counties, the local hospital/health care system is the 1st or 2nd largest employer

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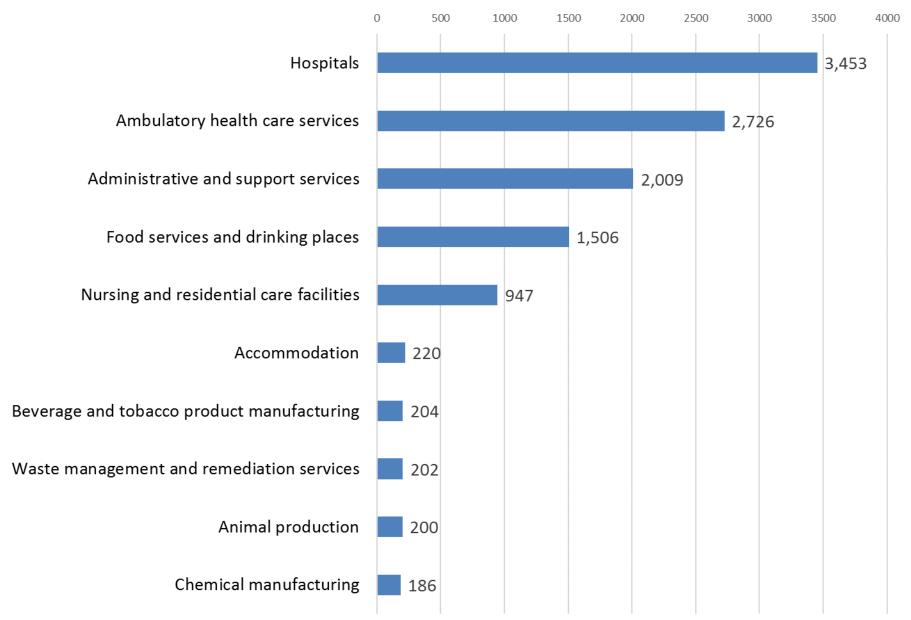
Employment Range

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Name	Location	Business Description	Employment Range	Rank
MAINEHEALTH	STATEWIDE	General medical and surgical hospitals	15,001 to 15,500	1
HANNAFORD BROS CO	STATEWIDE	Supermarkets and other grocery stores	8,501 to 9,000	2
WAL MART / SAM'S CLUB	STATEWIDE	Warehouse Clubs and Supercenters	6,501 to 7,000	3
BATH IRON WORKS CORP GEN DYN.	BATH	Ship building and repairing	5,001 to 5,500	4
L.L.BEAN, INC.	STATEWIDE	Electronic Shopping and Mail-Order Houses	4,501 to 5,000	5
EASTERN MAINE MEDICAL CENTER	STATEWIDE	General medical and surgical hospitals	4,001 to 4,500	6
MAINEGENERAL MEDICAL CTR	STATEWIDE	General medical and surgical hospitals	3,501 to 4,000	7
T D BANK N A	STATEWIDE	Commercial banking	3,001 to 3,500	8
UNUM GROUP	PORTLAND	Direct life insurance carriers	2,501 to 3,000	9
CENTRAL MAINE HEALTHCARE CO	LEWISTON	General medical and surgical hospitals	2,501 to 3,000	10
SHAWS SUPERMARKETS INC	STATEWIDE	Supermarkets and other grocery stores	2,501 to 3,000	11
PRATT & WHITNEY AIRCRAFT GRO	NORTH BERWI	Aircraft engine and engine parts mfg.	2,001 to 2,500	12
ST MARY'S REGIONAL MEDICAL CTR	STATEWIDE	General medical and surgical hospitals	1,501 to 2,000	13
THE JACKSON LABORATORY	BAR HARBOR	Research and Development in Biotechnology	1,001 to 1,500	14
HOME DEPOT USA INC	STATEWIDE	Home centers	1,001 to 1,500	15
MERCY HOSPITAL	PORTLAND	General medical and surgical hospitals	1,001 to 1,500	16
LOWES HOME CENTERS LLC	STATEWIDE	Home centers	1,001 to 1,500	17
MID COAST HOSPITAL	BRUNSWICK	General medical and surgical hospitals	1,001 to 1,500	18
UNIVERSITY OF NEW ENGLAND	STATEWIDE	Colleges and universities	1,001 to 1,500	19
BOWDOIN COLLEGE	BRUNSWICK	Colleges and universities	1,001 to 1,500	20
CIRCLE K	STATEWIDE	Gasoline stations with convenience stores	1,001 to 1,500	21
S D WARREN	STATEWIDE	Paper, except newsprint, mills	1,001 to 1,500	22
IDEXX LABORATORIES INC	WESTBROOK	Pharmaceutical preparation manufacturing	1,001 to 1,500	23
GOODWILL INDUSTRIES OF NORTH	STATEWIDE	Vocational rehabilitation services	1,001 to 1,500	24
YORK HOSPITAL	STATEWIDE	General medical and surgical hospitals	1.001 to 1.500	25

Maine Department of Labor, Center for Workforce, Research and Information, Quarterly Census of Employment and Wages survey.

Industries Projected to Gain the Largest Number of Jobs in Maine Between 2016 and 2026



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Source: Maine Department of Labor, Center for Workforce Research and Information

Graph
 Table

Top 25

Education Requirement:

- 🖲 All
- O High School Diploma or Less
- O Some College or Associate's De

Percent

SOC

O Bachelor's Degree or Higher

Select Topic:

- O Largest Annual Openings
- C Largest Net Job Growth
- Fastest Rate of Job Growth
- Largest Net Job Loss
- O Fastest Rate of Job Loss
- High school diploma or equi
- Postsecondary non-degree
- Associate's degree
- Bachelor's degree
- Master's degree
- Master's degree
- Doctoral or professional degr
- No formal educational crede.

