Overview

- Demographics
- Labor Force and Employment
- Income and GDP
- Macroeconomic Conditions
- Stress-testing Revenues
Demographics
Total Population, Maine

2018 estimate: 1,338,404

Sources: U.S. Census Bureau; State Economist population projections
Three counties had peak decennial population in a year other than 2010:

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

Maine statewide median = 44.9 years

Source: U.S. Census Bureau, 2018 Population Estimates
The Baby Boom Wave

Source: U.S. Census Bureau, Decennial Censuses and 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?

### 2017 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>7,567</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>4,274</td>
</tr>
<tr>
<td>Florida</td>
<td>3,059</td>
</tr>
<tr>
<td>New York</td>
<td>2,478</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1,690</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>1,629</td>
</tr>
<tr>
<td>California</td>
<td>1,578</td>
</tr>
<tr>
<td>Georgia</td>
<td>1,241</td>
</tr>
<tr>
<td>Virginia</td>
<td>1,162</td>
</tr>
<tr>
<td>North Carolina</td>
<td>1,074</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>4,099</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>3,950</td>
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<tr>
<td>Florida</td>
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<td>New York</td>
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<tr>
<td>Pennsylvania</td>
<td>1,156</td>
</tr>
<tr>
<td>Virginia</td>
<td>1,135</td>
</tr>
<tr>
<td>North Carolina</td>
<td>1,014</td>
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<tr>
<td>Wisconsin</td>
<td>904</td>
</tr>
<tr>
<td>Texas</td>
<td>648</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2017 American Community Survey 1-year estimates
Annual Domestic Migration Rate by Age, 2017

Source: U.S. Census Bureau, 2017 American Community Survey 1-year estimates
Projected Population Change and Participation Rates by Age Group in Maine

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
Monthly Unemployment Rate (Seasonally Adjusted)

Source: Maine Department of Labor, Center for Workforce Research and Information
Total Nonfarm Employment (in thousands)
History and CEFC forecast

Pre-recession peak (2007)

New record high (2018)

Sources: Maine Department of Labor and Consensus Economic Forecasting Commission report, April 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

Sources: Maine Department of Labor, Center for Workforce Research and Information
Income and GDP
Major Components of Personal Income, 2017

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

<table>
<thead>
<tr>
<th>County</th>
<th>Wages and salaries</th>
<th>Personal current transfer receipts</th>
<th>Dividends, interest, and rent</th>
<th>Supplements to wages and salaries</th>
<th>Proprietors' income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piscataquis</td>
<td>33%</td>
<td>34%</td>
<td>18%</td>
<td>10%</td>
<td>6%</td>
</tr>
<tr>
<td>Lincoln</td>
<td>28%</td>
<td>25%</td>
<td>29%</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>York</td>
<td>39%</td>
<td>21%</td>
<td>20%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Cumberland</td>
<td>51%</td>
<td>13%</td>
<td>18%</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Maine</td>
<td>44%</td>
<td>21%</td>
<td>18%</td>
<td>11%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Sources: U.S. Bureau of Economic Analysis; State Economist calculations
Components of Personal Current Transfer Receipts, 2017

- 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, 2017

Source: U.S. Census Bureau, 2017 American Community Survey 1-year estimates
Macroeconomic Conditions
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…
One possible trigger: tariffs

- Latest rounds of tariffs have greater potential impact on consumers

- Slowdown in consumer spending could lead to larger economic slowdown
Canada is Maine’s top trading partner; impacts from China trade war/tariffs have been fairly limited (thus far)
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)

Source: U.S. Energy Information Administration
Percent of Housing Units by Type of Primary Heating Fuel (2017)

Source: U.S. Census Bureau, 2017 American Community Survey 1-year estimates
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

Wage and Salary Employment (in Thousands)

- CEFC Forecast 02/2018
- Hypothetical Moderate Recession
- Hypothetical Severe Recession

2018 Calendar Years:
- 2018: 624.6
- 2019: 627.7
- 2020: 594.9
- 2021: 627.1
- 2022: 627.1
- 2023: 627.1
Recession Scenarios: Total Personal Income

![Graph showing total personal income over calendar years with different scenarios.](image-url)
Stress-Test Conclusions

- The 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.
Looking Ahead

- Maine currently engaged in 10-year economic strategic planning (report due to Governor Mills in mid-November)

- National economy likely to slow in the not-too-distant future: how much and when are unknown
Contact Information

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