Cha		Code	Job Title	-		
27.9	9%	15-2041	Statisticians			27.9%
27.7	7%	29-1071	Physician Assistants			27.7%
26.4	4%	29-1171	Nurse Practitioners			26.4%
23.4	4%	29-1126	Respiratory Therapists			23.4%
22.7	7%	15-1122	Information Security Analysts			22.7%
21.5	5%	15-1132	Software Developers, Applications			21.5%
20.5	5%	15-2031	Operations Research Analysts			20.5%
20.0	0%	29-2032	Diagnostic Medical Sonographers			20.0%
, 17.6	6%	31-2021	Physical Therapist Assistants		17	.6%
15.9	9%	31-9092	Medical Assistants		15.99	%
15.6	6%	31-9097	Phlebotomists		15.6%	6
14.9	9%	29-1123	Physical Therapists		14.9%	
13.6	6%	25-1072	Nursing Instructors and Teachers, Postsecondary		13.6%	
. 13.4	4%	25-1071	Health Specialties Teachers, Postsecondary		13.4%	
13.0	0%	39-4021	Funeral Attendants		13.0%	
13.0	0%	31-2011	Occupational Therapy Assistants		13.0%	
12.7	7%	31-1011	Home Health Aides		12.7%	
12.3	3%	29-9091	Athletic Trainers		12.3%	
12.1	1%	11-9111	Medical and Health Services Managers		12.1%	
11.7	7%	23-2011	Paralegals and Legal Assistants		11.7%	
11.6	6%	15-2011	Actuaries		11.6%	

Percent Change

Source: Maine Department of Labor, Employment Outlook to 2026; https://www.maine.gov/labor/cwri/outlook.html

Display

Graph

O Table

Region

- Coastal Counties Region
- O Central-Western Regio
- O Northeast Region

Top 25

Education Requirement:

- 🖲 All
- O High School Diploma or Less
- O Some College or Associate's De.
- O Bachelor's Degree or Higher
- High school diploma or equival
- Some college, no degree
- Postsecondary non-degree awa
- Bachelor's degree
- No formal educational credentia

25 Occupations with the Largest Projected Annual Openings by Region

inn 41-2031 Ketail Salespersons 1,1,1 35-3031 Waiters and Waitresses 1,41 35-3021 Cashiers 1,364 35-3021 Combined Food Preparation and Serving Workers, Including Fast Food 1,221 39-9021 Personal Care Aides 1,146 37-2011 Janitors and Cleaners, Except Maids and Housekeeping Cleaners 787 37-2011 Janitors and Cleaners, Except Maids and Housekeeping Cleaners 787 35-3022 Food Preparation Workers 652 11-1021 General and Operations Managers 601 43-5081 Stock Clerks and Order Fillers 579 35-3022 Counter Attendants, Cafeteria, Food Concession, and Coffee Shop 517 31-1014 Nursing Assistants 501 37-3011 Landscaping and Groundskeeping Workers 496 35-2022 Maids and Housekeeping Cleaners 474 37-2012 Maids and Housekeeping Cleaners 470 43-6014 Secretaries and Administrative Assistants, Except Legal, Medical, and Executive 466 29-1141 Registered Nurses 441 43-3031 Bookkeeping, Accounting, and Auditing		SOC Code	Job Title			
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35-3021Combined Food Preparation and Serving Workers, Including Fast Food1,22139-9021Personal Care Aides1,14643-4051Customer Service Representatives81037-2011Janitors and Cleaners, Except Maids and Housekeeping Cleaners787value43-9061Office Clerks, General65235-2021Food Preparation Workers63011-1021General and Operations Managers60143-5081Stock Clerks and Order Fillers57935-3022Counter Attendants, Cafeteria, Food Concession, and Coffee Shop51731-1014Nursing Assistants50135-2014Cooks, Restaurant447437-2012Maids and Housekeeping Cleaners47043-6014Secretaries and Administrative Assistants, Except Legal, Medical, and Executive46629-1141Registered Nurses44541-1011First-Line Supervisors of Retail Sales Workers43753-3032Heavy and Tractor-Trailer Truck Drivers41439-9011Childcare Workers37747-2031Carpenters35835-3011Bartenders358	ION	35-3031	Waiters and Waitresses		•	1,419
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43-4051 Customer Service Representatives 810 37-2011 Janitors and Cleaners, Except Maids and Housekeeping Cleaners 787 or Less 43-9061 Office Clerks, General 652 ucitat's De 35-2021 Food Preparation Workers 630 11-1021 General and Operations Managers 601 43-5081 Stock Clerks and Order Fillers 579 35-3022 Counter Attendants, Cafeteria, Food Concession, and Coffee Shop 5117 31-1014 Nursing Assistants 501 35-2014 Cooks, Restaurant 496 35-2014 Cooks, Restaurant 474 37-2012 Maids and Housekeeping Cleaners 470 35-2014 Cooks, Restaurant 4466 37-2012 Maids and Housekeeping Cleaners 476 35-2014 Cooks, Restaurant 4466 36-1014 Secretaries and Administrative Assistants, Except Legal, Medical, and Executive 4666 29-1141 Registered Nurses 441 43-3031 Bookkeeping, Accounting, and Auditing Clerks 437 53-3032 Heavy and Tractor-Trailer Truck Drivers 414 39-9011 Childcare Workers 358 35-3011 Bartenders 358		35-3021	Combined Food Preparation and Serving Workers, Including Fast Food		1,2	21
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35-3011 Bartenders 358		39-9011	Childcare Workers	377		
		47-2031	Carpenters	:	358	
0 1000		35-3011	Bartenders		358	
Annual Total Opening				0	1,000	2,000

Annual Total Openings

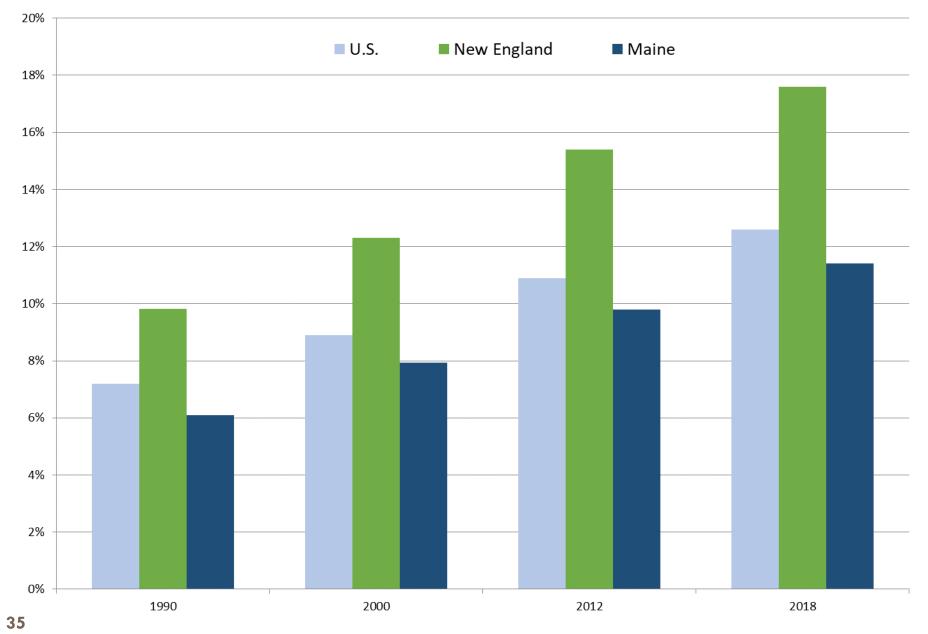
Source: Maine Department of Labor, Regional Employment Outlook to 2027; https://www.maine.gov/labor/cwri/outlook.html

Percent of Population Age 25+ with a Bachelor's Degree or Higher



Source: U.S. Census Bureau, Decennial Census and American Community Survey 1-year estimates

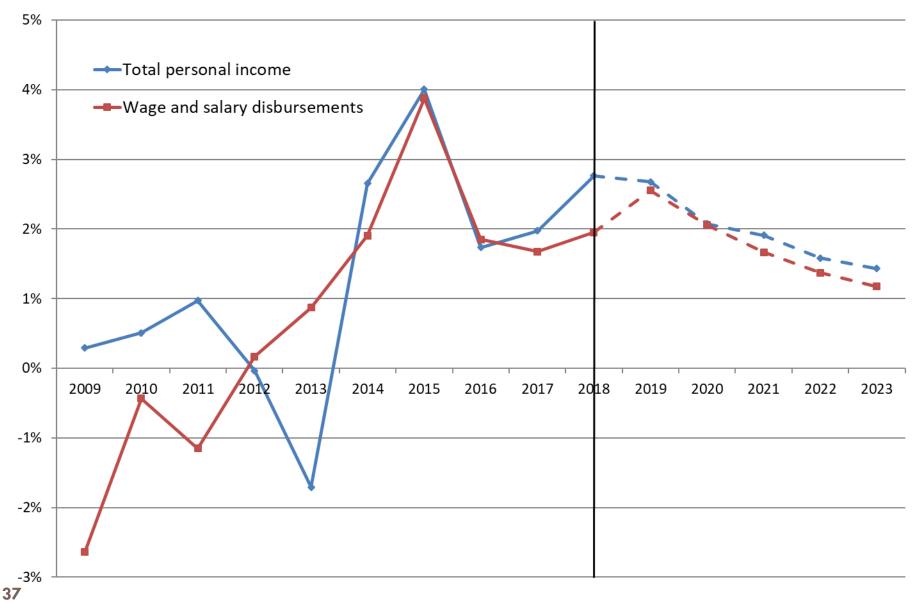
Percent of Population Age 25+ with a Graduate or Professional Degree



Source: U.S. Census Bureau, Decennial Census and American Community Survey 1-year estimates



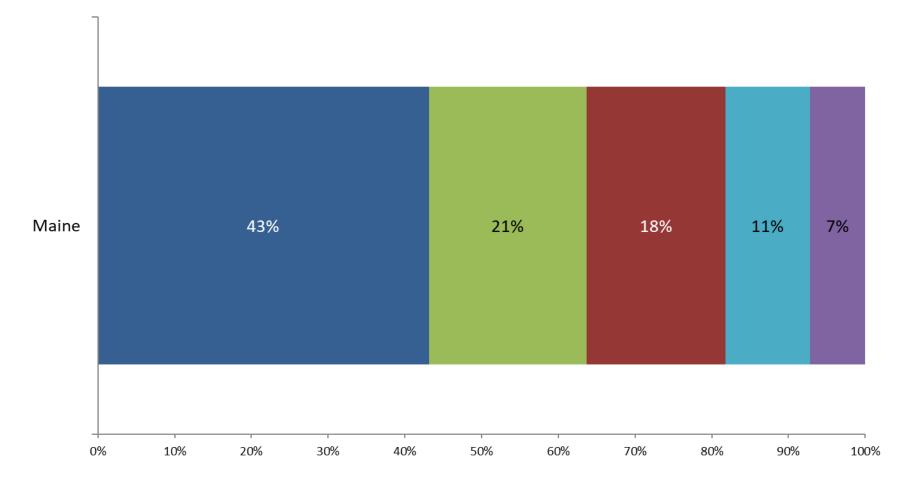
Percent Change in Real Personal Income, Maine 2009-2018 and forecast to 2023



Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; CEFC report, November 1, 2019

Major Components of Personal Income, 2018

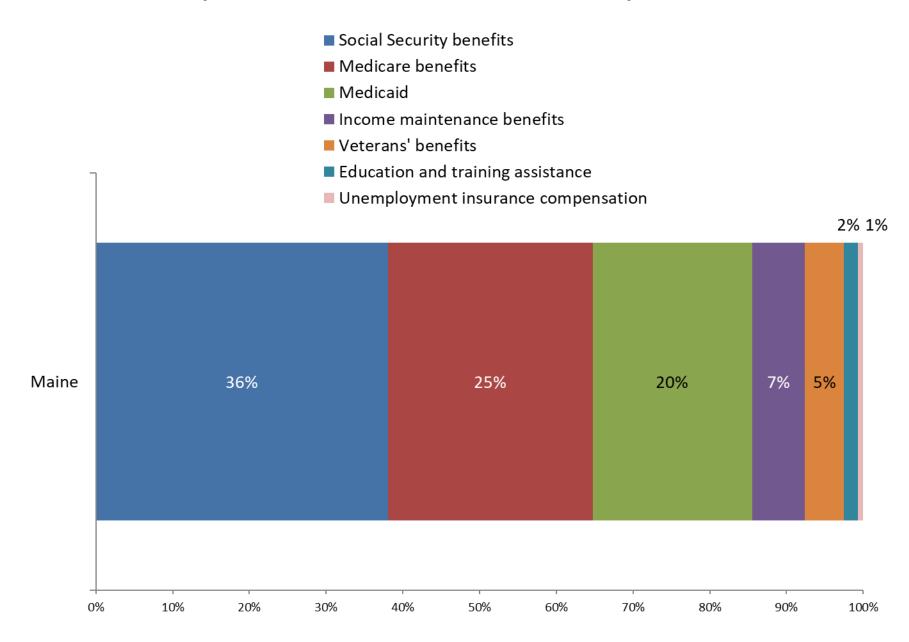
- Wages and salaries
 Personal current transfer receipts
 Dividends, interest, and rent
- Supplements to wages and salaries Proprietors' income



Source: U.S. Bureau of Economic Analysis

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Components of Personal Current Transfer Receipts, 2018



Source: U.S. Bureau of Economic Analysis

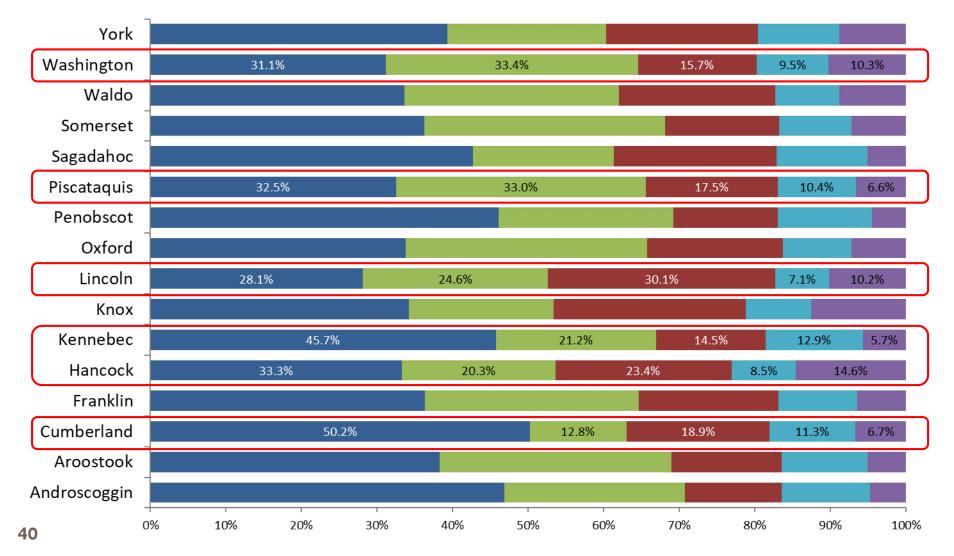
39

Major Components of Personal Income, 2018

Wages and salaries

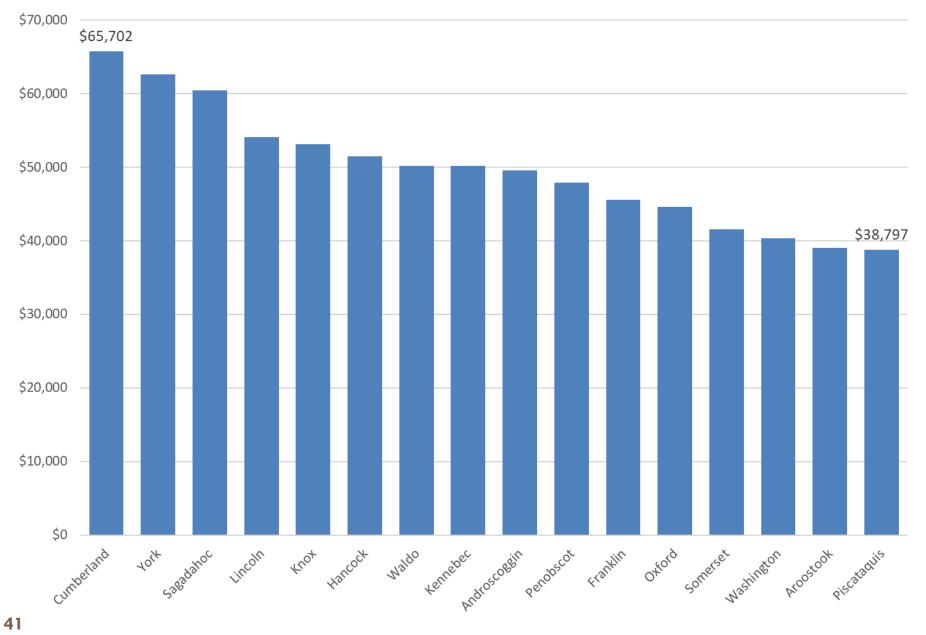
Personal current transfer receipts
Dividends, interest, and rent

Supplements to wages and salaries Proprietors' income



Source: U.S. Bureau of Economic Analysis

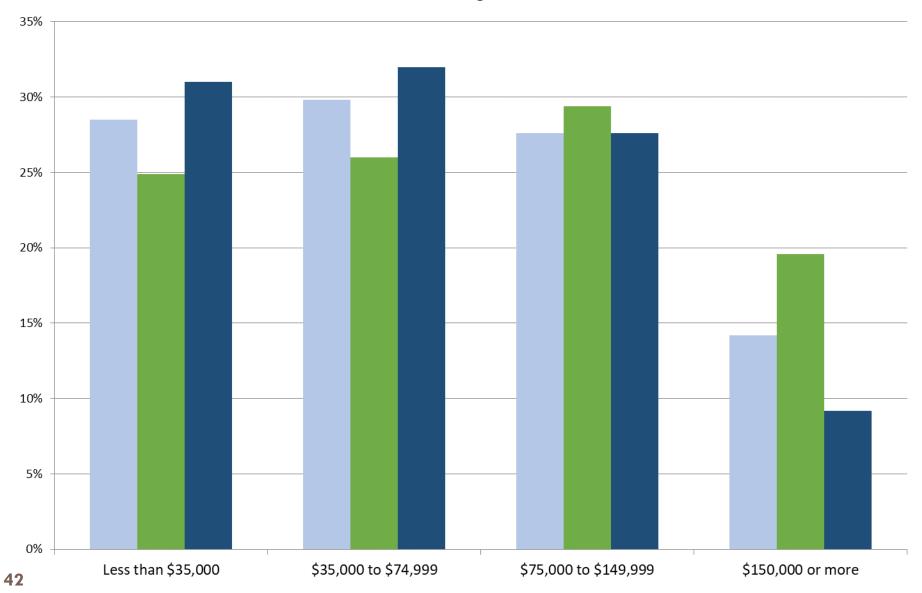
Median Household Income



Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-year estimates

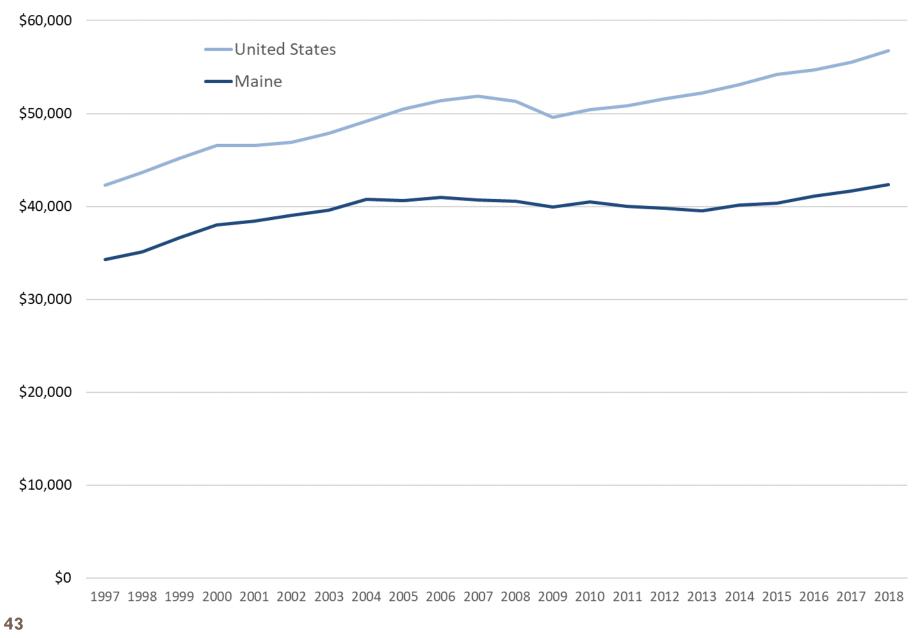
Percent of Households by Income Level, 2018

■ U.S. ■ New England ■ Maine



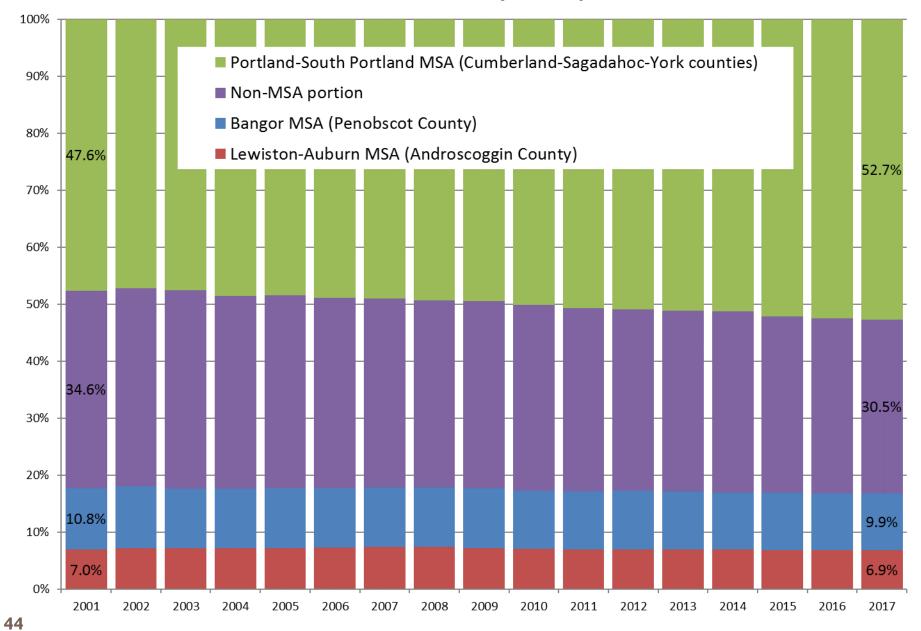
Source: U.S. Census Bureau, 2018 American Community Survey 1-year estimates

Per Capita Real Total GDP



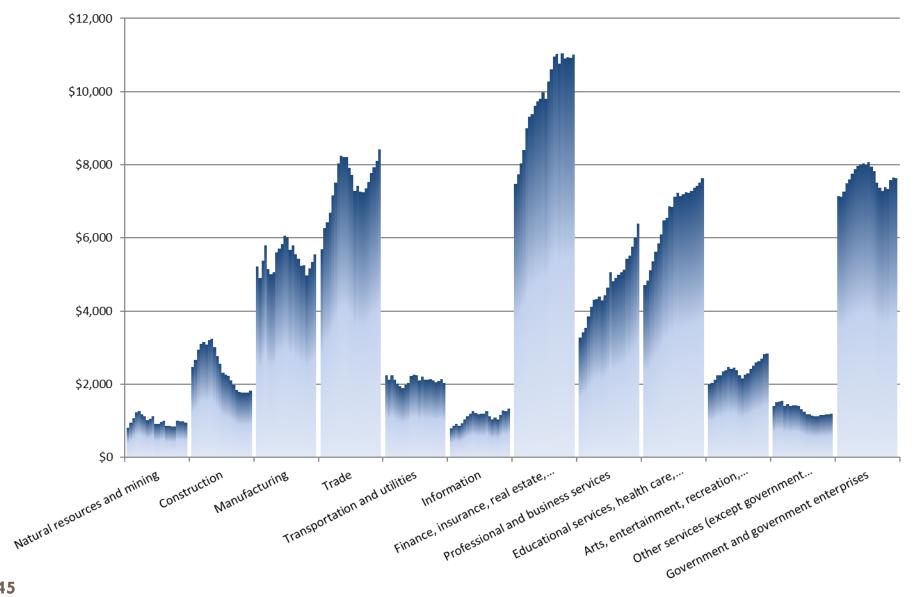
Source: U.S. Bureau of Economic Analysis

Share of Maine Real GDP by Metropolitan Area



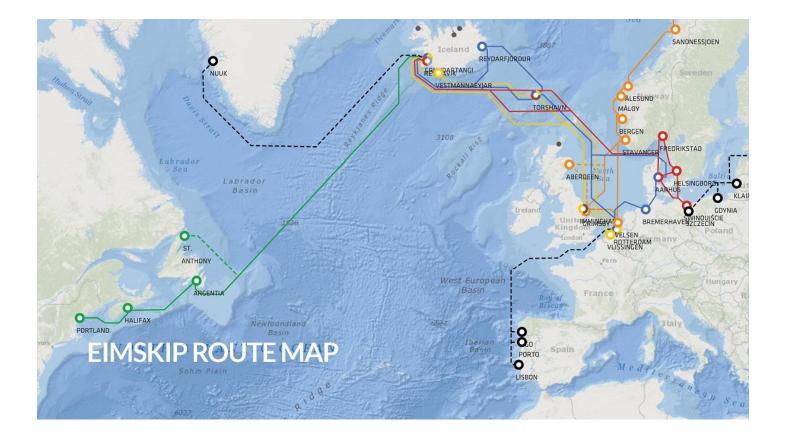
Source: U.S. Bureau of Economic Analysis

Maine Real GDP by Industry, 1997-2018 (in millions of chained 2012 dollars)



45

46 Macroeconomic Conditions



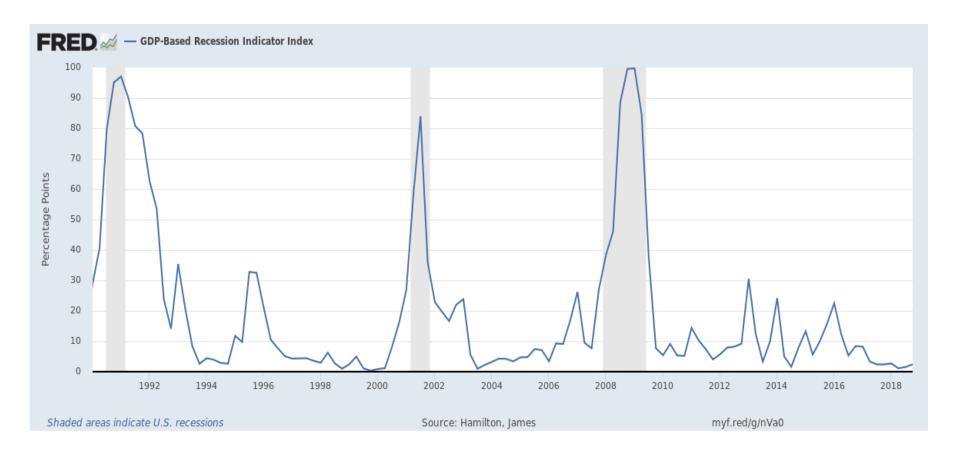
Macroeconomic conditions

47

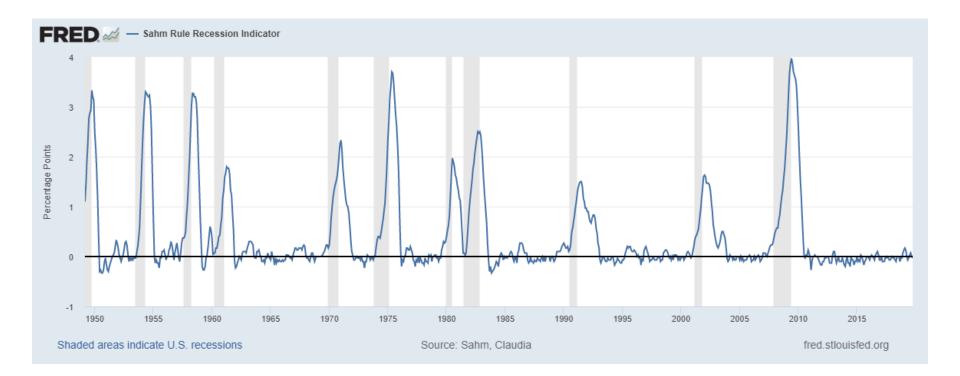
We are now in the longest period of economic expansion on record

Some early warning signs of economic slowdown on the horizon (e.g. inverted yield curve, slowed hiring of temp workers), but...

GDP-Based Recession Indicator remains low



Sahm Rule Recession Indicator also remains low



One possible trigger: tariffs

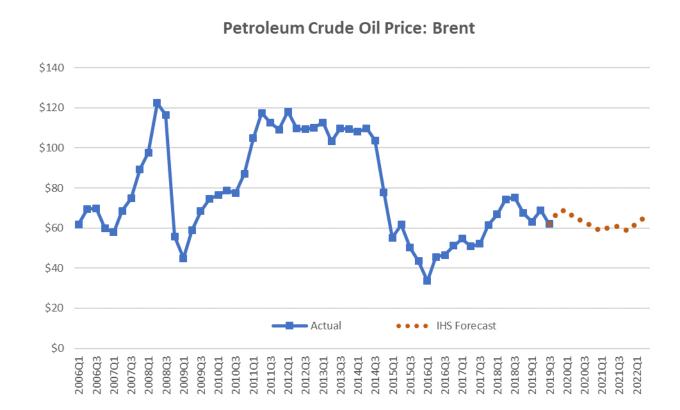
Trade war has created uncertainty for businesses and is starting to impact consumers

Slowdown in consumer spending could lead to larger economic slowdown

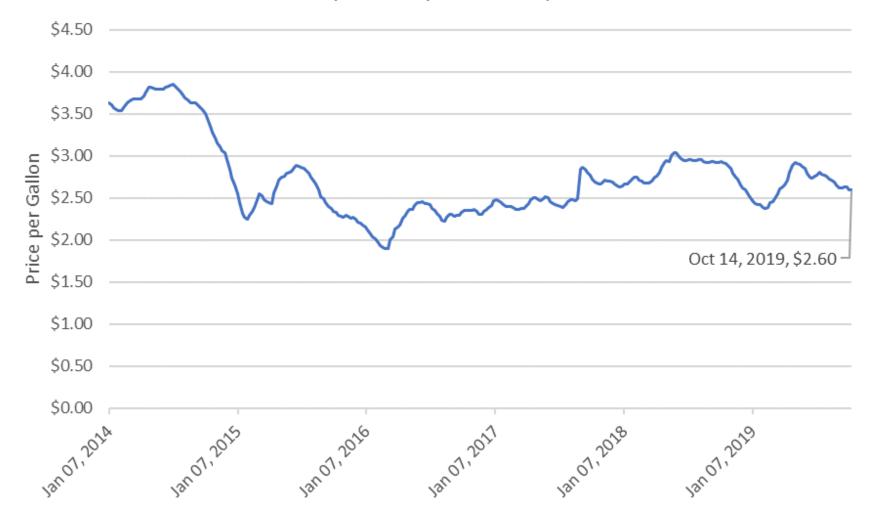
For those businesses that primarily sell to domestic market (e.g. potatoes, apples), increased competition from states that previously exported abroad (e.g. California)

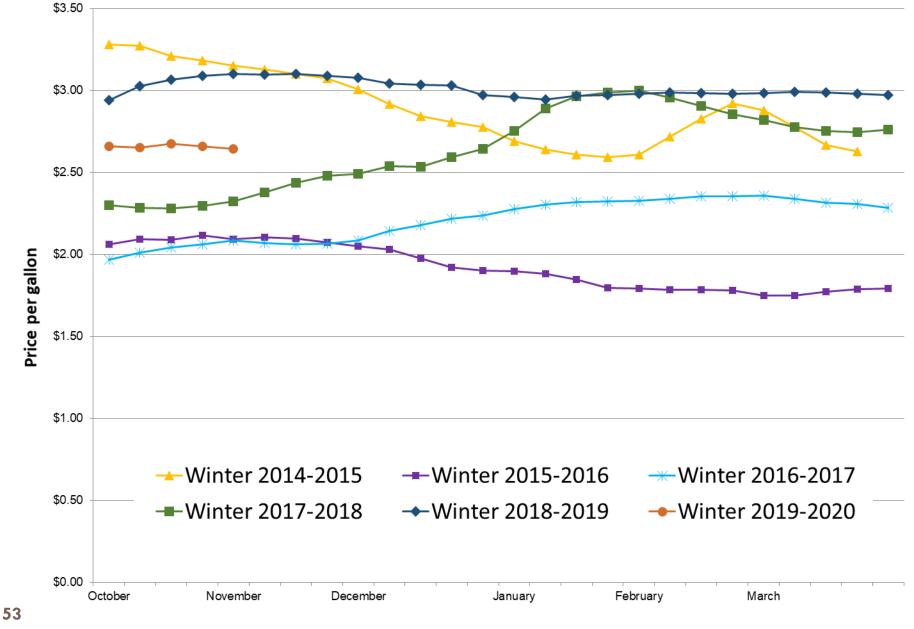
Energy Prices

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



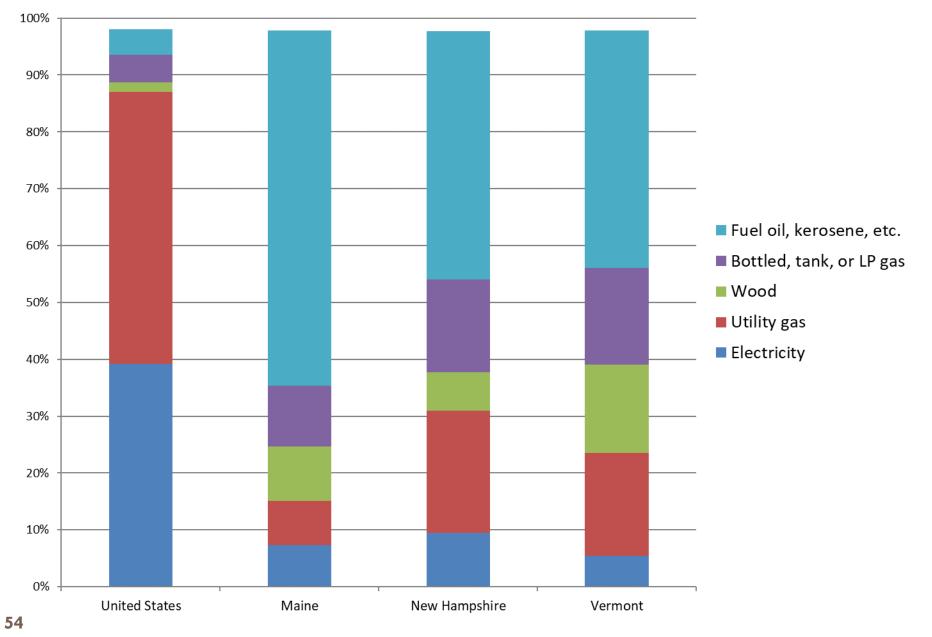
Weekly New England Retail Gasoline Prices (Dollars per Gallon)





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, 2017 American Community Survey 1-year estimates

Taxable Retail Sales for Maine

	% Change from	% Change last three
Maine Retail Sales	August 2018 to	months / same 3 month
	August 2019	period one year ago
Building Supply	-0.7%	1.7%
Food Store	-6.5%	-7.7%
General Merchandise	4.4%	10.3%
Other Retail	10.5%	10.1%
Restaurant	5.8%	4.8%
Lodging	17.5%	16.1%
Auto Transportation	2.2%	5.8%
Total	4.3%	5.3%
Business Operating	4.3%	2.9%
Personal Consumption	4.3%	5.6%

⁵⁶ The path ahead



Looking Ahead

At the national level: National economy likely to slow in the not-too-distant future: how much and when are unknown

At the state level: Maine currently engaged in 10year economic strategic planning (report due to Governor Mills in mid-November)

58 Stress-testing Revenues



Economic and Revenue Forecasting

Consensus Economic Forecasting Commission (CEFC)

- Typically meets each January (March in odd-numbered years) and October in advance of the Revenue Forecasting Committee
- Five independent economists from academia and/or private sector
- Statute requires the Governor, Speaker of the House, and President of the Senate to make appointments

Revenue Forecasting Committee (RFC)

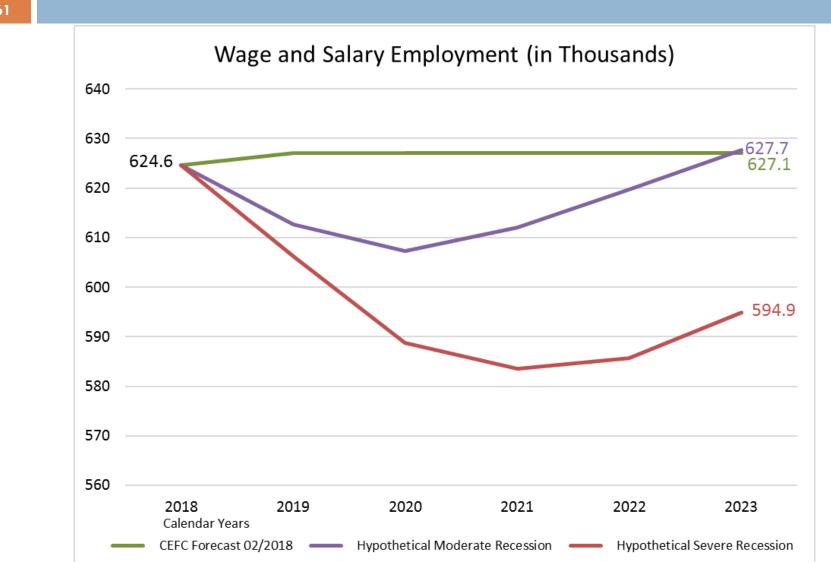
- Typically meets each February (April in odd-numbered years) and November
- Members are State Budget Officer, Associate Commissioner of Tax Policy, State Economist, Director of Office of Fiscal and Program Review (OFPR), Analyst from OFPR, and University of Maine Economist
- Must use recommendations from CEFC

Stress-Testing GF Revenues & Reserves FY19-FY23

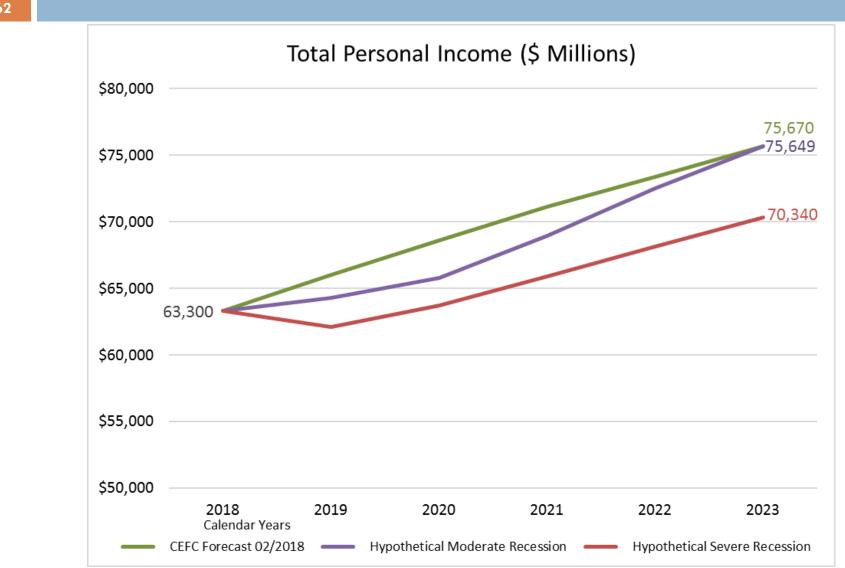
Joint report of the CEFC and RFC

- Impact of two recession scenarios on sales and individual income tax revenues (Feb/Mar 2018)
 - Moderate recession
 - Severe recession
- Sufficiency of current level of the Budget Stabilization Fund (BSF) to maintain spending limitation
- BSF necessary to maintain spending limitation in each recession scenario

Recession Scenarios: Wage & Salary Employment

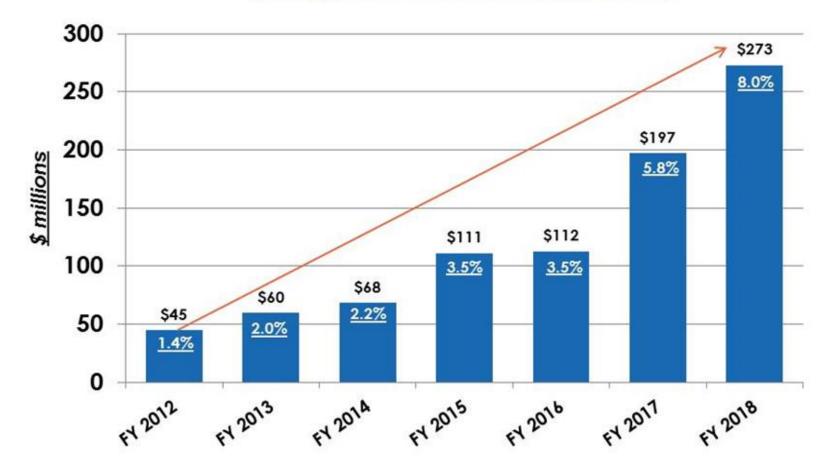


Recession Scenarios: Total Personal Income



Budget Stabilization Fund

S Budget Stabilization Fund / % of GF



Stress-Test Conclusions

- 64
- The then-current BSF of \$273 million is not sufficient to fully offset the revenue shortfalls estimated as the result of a moderate and severe recession.
- The BSF is at a level that will provide the Governor and Legislature time to make the changes necessary to bring the budget back into balance.
- The statutory maximum for the BSF of 18 percent of prior year General Fund revenues (currently \$646 million) would be sufficient to fully offset a moderate recession modeled in this report.

⁶⁵ 10-Year Economic Strategic Plan





Department of Economic & Community Development

Strategic Planning Process Flow



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





Equitably grow the real average annual wage 10% by investing in longterm talent development.

Drive the real dollar value added¹ contribution per job by 10% 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.





- 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

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